



CALSTRS

Update to Penalty and Interest Regulations

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Penalty and Interest Regulations Updates

Agenda:

- Overview of the new language
- Next steps
- Resources

Penalty and Interest Regulations Updates

5 CCR Article 15.5 [27003, 27004, 27007, 27008]

Those portions of a monthly report that are otherwise late shall not be subject to penalties ... under any of the following circumstances:

- The employer's operations were impaired because of a natural, human-made or war-caused emergency under the conditions defined by the CA Emergency Services Act ... if both of the following are true:
 - ❖ The penalty is directly related to the employer's impaired operations during the emergency event.
 - ❖ System staff possess documentation of such an emergency event.

Penalty and Interest Regulations Updates

5 CCR Article 15.5 [27003, 27004, 27007, 27008]

- The employer reported information under direction given by the system in accordance with Education Code section 22325 or 22326, or both.
- The penalty is demonstrably a result of an outage or constraint of the system.

Penalty and Interest Regulations Updates

5 CCR Article 15.5 [27003, 27004, 27007, 27008]

- Clarifications to effective dates of employer agreements were made in the updates.
 - ❖ 90 calendar days from the first date on which both parties have completed the ratification and approval or adoption process, as applicable, and the employment agreement's provisions are operative.

Penalty and Interest Regulations Updates

5 CCR Article 15.5 [27010]

- Payments not received within 30 days after the invoice date are subject to regular interest from the initial invoice date until the balance is paid in full.
- Balances are paid in full when sufficient moneys are on deposit to pay the invoice in full and the employer informs CalSTRS which moneys will be applied to that invoice.
- Regular interest will not apply if penalties, interest or both are reversed.

Penalty and Interest Regulations Updates

Next Steps:

- Effective date of the language is April 1, 2025
- Employers will continue to work with CalSTRS through the dispute process
- Penalty and Interest Circular will be available this spring
- Reviewing other resources and job aids

Penalty and Interest Regulations Updates

Resources:

- <https://oal.ca.gov>
- <https://www.calstrs.com/approved-regulations>
- Contributions@CalSTRS.com