

## **FINAL STATEMENT OF REASONS**

### **Proposed Amendment to Add Section 579.9 of Article 6 of Subchapter 1 of Chapter 2 of Division 1 of Title 2 of the California Code of Regulations (CCR).**

#### UPDATE OF INITIAL STATEMENT OF REASONS

There have been no changes in the applicable laws or facts, or to the effect of the proposed regulations, from those described in the Initial Statement of Reasons.

#### SUMMARY AND RESPONSE TO COMMENTS RECEIVED DURING THE INITIAL PUBLIC NOTICE PERIOD OF FEBRUARY 16, 2018 THROUGH APRIL 2, 2018.

The California Public Employees' Retirement System (CalPERS) did not receive any public comments during the public notice period.

#### SUMMARY AND RESPONSE TO COMMENTS RECEIVED AT PUBLIC HEARING

While CalPERS allowed interested parties to request a public hearing from February 16, 2018 to April 2, 2018, no such requests were made and therefore a hearing was not scheduled.

#### REASONS FOR REJECTING ANY PROPOSED ALTERNATIVES THAT WOULD LESSEN ADVERSE ECONOMIC IMPACT ON SMALL BUSINESS

The proposed regulation is not expected to have any impact on small business because it will only directly impact CalPERS contracting agencies, and not private businesses. The intent of the proposed regulation is to help implement Government Code (GC) Section 20791 by establishing criteria for defining a significant increase in actuarial liability due to increased compensation and clarifying how such increased actuarial liability will be allocated between impacted and causative CalPERS contracting agencies.

#### ALTERNATIVES DETERMINATION

No public comments were received during the public notice period. Therefore, no other alternatives were considered, identified, or brought to the Board's attention that would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposed actions, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

The Board approved this regulation at its November 2017 Board Meeting and adopted these regulations at its September 2018 Board Meeting. The adoption of this regulation is necessary to establish criteria to define a significant increase in actuarial liability due to increased compensation paid to a nonrepresented employee, as required under GC Section 20791.

#### LOCAL MANDATE DETERMINATION

The proposed regulation does not impose any mandate on local agencies or school districts.