TO: COUNTY SUPERINTENDENT OF SCHOOLS

SUBJECT: EMPLOYER CONTRIBUTION RATE REDUCTION

The CalPERS’ Board of Administration, at its December 18, 2002 meeting, approved a reduction of .123% in the school employer contribution pool rate to 2.771%, effective with the February 2003 payroll period.

Section 17561 of the Revenue and Taxation Code, provides for reimbursement of certain costs of legislatively mandated programs. Normally public agencies which have incurred mandated costs file claims for reimbursement with the State Controller’s Office, who then pays approved claims from funds appropriated by the Legislature.

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

Chapter 1398/74 (AB 2926) Unused Sick Leave Credit
Chapter 799/80 (SB 162) Increased Death Benefits

The cost of these benefit improvements is included in the current School Employer rate of 2.894%. The School Employers are reimbursed in the manner outlined above for that portion of the employer rate attributable to legislated benefit increases.

Item 6110-295-001 of the 2002-03 Budget Act appropriated a total of $4,049,000 to reimburse School Employers for the two mandated costs. However, based on the recommendation of the Legislative Analyst’s Office, a provision was added to transfer the General Fund appropriation directly to the Public Employees' Retirement Fund (PERF). Such transfer has been made by the State Controller’s Office and would reduce the level of PERF required. These funds are equivalent to a five-month rate reduction of .123%.

If you have questions, please contact Kung-pei Hwang at 916-795-3411.

Sincerely,