



Circular Letter

California Public Employees' Retirement System
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Special:

TO: SCHOOL EMPLOYERS

SUBJECT: 1997/98 SCHOOL EMPLOYER POOL CONTRIBUTION RATE

The PERS Board of Administration, at its April 16, 1997 meeting, approved the school employer pool contribution rate of 6.172% for the 1997/98 fiscal year effective with the July 1997 payroll period. Your employer contribution rate may continue to vary annually based on the experience of PERS members employed by school employers.

Section 2231 of the Revenue and Taxation Code provides for reimbursement of certain costs of legislatively mandated benefits programs. Normally, public agencies which have incurred mandated costs file claims for reimbursement with the State Controller's Office, which then pays approved claims from funds appropriated by the Legislature.

Previous legislation has resulted in mandated benefits for our School Employers:

Chapter 1398/74 (AB 2926)
Chapter 799/80 (SB 162)

Unused Sick Leave Credit
Increased Death Benefits

The cost of these benefit improvements is included in the 7/1/97 School Employer rate of 6.172%. The School Employers are reimbursed in the manner outlined above for that portion of the employer rate attributable to legislated benefit increases.

As we told you last year, it is anticipated that State funds will again be appropriated and transferred to PERS on behalf of the school employers for the remaining two State mandated benefits, Chapters 1398/74 and 799/80. With State budget authority for the transfer of funds and Board approval, the employer contribution rate will be reduced effective January 1, 1998. Note that this will result in a smaller rate reduction than in the past. Once the State funds have actually been transferred into the PERS fund, we will issue a circular letter with the amount of the rate reduction.

If you have any questions, please contact the Actuarial & Employer Services Division at the above listed address or telephone number.