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TO: ALL COUNTIES, TRIAL COURTS AND OTHER INTERESTED PARTIES

SUBJECT: IMPLEMENTATION OF CHAPTER 1010 (SB 2140, STATUTES OF 2000)

This circular letter contains information to assist you in implementing Chapter 1010 (SB 2140, Statutes of 2000), which became effective January 1, 2001.

Chapter 1010 establishes the Trial Court Employment Protection and Governance Act (Chapter 7 (commencing with Section 71600) of Title 8). This establishes a new trial court employee personnel system governing employment, classification and compensation, labor relations, selection and advancement, employment protection, and personnel files. This circular letter addresses how the Trial Court Employment Protection and Governance Act will impact you for CalPERS purposes only.

Counties and/or trial courts may participate in the CalPERS retirement program only, the retirement **and** the Public Employees' Medical and Hospital Care Act (PEMHCA) health program, or the health program only.

Retirement

For those counties **contracting with CalPERS** for retirement benefits on January 1, 2001, the trial court located within that county will be deemed to elect to participate in this system jointly with the county, pursuant to the county's contract with the CalPERS Board.

As these changes are mandated by statute, the county's contract with the CalPERS Board was amended effective January 1, 2001 to include these provisions. No action is necessary, by the county or the trial court, to initiate these changes to the contract.

Trial courts located within a county that was **not contracting with CalPERS** for retirement benefits on January 1, 2001 may **independently** contract with CalPERS for retirement benefits, **or** the trial court and county may enter into a **joint** contract with CalPERS, if the corresponding county also wishes to participate.

Frequently Asked Questions Regarding Retirement

Question: Will the contracts for counties currently contracting with CalPERS for retirement benefits be amended to include the trial courts?

Answer: Yes, Government Code Section 20469.1 (b) requires that trial courts in contracting counties must also participate in CalPERS through the county's existing contract. This section further provides that the county's contract be amended to include the trial court as a party. However, this amendment is "deemed adopted" and does not require action by the county or the trial court.

Question: Will the trial court and county have different employer contribution rates if they are part of a joint contract?

Answer: No, the assets and liabilities of each jointly contracting trial court and county will be pooled for purposes of valuation and employer rate setting. The employer contribution rate (percentage of payroll) will be applied to the payrolls of both the county and the trial court. The trial court and county will each be responsible for paying the contributions required on behalf of its own employees. The employer contribution rate will be recalculated annually, as well as each time the joint contract is amended.

Question: Can trial courts located in counties that **currently do not contract with CalPERS** participate in the system?

Answer: Yes, (1) a trial court may independently contract with CalPERS for retirement benefits as does any other public agency, or (2) the trial court and county may choose to enter into a joint contract with CalPERS, if the corresponding county also wishes to participate.

Question: In the future, if a joint contract is amended, must both the county and the trial court approve the amendment?

Answer: No, the county must adopt an appropriate ordinance approving the amendment pursuant to Government Code Section 20460.1. Government Code Section 20474 provides that an amendment to a joint contract, approved by the county, is deemed approved by the trial court within the county.

Question: If a trial court and county are party to a joint contract, can the trial court offer different retirement benefits than those offered by the county?

Answer: No. The trial court and county must provide the same retirement benefits.

Reporting Payroll for Trial Court Employees

When retirement wage and contribution information is reported to CalPERS, the reporting entity must report each CalPERS member as described in the CalPERS Procedures Manual. All trial court members should be reported with a payroll "Unit Code" of "888" (refer to the CalPERS Procedures Manual).

Should a trial court located in a county that contracts with CalPERS for retirement wish

to report wage and contribution (payroll) information directly to CalPERS, the trial court should report an "Office Code" of "888" on all payroll reports.

For further information regarding payroll reporting or to request a copy of the CalPERS Procedures Manual, contact the Employer Education Unit of the Actuarial and Employer Services Division at (916) 326-3420.

Health Insurance – Trial Court Employees

Counties contracting for the retirement and health programs through CalPERS will continue to receive their billings in the usual manner until the October 2001 billing period. This means that all participating county employees, including the trial court employees, will continue to be listed on the same billing.

Beginning with the October 2001 billing cycle, the "Unit Code 888" referred to in the payroll section of this letter will be implemented and will allow our Health Benefits Services Division to produce a separate billing for the trial court employees. If a separate bill is desired beginning October 2001, please contact the CalPERS Health Benefit Services Division to obtain a sample public agency resolution to initiate the separate billing.

Counties that participate in the CalPERS health program only may request, with agreement from the trial court, that a separate agency code for the trial court employees be established thereby making them a separate employer for billing purposes. This new agency code will generate a separate billing for court employees only. If a separate agency code is desired, please contact the CalPERS Health Benefit Services Division to obtain a resolution to initiate this change. As a separate employer, the trial court may add optional benefits such as domestic partner coverage, or change the employer contribution for active employees and annuitants.

We hope you find this information helpful. Additional information (i.e. bill language, legislative analysis, bill history) regarding Chapter 1010 can be found on the Legislative Council Web Site at www.leginfo.ca.gov.

Questions regarding the retirement program should be directed to the Actuarial and Employer Services Division at 888 CalPERS (or 888-225-7377). Questions regarding the health program should be directed to the Health Benefits Services Division at (800) 237-3345.

Kenneth W. Marzion, Chief
Actuarial and Employer Services Division