Payroll
Circular Letter

October 6, 2020
Circular Letter: 200-047-20
Distribution: V

To: Agricultural Districts
Subject: Proper Payroll Reporting Due to Personal Leave Program 2020

Purpose
The purpose of this Circular Letter is to provide payroll reporting guidance to agricultural districts that report directly to CalPERS. This ensures members subject to the Personal Leave Program 2020 (PLP 2020), pursuant to California State Government Code 19849, receive the proper service credit and retirement calculation.

July 2020 – June 2022 Payroll Reporting Instructions
Beginning with July’s 2020 reporting period, all payroll reporting for members subject to the PLP 2020 should be reported in a two-step process to ensure service credit and pay rate data are reported accurately.

Step 1
Report a reduced pay rate that is attributable to the PLP 2020. A reduction of 4.615% per unpaid day; thus, two unpaid days reduces pay rate by 9.23%. This is the same for hourly and monthly pay rates. The reduced pay rate will not be used for retirement purposes but used to generate unreduced service credit.
• To calculate the reduced pay rate, multiply the pay rate by 9.23%, then subtract amount from the pay rate. For example, if the pay rate is $3841.00:

\[
\begin{align*}
$3,841.00 \times 0.0923 &= $354.52 \\
$3,841.00 - 354.52 &= $3,486.48
\end{align*}
\]

$3,486.48 is the reduced pay rate.

Step 2
Create an adjustment record to adjust the pay rate up to the full pay rate. This step may be performed by manually creating an adjustment report. The steps are as follows:

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
<th>Result</th>
</tr>
</thead>
</table>
| 1    | In the Earned Period or Prior Period Adjustment record enter:  
• Begin and End dates  
• Transaction type of Earned Period Reporting or Prior Period Adjustment  
• Applicable Pay Rate type  
• Reduced Pay Rate  
• Actual earnings reduced by the PLP 2020  
• Scheduled full time hours per week  
• Contributions based on the reduced earnings | Allows the system to calculate unreduced service credit. |
| 2    | In the Retroactive Salary Adjustment record enter:  
• Begin and End dates to match the Earned/Adjusted Period  
• Transaction type of Retroactive Salary Adjustment  
• Applicable Pay Rate type  
• Unreduced Pay Rate  
• Earnings amount of $0.01  
• Scheduled full time hours per week to match the Earned/Adjusted Period record  
• Contribution amount of $0.00 | Adjusts the pay rate back up to ensure final compensation is unreduced. |
It is necessary to successfully post the Earned Period or Prior Period Adjustment record prior to validating and posting the Retroactive Salary Adjustment record. It is recommended all Retroactive Salary Adjustments be placed in the same adjustment file, per earned period, to mirror the reduced records already posted.

Questions
If you have any questions, contact the CalPERS Customer Contact Center at 888 CalPERS (or 888-225-7377).

Renee Ostrander, Chief
Employer Account Management Division