



Board of Administration

Agenda Item 8a4

June 17, 2026

Item Name: Proposed Decision – In the Matter of the Appeal Regarding Military Service Credit Purchase and Retirement Benefits of the HONORABLE MICHAEL J. CARROZZO, Respondent.

Program: Retirement Benefit Services Division

Item Type: Action

Parties' Positions

Staff argues that the Board of Administration should adopt the Proposed Decision.

Respondent Judge Michael J. Carrozzo's (Respondent) position is included in Attachment C, if any.

Strategic Plan

This item is not a specific product of either the Strategic or Annual Plans. The determination of administrative appeals is a power reserved to the Board of Administration.

Procedural Summary

Respondent submitted an appeal relating to the purchase of Military Service Credit (MSC), claiming; 1) he timely elected to purchase the MSC based on the lower purchase price that was initially quoted to him, 2) the last MSC purchase price was incorrectly calculated, and 3) he had the option to pay for the MSC by making monthly installment payments.

The matter was heard by the Office of Administrative Hearings on February 26, 2026. The record was held open for CalPERS' closing brief and Respondent's reply. The record then closed and the matter was submitted for decision on March 24, 2026. A Proposed Decision was issued on April 21, 2026, granting Respondent's request to pay for the MSC through installment payments. However, the Administrative Law Judge (ALJ) agreed with the Judges' Retirement System II (JRS II) that Respondent did not timely exercise his right to purchase the MSC based on the price that was initially quoted to him. The ALJ also agreed with JRS II that the last MSC purchase price was correctly calculated based on the present value method.

Alternatives

- A. For use if the Board decides to adopt the Proposed Decision as its own Decision:

RESOLVED, that the Board of Administration of the California Public Employees' Retirement System hereby adopts as its own Decision the Proposed Decision dated April 21, 2026, concerning the appeal of Judge Michael J. Carrozzo; RESOLVED FURTHER that this Board Decision shall be effective 30 days following mailing of the Decision.

- B. For use if the Board decides not to adopt the Proposed Decision, and to decide the case upon the record:

RESOLVED, that the Board of Administration of the California Public Employees' Retirement System, after consideration of the Proposed Decision dated April 21, 2026, concerning the appeal of Judge Michael J. Carrozzo, hereby rejects the Proposed Decision and determines to decide the matter itself, based upon the record produced before the Administrative Law Judge and such additional evidence and arguments that are presented by the parties and accepted by the Board; RESOLVED FURTHER that the Board's Decision shall be made after notice is given to all parties.

- C. For use if the Board decides to remand the matter back to the Office of Administrative Hearings for the taking of further evidence:

RESOLVED, that the Board of Administration of the California Public Employees' Retirement System, after consideration of the Proposed Decision dated April 21, 2026, concerning the appeal of Judge Michael J. Carrozzo, hereby rejects the Proposed Decision and refers the matter back to the Administrative Law Judge for the taking of additional evidence as specified by the Board at its meeting.

- D. Precedential Nature of Decision (two alternatives; either may be used):

1. For use if the Board wants further argument on the issue of whether to designate its Decision as precedential:

RESOLVED, that the Board of Administration of the California Public Employees' Retirement System requests the parties in the matter concerning the appeal of Judge Michael J. Carrozzo, as well as interested parties, to submit written argument regarding whether the Board's Decision in this matter should be designated as precedential, and that the Board will consider the issue whether to designate its Decision as precedential at a time to be determined.

2. For use if the Board decides to designate its Decision as precedential, without further argument from the parties.

RESOLVED, that the Board of Administration of the California Public Employees' Retirement System, hereby designates as precedential its Decision concerning the appeal of Judge Michael J. Carrozzo.

Budget and Fiscal Impacts: Not applicable

Attachments

Attachment A: Proposed Decision

Attachment B: Staff's Argument

Attachment C: Respondent(s) Argument(s)

Kimberly A. Malm
Deputy Executive Officer
Customer Services and Support