



California Public Employees' Retirement System
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Payroll

Circular Letter

November 3, 2021

Circular Letter: 200-065-21

Distribution: IV, V, VI, X, XII, XVI

To: All CalPERS Employers
Subject: Lump-Sum Payroll Reporting Validation (CRB00357)

Purpose

The purpose of this Circular Letter is to inform you of upcoming modifications to the existing myCalPERS payroll validation (CRB00357) being implemented on January 17, 2022.

Payroll Reporting Validation

To prevent the reporting of lump-sum payments and non-compliant special compensation items, the following error message will display on the Maintain Payroll Records page if the system identifies an excessively high special compensation item or lump-sum payment in a single earned period. We will monitor and reassess this business rule on an annual basis and adjust as necessary.

CRB00357 – *Special compensation amount exceeds the allowable limit for [Special Compensation Type].*

Lump-Sum Reporting

Lump-sum reporting of special compensation creates various issues for members:

- Appeals
- Delays retirement processing
- Overstated final compensation amounts
- Retirement overpayments

To avoid these issues, we created CRB00357 to prevent lump-sum special compensation items from posting in myCalPERS.

Statutory Requirement to Report Special Compensation as Earned

Special compensation items shall be reported in the pay period in which they were earned, regardless of when paid. Government (Gov.) Code section 20636(c)¹ states:

(c) (1) Special compensation of a member includes a payment received for special skills, knowledge, abilities, work assignment, workdays or hours, or other work conditions.

(2) Special compensation shall be limited to that which is received by a member pursuant to a labor policy or agreement or as otherwise required by state or federal law, to similarly situated members of a group or class of employment that is in addition to payrate. If an individual is not part of a group or class, special compensation shall be limited to that which the board determines is received by similarly situated members in the closest related group or class that is in addition to payrate, subject to the limitations of paragraph (2) of subdivision (e).

(3) Special compensation shall be for services rendered during normal working hours and, when reported to the board, the employer shall do all of the following:

(A) Identify the pay period in which the special compensation was earned.

(B) Identify each item of special compensation and the category under which that item is listed, as described in regulations promulgated by the board pursuant to paragraph (6), for example, the item of Uniform Allowance would be reported under the category of Statutory Items.

(C) Report each item of special compensation separately from payrate.

Compensation Thresholds

When reporting payroll, if you receive a CRB00357 error for a special compensation item you believe is compliant, provide us your MOU and/or labor agreement to determine if your item is compliant with the Public Employees' Retirement Law.

Resources

For more information on compensation reporting, view the [Compliance in Compensation Reporting](#) webpage and the [Special Compensation Reportability Table](#). The webpages will

¹ Gov. Code section 20636(c) is referenced for Classic members. For Classic school members, reference Gov. Code section 20636.1(c). For PEPRAs members, reference Gov. Code section 7522.34.

provide reportability details for each member category within the identified special compensation category and type.

For questions regarding the compliance of any special compensation item, submit your inquiries to MOU_Review@calpers.ca.gov.

Questions

If you have questions about the information in this Circular Letter, contact our CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

Renee Ostrander, Chief
Employer Account Management Division