



Pension and Health Benefits Committee Agenda Item 6

June 19, 2018

Item Name: Proposed Regulation for the Definition of Full-Time Employment

Program: Employer Account Management Division

Item Type: Action

Recommendation

Team members recommend the Board of Administration (Board) approve the final proposed regulation defining Full-Time Employment. With Board approval, team members will submit the final rulemaking package to the Office of Administrative Law (OAL) for adoption.

Executive Summary

The attached proposed regulation would clarify the California Public Employees' Retirement System's (CalPERS) interpretation of what is considered "full-time" employment for purposes of determining CalPERS membership eligibility, reporting overtime positions, and determining compensation earnable and pensionable compensation. The 45-day public comment period for the proposed regulation closed on May 28, 2018, wherein CalPERS did not receive any public comments. The proposed regulation, therefore, is unmodified from the version the Board approved for public comment in February 2018.

Strategic Plan

This agenda item supports the 2017-22 CalPERS Strategic Plan, Risk Management Goal to cultivate a risk-intelligent organization and the objective to enhance compliance and risk functions throughout the enterprise.

Background

At the February 2018 Board meeting, the Board approved the proposed regulatory action defining "full-time" employment. CalPERS subsequently filed a Notice of Proposed Regulatory Action with OAL, initiating a 45-day public comment period where interested parties could submit public comments relevant to the proposed regulatory action. CalPERS did not receive any public comments during this period, and thus did not make any changes to the proposed regulation approved by the Board in February.

Analysis

The Notice of Proposed Regulatory Action was published in the California Regulatory Notice Register (File Number Z-2018-0402-03) on April 13, 2018. The 45-day comment period commenced on April 13, 2018, and closed on May 28, 2018. CalPERS staff did not receive any public comments or requests for a public hearing during this period.

With Board approval of the proposed regulation, the rulemaking package will be prepared and submitted to OAL, which has 30 days to review the package. If OAL approves the proposed

regulation, it will file the regulation with the Secretary of State for official publication in the California Code of Regulations and the regulation is anticipated to be effective on October 1, 2018.

Budget and Fiscal Impacts

The proposed regulatory action is technical and does not impose any budget or fiscal impacts to the state.

Benefits and Risks

The proposed regulatory action would provide further clarification regarding the definition of “full-time” employment for the purposes of:

- Determining CalPERS Membership Eligibility
- Reporting Overtime Positions
- Determining Compensation Earnable and Pensionable Compensation

In addition, the proposed regulation would also provide more flexibility for contracting agencies with employees who have normal work week schedules of greater than 60 hours per calendar week.

Without the adoption of this regulation, there is a risk that members or contracting agencies could misinterpret CalPERS’ definition of “full-time” employment. Adopting this regulation would clarify CalPERS’ interpretation of “full-time” employment and provide uniformity for CalPERS, its members, contracting agencies, and other stakeholders to ensure consistent use of the term.

Attachments

Attachment 1 – Text of proposed regulation

Renee Ostrander, Chief
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