

Employer Organizations

This document provides information about what constitutes a CalSTRS employer, their respective reporting hierarchy, and how to maintain employer organizations.

Questions? Contact EmployerHelp@CalSTRS.com or send a secure message in the Secure Employer Website.

Revised: 11/21/2022

Types of Employers

Community college districts

California community college districts require participation in the Defined Benefit Program and may elect to participate in the Cash Balance Benefit Program. The county office of education is responsible for reporting and remitting contributions to CalSTRS on behalf of the community college districts in the county. However, community college districts may request to report directly to CalSTRS for either the Defined Benefit or Cash Balance Benefit programs.

County offices of education

California county offices of education require participation in the Defined Benefit Program and may elect to participate in the Cash Balance Benefit Program. They are responsible for reporting and remitting contributions for their own employees as an employer as well as the community college districts, impacted charter schools, and school districts in the county.

School districts

All California public-school districts require participation in the Defined Benefit Program and may elect to participate in the Cash Balance Benefit Program. The county office of education is responsible for reporting and remitting contributions to CalSTRS on behalf of school districts in the county. However, school districts may request to report directly to CalSTRS for either the Defined Benefit or Cash Balance Benefit programs.

Charter schools

California charter schools that are eligible to receive state apportionment may elect to participate in the Defined Benefit Program and/or the Cash Balance Benefit Program. Charter schools are not required to participate in either program, but they are unable to participate in the Cash Balance Benefit Program unless they participate in the Defined Benefit Program. A charter school can either be independent or dependent. Independent charter schools operate as their own school district, independent of the authorizing district, and they employ their own employees. Dependent charter schools operate as a special project, or a school unit of the authorizing district and the employees are employed by the county office of education or school district. The county office of education is responsible for reporting and remitting contributions to CalSTRS on behalf of charter schools in the county.

State of California

State agencies only participate in the Defined Benefit Program for eligible employees who elect to participate in the program for service that requires coverage by another public retirement system. State agencies may not elect to participate in the Cash Balance Benefit Program. The State Controller's Office is responsible for reporting and remitting contributions to CalSTRS on behalf of state agencies. State agencies are unable to report and remit contributions directly to CalSTRS.

Employer Organization Maintenance

Establishing a new employer organization

The county office of education is responsible for establishing new employer organizations in the CalSTRS system, except for state agencies which are the responsibility of the State Controller's Office. To establish a new employer organization, submit the *Application for CalSTRS Activation* (ES 1796) form and required supporting documentation as instructed on the form.

Merging or closing employer organizations

The county office of education is responsible for changing, closing and merging employer organizations in the CalSTRS system as needed, except for state agencies which are the responsibility of the State Controller's Office. To merge two employer organizations into one or to close an employer organization, submit the *Employer Organization Change/Close/Merge* (ES 1795) form and required supporting documentation as instructed on the form.

Adding the Cash Balance Benefit Program

Employers interested in offering the Cash Balance Benefit Program should contact EmployerHelp@CalSTRS.com.

Employer Reporting Hierarchy

Report Units vs. Report Sources

Each employer is known as a Report Unit in the system. Each county office of education is also a Report Source since they report for the Report Units in their county. The State Controller's Office is the Report Source for state departments and agencies that are CalSTRS employers.

Each employer is assigned a five-digit code by their Report Source that identifies that Report Unit in the system. The first two-digits represent the Report Source, and the remaining three digits represent the Report Unit.

Direct Report

Community college districts and school districts may request to report and remit contributions directly to CalSTRS if all the following apply:

- If the district was previously a direct report, more than five fiscal years must have passed since the district was terminated, voluntarily or involuntarily, as a direct report.
- The district is fiscally accountable as defined in EDC 42647 or 85266, and/or fiscally independent as defined in EDC 42650 or 85266.5.
- The district has a payroll system independent of the county office of education.
- The district can be in full compliance with the F496 File Specification.
- For the last five years, the district has been issued an unqualified opinion on its annual financial audit pursuant to EDC 41020 or 84040.
- The district has maintained a status of an acceptable standing with the most current accrediting body. See section 27703(a)(2)(J) of the CalSTRS Direct Reporting Regulations for more information.
- In the 36 months preceding its application to become a direct report, the district had a CalSTRS audit that demonstrated full compliance with reporting the following:
 - Mandatory membership
 - One-time or limited-term payments reported to the Defined Benefit Supplement Program
 - Outgrowth activities as creditable service
 - Information regarding the compensation to be paid to employees.
- In the 12 months preceding the district's application, the district:
 - Responded to CalSTRS' requests for adjustments within 60 days.
 - Provided acceptable annotations to employer-approved edits.
 - Reported full-time minimum standards consistent with a written agreement with an exclusive representative.
 - Provided information regarding the compensation to be paid to employees within 30 days of CalSTRS' request.
- The district has no accounts receivable 30 or more days past due.
- The governing board of the district has adopted a resolution that complies with section 27703(a)(2) of the CalSTRS Direct Reporting Regulations.
- The governing board of the county has adopted a resolution that complies with section 27703(a)(3) of the CalSTRS Direct Reporting Regulations.

- The district can successfully transmit the following files:
 - F496 File
 - Accounts Receivable File
 - Address File

For more information about becoming a direct report or to begin the application process, contact EmployerDirectReporting@CalSTRS.com.