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Circular Letter

TO: AGRICULTURAL DISTRICTS, PUBLIC AGENCIES, STATE COLLEGES
AND UNIVERSITIES, COUNTY SUPERINTENDENTS OF SCHOOLS,
AND INDIVIDUAL SCHOOL DISTRICTS

SUBJECT: "GROUP OR CLASS OF EMPLOYMENT" – MAY INCLUDE EMPLOYEES
CONSIDERED TOGETHER BASED ON DATE OF HIRE

The definition of group or class of employment set forth at California Government Code Section 20636, subdivision (e) (1) provides, in part, that:

... "group or class of employment" means a number of employees considered together because they share similarities in job duties, work location, collective bargaining unit, or other logical work related grouping. One employee may not be considered a group or class.

In the past, CalPERS interpreted that definition of "group or class of employment," to mean only employees considered together because they shared (i) similarities in job duties, or (ii) work location, or (iii) collective bargaining unit. The "other logical work related grouping" was allowed as the basis of a group or class of employment only for activities described in CalPERS regulations, (i.e. Employer Paid Member Contributions and New Hire Time in Grade).

Upon review, CalPERS has determined that the setting of differing levels of payrate or special compensation by date of hire may be allowable. That is, an employer may determine that within the structure of its own organization, persons hired on or after a certain date may reasonably be considered to be similarly situated members of a logical work related grouping.

While it may be permissible for an employer to use date of hire in creating a group or class, in order for items of payrate or special compensation to be considered in the calculation of final compensation, all other requirements set forth in the Public Employees Retirement Law and regulations of the Board must still be met.

CalPERS has begun to apply this broader interpretation of the meaning of group or class of employment in calculating compensation earnable as defined by the Public Employees' Retirement Law, including rate of pay, and special compensation. This interpretation is effective as of the date of this circular letter.

If you have any questions please call the Employer Contact Center at **888 CalPERS** (or **888-225-7377**).

Lori McGartland, Chief
Employer Services Division