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# **Circular Letter**

**TO: ALL CALPERS EMPLOYERS**

**SUBJECT: PUBLIC EMPLOYEE COMPENSATION**

Recent reports of extraordinarily high compensation in some public agencies have led to widespread concerns about the compensation and benefits paid to certain public employees. The purpose of this Circular Letter is to inform you of the recent actions CalPERS has taken to address these concerns.

CalPERS has established a Public Employee Compensation and Benefits Task Force, which includes CalPERS staff and representatives of key constituent groups including public employer organizations such as the League of California Cities, employee/labor organizations, and legislative staff. The task force is focusing on three key areas:

- Greater public disclosure of public employee compensation, benefits, and other related information,
- Caps and clarification on compensation that can be considered for retirement purposes, and
- Mitigation of the impact of excessive salaries on the retirement costs of a public employee's previous public employers and other agencies in the same liability risk pool.

CalPERS is also cooperating with the Office of the Attorney General in its investigation surrounding the salaries and other compensation of public employees. In addition, CalPERS will be implementing a number of internal policy changes to increase transparency that include:

- Posting online the final public agency reviews performed by CalPERS,
- Highlighting significant findings from the reviews and regularly reporting them to the CalPERS Board of Administration, and

- Establishing procedures and guidelines for CalPERS staff to notify supervisors and senior managers when they become aware of unusually high compensation and salary increases reported to our system.

As a retirement plan administrator, CalPERS does not have salary setting authority. However, because compensation is a factor in establishing pension benefits, we are committed to actively addressing these issues by taking the steps necessary to protect our members and employers going forward.

If you would like further information, please contact the CalPERS Employer Contact Center at **888-CalPERS** (or **888-225-7377**).

Lori McGartland, Chief  
Employer Services Division