



# Appeals Committee

## Item number 4 – Open session

**Subject:** Overview of the Administrative Appeals Process

**Presenter(s):** Sue Xiong, Ashley Lopez-Trotter, and John Shipley

**Item type:** Information

**Date and time:** May 28, 2026 – 20 minutes

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**Attachment(s):** None

**PowerPoint presentation(s):** Overview of the Administrative Appeals Process

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### **PURPOSE**

The purpose of this item is to provide the Appeals Committee with an overview of the administrative appeals process.

### **EXECUTIVE SUMMARY**

This presentation will outline the major stages of the administrative appeals process. The presentation will initially outline the steps of an appeal originating from an employer audit, beginning with Audit Services conducting an audit, and concluding with member(s) and employer(s) being provided with the right to appeal the audit finding(s).

The presentation will then outline the process for an appeal originating from Benefits and Services and Financial Services. This generally begins with an applicant initiating an internal review and concludes with CalSTRS issuing a “Determination” and providing appeal rights.

Last, the presentation will discuss the steps an appeal takes to proceed from a request for an administrative hearing to a proposed decision that is presented to the Appeals Committee for consideration.

### **Employer audit appeals process overview**

CalSTRS conducts regular employer audits to protect the integrity of the retirement fund and provide accurate benefits to CalSTRS members. Employer audits are authorized under Education Code section 22206, subdivision (a) which states, “As often as the board determines necessary, it may audit or cause to be audited the records of any public agency.”

The audit process includes the preliminary work performed prior to the audit, field work and review process, issuance of the draft audit report, consideration of any employer or exclusive representative response, and issuance of the final audit report.

Once the final audit report is issued, the Audits Resolution Team (ART) in Employer Services works with the employer and applicable reporting partners to help ensure accurate reporting corrections of compensation to CalSTRS, clarify reporting misunderstandings, and help identify issues that may lead to misreporting. Under Education Code section 22206.1, the employer must provide a list of all affected members within 60 days of the final audit report issuance.

If the employer disagrees with the findings in the final audit report, it may request an administrative hearing within 90 days of issuance, pursuant to Education Code section 22206.3.

After ART receives the list of members affected by the audit from the employer, ART notifies each member of the audit finding(s) that may affect them and informs them of their appeal rights. Members have 90 days from the date of this notice to appeal any finding(s) that affect them.

The member notification letters include contact information for the assigned ART analyst and an employer point of contact. When members contact CalSTRS with questions regarding the letter, the ART analysts explain the relevant audit findings and any potential impact on the member's account.

ART collaborates with employers to review reporting related to audit findings and provides guidance to prevent future reporting issues. The audit is considered complete once the complete list of members affected by the audit is received and members notified, and all required corrections are received from the employer.

Any request for an administrative hearing from members or employers is referred to CalSTRS Legal Services. If a member or employer does not make a timely request for an administrative hearing, the final audit report becomes final and the right to an administrative hearing is deemed waived.

### **Benefits and Services and Financial Services appeals process overview**

The CalSTRS internal review process is governed by California Code of Regulations, Sections 27100-27103, and generally begins with an applicant's initial inquiry, which may come through written correspondence, phone call, online message, the Ombudsperson, or a Member Service Center visit. The inquiry is routed to the appropriate Program Area for review. After researching the issue, the Program Area issues a "Decision" informing the applicant if the request is granted or denied.

This letter includes a factual analysis, the legal basis for the Decision, and instructions for further appealing by requesting a review of the Decision by a Program Executive, known as an "Executive Review" (XR).

Pursuant to the appeals regulations, XR requests must be received within 45 days of the Decision, and provide sufficient additional information, or legal basis for review. Requests that do not meet these requirements are denied, and the applicant may request an administrative hearing<sup>1</sup>.

For requests that proceed through the entire XR process, the Program Executive, in consultation with staff, reviews the additional information, the legal basis for review, and the information gathered through any investigations.

After the review is complete, the Program Executive issues a “Determination” via letter. Applicants have 90 days from the date of the Determination to request an administrative hearing if they disagree with the Determination.

Any request for an administrative hearing is referred to CalSTRS Legal Services. If an applicant does not make a timely request for an administrative hearing, the Determination becomes final and the right to an administrative hearing is deemed waived.

#### **Administrative hearing process overview**

Once an administrative hearing request is received, CalSTRS Legal Services processes the request for hearing. All hearings are conducted before an administrative law judge (ALJ) with the Office of Administrative Hearings (OAH), pursuant to Education Code section 22219.

In general, the attorney assigned to the matter communicates with the applicant, employer or their representative as to the requested hearing, and prepares a Statement of Issues, a formal pleading that identifies the relevant facts and law. Once a hearing date is assigned by OAH, notice is provided to all parties. Prior to the hearing, the assigned attorney works with the relevant program area(s) to identify an appropriate witness and prepare for the hearing.

Following the administrative hearing and submission of the case by the parties, the ALJ has 30 days to issue a proposed decision. The proposed decision is not yet a final decision and must be acted upon by the Teachers’ Retirement Board. The Appeals Committee of the Teachers’ Retirement Board has been delegated full authority to hear and act finally on all proposed decisions.

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The proposed decision is distributed to the parties, and the parties are informed of the date and time the Appeals Committee will meet to consider the proposed decision, as well as the ability to submit a written statement in support of their position for the committee’s consideration. The

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<sup>1</sup> Amendments to the appeals regulations have been proposed to streamline this process.

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Appeals Committee must act within 100 days of CalSTRS receiving the proposed decision. If no action is taken within 100 days, the proposed decision is deemed adopted as a matter of law.

The final decision of the committee is a public record and becomes effective 30 days after it is served on the parties.