

CALIFORNIA CODE OF REGULATIONS
TITLE 5. EDUCATION
DIVISION 3. TEACHERS' RETIREMENT SYSTEM
CHAPTER 2. COMPENSATION

Article 1. General Provisions

~~§ 27200. Members Affected by This Chapter.~~

~~This chapter applies to members who are not subject to the California Public Employees' Pension Reform Act of 2013 (Article 4 [commencing with Section 7522] of Chapter 21 of Division 7 of Title 1 of the Government Code).~~

~~NOTE: Authority cited: Section 22305, Education Code. Reference: Sections 22119.2 and 22305, Education Code.~~

§ 27201. Effective Date.

(a) For members not subject to the Public Employees' Pension Reform Act of 2013, both of the following apply:

(1) The provisions versions of Articles 2 through to 4, inclusive, and Section 27602 of Article 5 of this chapter are effective beginning with in effect on January 1, 2015, and as amended October 1, 2017, apply to compensation that is earned for service performed on or after from January 1, 2015, to June 30, 2027.

(2) The provisions versions of Sections 27600 and 27601 are effective in effect on or after January 1, 2015, and as amended October 1, 2017, apply until June 30, 2027, regardless of the date service was performed.

(b) For all members, both of the following apply:

(1) Amendments to Articles 1.5 to 4, inclusive, and Section 27602 of Article 5 of this chapter in effect on July 1, 2027, apply to compensation earned for service performed on and after that date.

(2) Amendments to Sections 27600 and 27601 in effect on July 1, 2027, apply on and after that date, regardless of the date service was performed.

~~NOTE: Authority cited: Sections 22104.8, 22115, 22119.2, 22119.3, 22207, 22213, 22214, 22215, and 22305, 22324.5, and 22905, Education Code. Reference: Sections 22104.8, 22115, 22119.2, 22119.3, 22213, 22324.5 and 22905, Education Code.~~

Article 1.5. Documentation

§ 27250. Publicly Available Agreement [Operative July 1, 2027].

(a) "Publicly available agreement" means any document that meets all of the following criteria:

(1) Has been duly approved by the employer's governing body in accordance with requirements of applicable public meeting laws or adopted by the county superintendent of schools.

(2) Is retained by the employer and available for public inspection, whether posted at the office of the employer, immediately accessible upon request, or posted on the employer's internet website accessible by the general public.

(3) Indicates an effective date and the effective date or dates of any revision or revisions.

(b) For purposes of determining special pay, a publicly available agreement:

(1) Must meet all the criteria listed in subdivision (a).

(2) Must indicate the requirements for payment of the special pay, including, but not limited to, eligibility for and the amount or percentage of each component.

(3) May be a publicly available pay schedule or any other publicly available document.

(c) For purposes of determining base days, a publicly available agreement must:

(1) Meet all the criteria listed in subdivision (a).

(2) Specify the number of days or hours of creditable service the employer requires the class of employees to perform in a school year to earn the annualized pay rate.

(d) This section shall become operative on July 1, 2027.

NOTE: Authority cited: Sections 22119.3, 22207, 22213, 22214, 22215, 22305, 22324.5 and 22458, Education Code. Reference: Sections 22106.2, 22119.3, 22138.5, 22138.6 and 22458, Education Code.

§ 27251. Publicly Available Pay Schedule [Operative July 1, 2027].

(a) "Publicly available pay schedule," for purposes of determining salary and annualized pay rate, means any document that meets all of the following criteria:

(1) Has been duly approved by the employer's governing body in accordance with requirements of applicable public meeting laws or adopted by the county superintendent of schools.

(2) Is retained by the employer and available for public inspection, whether posted at the office of the employer, immediately accessible upon request, or posted on the employer's internet website accessible by the general public.

(3) Indicates an effective date and the effective date or dates of any revision or revisions.

(4) Identifies the unique title for the applicable class established pursuant to Section 27300.

(5) Specifies the salary as an annualized pay rate for each identified class. The annualized pay rate may also be expressed as a single hourly, daily, or monthly amount, either separately or within a table, provided that either the publicly available pay schedule or a publicly available agreement specifies the total number of hours, days, or months required for a person to perform creditable service on a full-time basis for a full school term.

(6) Does not reference another document in lieu of disclosing the annualized pay rate.

(b) For members who are in a class of one, a publicly available agreement that satisfies subdivision (a) will be deemed a publicly available pay schedule.

(c) This section shall become operative on July 1, 2027.

NOTE: Authority cited: Sections 22112.5, 22119.3, 22207, 22213, 22214, 22215, 22305, 22324.5 and 22458, Education Code. Reference: Sections 22104.8, 22106.2, 22112.5, 22119.3, 22138.5, 22138.6 and 22458, Education Code.

Article 2. Class of Employees

§ 27300. Basis of Establishment of a Class of Employees.

(a) One or more employees constitute a class of employees pursuant to Section 22112.5 of the Education Code on the basis of any of the following:

(1) Similarity of the job duties being performed.

(A) Job duties are those activities described as creditable service in Section 22119.5 of the Education Code.

(B) The job duties grouped within each paragraph and subdivision of Section 22119.5 of the Education Code are deemed similar for the purposes of this subdivision.

(C) An employer may establish a class that is comprised of employees whose assignment is a combination of two or more job duties.

(D) Employees performing similar job duties who are also performing activities that are related to, and an outgrowth of, the instructional and guidance program of the school belong to the class of employees performing the similar job duties, unless they are placed in a separate class pursuant to subparagraph (C).

(E) If an employer establishes a class comprised of one employee, the employer must demonstrate that job duties for that class are in common use by at least two other employers.

(2) Employment in the same type of program.

(A) A program is either of the following:

(i) An educational program established pursuant to state or federal law.

(ii) An educational program established under a Local Control and Accountability Plan pursuant to Section 52060 of the Education Code.

(B) One or more employees may be considered a separate class because they work in a separate program as defined in subparagraph (A) from other employees who have similar job duties.

(3) The employees share other similarities related to the nature of the work being performed.

(b) This section shall become inoperative July 1, 2027.

NOTE: Authority cited: Sections 22112.5, 22119.2, 22213 and 22305, Education Code. Reference: Sections 22112.5 and 22119.5, Education Code.

§ 27300. Basis of Establishment of a Class of Employees [Operative July 1, 2027].

(a) For the purposes of this section:

(1) “Other similarities related to the nature of the work being performed” means any grouping not otherwise excluded under subdivision (d).

(2) “Program” means an educational program established based on any or any combination of the following:

(A) Pursuant to state or federal law.

(B) Under a Local Control and Accountability Plan pursuant to Section 52060 of the Education Code.

(C) By the governing body of the employer in accordance with requirements of applicable public meeting laws or adopted by the county superintendent of schools.

(b) A class of employees shall be established for purposes of whether “base pay” is provided to all members of a class of employees pursuant to paragraph (1) of subdivision (a) of Education Code section 22119.3.

(c) Except as described in subdivision (d), the requirements of Education Code section 22112.5 that a person or group be considered a class of employees because as a group they are employed to perform similar duties, are employed in the same type of program, or share other similarities related to the nature of the work being performed shall be met, and a class shall be considered established, provided that the unique title for the class is associated with an annualized pay rate within a publicly available pay schedule.

(d) A separate class of employees cannot be established based on:

(1) The retirement benefit formula or retirement program.

(2) A minimum or maximum threshold for age or credited service in the Defined Benefit Program.

(3) Eligibility for retirement.

(4) Date of hire.

(5) A requirement to work more or fewer days or hours per year in the absence of the class of employees being established based on similar duties, the same type of program, or other similarities related to the nature of the work being performed.

(6) The number of pupils or students instructed or contacted, size of caseload, number of units, number of classes, or number of staff or sites supervised by the employee in the absence of the class of employees being established based on similar duties, the same type of program, or other similarities related to the nature of the work being performed.

(e) If a class is comprised of one employee, the employer must demonstrate that the job duties for that class are in common use by at least two other employers.

(f)(1) If a class of employees fails to comply with subdivisions (c) or (e), the salary for the person or group shall be determined based on the annualized pay rate of the established class of employees performing similar job duties at the lesser annualized pay rate.

(2) The special pay for the person or group shall be determined based on the amount or percentage of salary paid to the established class of employees performing similar job duties at the lesser annualized pay rate.

(3) Compensation paid to the person or group in excess of the amounts in paragraphs (1) and (2) shall be deemed supplemental pay pursuant to paragraph (2) of subdivision (a) of Section 22119.3 of the Education Code.

(g) This section shall become operative on July 1, 2027.

NOTE: Authority cited: Sections 22112.5, 22119.3, 22207, 22213, 22214, 22215, 22305 and 22324.5, Education Code. Reference: Sections 22104.8, 22112.5 and 22119.3, Education Code.

§ 27301. Prohibited Classes of Employees.

(a) An employer may not establish a class of employees that is distinguished by any of the following:

- (1) The retirement benefit formula or retirement program.
- (2) A minimum or maximum threshold for age or service credit.
- (3) The characterization or restructuring of compensation, in the absence of the criteria described in Section 27300.
- (4) An option or requirement for one or more employees who perform similar job duties to work a longer or shorter day, or work more or fewer days per year, performing similar job duties, in the absence of the criteria described in paragraph (2) of subdivision (a) of Section 27300, except as provided in subdivision (c) of Section 22138.5 of the Education Code for the minimum standard for full time in community colleges.

(5) Performing only activities related to, and an outgrowth of, the instructional and guidance program of the school, because those activities must be performed in addition to other activities described in Section 22119.5 of the Education Code in order to be creditable service.

(b) This section shall become inoperative on July 1, 2027.

NOTE: Authority cited: Sections 22112.5, 22119.2, 22207, 22213 and 22305, Education Code. Reference: Sections 22112.5, 22119.5 and 22138.5, Education Code.

Article 3. Creditable Compensation

§ 27400. Salary.

- (a) Salary is compensation that meets all of the following requirements:
- (1) Is paid in cash by an employer to an employee in accordance with a publicly available written contractual agreement.
 - (2) Is paid for the performance of creditable service activities described in Section 22119.5 of the Education Code.
 - (3) Is any of the following:
 - (A) Explicitly characterized as salary in the agreement, and used as a basis for future pay increases.
 - (B) Paid to perform creditable service activities that are related to, and an outgrowth of, the instructional and guidance program of the school.
 - (C) Paid to perform creditable service activities that are related to the examination, selection, in-service training, mentoring, or assignment of teachers, principals, or other similar personnel involved in the instructional program.
 - (4) Paid without a requirement by the employer for proof of expenditure.

(b) The employer must establish a compensation earnable for all assignments for which an employee will earn salary.

(1) If an employer provides compensation in exchange for performing activities described in subparagraph (B) or (C) of paragraph (3) of subdivision (a), the compensation is for service, and the employer must establish a compensation earnable for those activities.

(c) If compensation is restructured into salary, regardless of how it was paid previously, the compensation will be considered salary beginning on the effective date of the restructure.

(d) Salary includes amounts deducted from salary at the discretion of the employee.

(e) This section shall become inoperative on July 1, 2027.

NOTE: Authority cited: Sections 22119.2, 22119.5, 22138.5, 22207, 22213, 22214, 22215, 22305 and 22458, Education Code. Reference: Sections 22115, 22119.2, 22119.5, 22138.5 and 22138.6, Education Code.

§ 27400. Salary [Operative July 1, 2027].

(a) Salary shall meet all of the following:

(1) Paid in cash by an employer to an employee in accordance with a publicly available pay schedule.

(2) Paid for being employed up to the full-time equivalent in a position subject to membership.

(3) Paid to all persons who are in the same class of employees who meet the education and experience requirements specified within that publicly available pay schedule. No other requirements shall be considered for determining whether salary is paid to all persons who are in the same class of employees, except when a public school employer and the exclusive representative negotiate and mutually agree to a publicly available pay schedule based on other requirements.

(4) Paid in an amount that is proportional to the annualized pay rate established for the position pursuant to Section 22104.8 of the Education Code.

(b)(1) Salary shall be based on the lesser annualized pay rate paid to the entire class of employees if compensation is paid using the practice of continuing an employee's salary at a higher annualized pay rate when any of the following exist:

(A) The publicly available pay schedule has been negotiated to a lower annualized pay rate.

(B) The position has been reclassified to a different position subject to membership or class of employees that has a lower annualized pay rate.

(C) The employee moves to a different position subject to membership or class of employees that has a lower annualized pay rate.

(2) Any excess amount not paid to the entire class of employees is deemed supplemental pay pursuant to paragraph (2) of subdivision (a) of Section 22119.3 of the Education Code.

(c) If compensation is restructured into salary, regardless of how it was paid previously, the compensation will be considered salary beginning on the effective date of the restructure.

(d) Salary includes amounts deducted from salary at the discretion of the employee.

(e) Compensation that does not meet the requirements of this section, does not meet the requirements of special pay in Section 27401, and is not expressly prohibited pursuant to subdivision (c) of Section 22119.3 of the Education Code is supplemental pay pursuant to paragraph (2) of subdivision (a) of Section 22119.3 of the Education Code.

(f) This section shall become operative on July 1, 2027.

NOTE: Authority cited: Sections 22112.5, 22119.3, 22207, 22213, 22214, 22215, 22305, 22324.5 and 22458, Education Code. Reference: Sections 22119.3, Education Code.

§ 27401. Remuneration That is Paid in Addition to Salary.

(a) Remuneration in addition to salary is compensation that meets all of the following requirements:

(1) Is paid in cash in accordance with a publicly available written contractual agreement where applicable and required by law.

(2) Is not associated with the performance of additional service.

(A) When the contractual full time is based on load credits or a similar non-time based measure, additional service includes any service that is associated with earning those credits.

(3) Is paid to all persons who are in a class of employees, in the same dollar amount, same percentage of salary or same percentage of amount being distributed.

(4) Is paid in the same manner to all members of the class of employees, and is not available in an alternative form that is subject to choice on an individual basis by an employee or an employer.

(5) Is paid without a requirement by the employer for proof of expenditure.

(6) Is paid contingent on either of the following:

(A) Availability of funds.

(B) Meeting any of the following qualifications or requirements:

(i) Possession or attainment of a certificate, license, special credential or advanced degree.

(ii) Career or service longevity.

(iii) Hiring, transfer or retirement.

(iv) Employment in a position that is hazardous or difficult to staff.

(v) Employment in an assignment in which the number of students enrolled exceeds the contractual class size maximum.

(vi) Achievement of a performance benchmark.

(b) If compensation is restructured into remuneration in addition to salary, regardless of how it was paid previously, the compensation is remuneration in addition to salary beginning on the effective date of the restructure.

(c) Remuneration in addition to salary does not include the following as described in Sections 27501 and 27502:

(1) Cash paid by an employer to an employee who receives cash in lieu of a fringe benefit, or cash

in lieu of an expense paid or reimbursed by the employer.

(2) Cash paid by an employer on behalf of an employee for a fringe benefit, expense or reimbursement.

(3) Cash paid by an employer to an employee that is the remainder from money allocated for fringe benefits or expenses that are paid by the employer.

(d) This section shall become inoperative on July 1, 2027.

NOTE: Authority cited: Sections 22119.2, 22119.5, 22207, 22213, 22214, 22215, 22305 and 22458, Education Code. Reference: Section 22119.2, Education Code.

§ 27401. Special Pay [Operative July 1, 2027].

(a) Subject to subdivision (b), special pay shall meet all of the following:

(1) Paid in cash in accordance with a publicly available agreement.

(2) Paid for being employed up to the full-time equivalent in a position subject to membership.

(3) Paid for the same position subject to membership for which a member is paid salary.

(4) Paid to all persons who are in the same class of employees, and not available in an alternative form that is subject to choice on an individual basis by an employee or an employer in one of the following ways:

(A) In the same amount.

(B) In the same percentage of salary.

(C) In the same amount proportional to a member's basis of employment.

(5) Not paid a limited number of times pursuant to Section 27602.

(b) "Special pay" is expressly limited to the following:

(1) Education – Compensation paid in addition to salary for completing or possessing educational credits or units, certificates, licenses, credentials, or degrees. This compensation must be paid to each person who is in the same class of employees who meets this criteria, or who meets a combination of this criteria and the criteria identified in paragraph (2).

(2) Experience – Compensation paid in addition to salary for being employed for a certain period of time within a class of employees, for an employer, or over a career, sometimes called career or service longevity. This compensation must be paid to each person who is in the same class of employees who meets this criteria, or who meets a combination of this criteria and the criteria identified in paragraph (1).

(3) Classification – Any other compensation paid in addition to salary where the qualification for receiving the compensation is belonging to the class of employees. No other criteria shall be used to identify or define this type of special pay.

(c) For special pay that is not scheduled to continue for the entire class of employees in the same amount or percentage, only the amount that is scheduled to continue qualifies as special pay. Any excess amount not paid to the entire class of employees is deemed supplemental pay pursuant to paragraph (2) of subdivision (a) of Section 22119.3 of the Education Code.

(d) If compensation is restructured into special pay, regardless of how it was paid previously, the compensation is special pay beginning on the effective date of the restructure.

(e) Compensation that does not meet the requirements of this section, does not meet the requirements of salary in Section 27400, and is not expressly prohibited pursuant to subdivision (c) of Section 22119.3 of the Education Code is supplemental pay pursuant to paragraph (2) of subdivision (a) of Section 22119.3 of the Education Code.

(f) This section shall become operative on July 1, 2027.

NOTE: Authority cited: Sections 22112.5, 22119.3, 22207, 22213, 22214, 22215, 22305, 22324.5 and 22458, Education Code. Reference: Section 22119.3, Education Code.

Article 5. Appropriate Crediting of Contributions

§ 27600. Consistent Treatment of Compensation.

(a) In assessing the consistency of an increase that occurs during the period of time specified in subdivision (f), an increase is consistent if the employer demonstrates that it is due to any of the following:

(1) A restructure of compensation that is a permanent change, as indicated by not meeting either of the criteria for inconsistency described in subdivision (d).

(2) A salary deferral due to a reduction in school funds.

(3) A commensurate percentage increase in compensation earnable for the majority of members employed by the same employer.

(4) A change in duties required of the employee that is incorporated in the first contract for the immediate successor to the position.

(5) An increase in responsibility of the employee that is incorporated in the first contract for the immediate successor to the position.

(6) Attainment of an educational or performance benchmark.

(7) An increase that establishes pay parity as demonstrated by any of the following:

(A) Commensurate compensation earnable for that same position in the past.

(B) Commensurate compensation earnable for other employees performing similar duties for the same employer or other employers.

(8) A commensurate compensation earnable for the immediate successor.

(9) A commensurate compensation earnable for the immediate predecessor.

(10) More education or experience than the immediate predecessor.

(11) An increase in compensation that is required to recruit for a position which is directly responding to a specific time-bound financial crisis, not to exceed 150 percent of the base compensation earnable of the predecessor in the position or the most similar position prior to the crisis. For the purposes of this paragraph, a specific time-bound financial crisis is, for school districts, a negative certification of financial obligations pursuant to Section 1240 of the Education Code or, for community college districts, a finding of serious hardship of financial condition as defined in subdivision (c) of Section 59204 of Subchapter 4, Chapter 10, Division 6 of this Title.

(b) In assessing the consistent treatment of compensation for a position, if the successor's compensation earnable is lower than the member's, the member's compensation shall not be presumed to be inconsistent solely by reason of the reduced successor pay.

(c) In assessing the consistency of an increase that occurs during the period of time specified in subdivision (f), an increase that is not due to any of the circumstances listed in subdivision (a) is presumed to be inconsistent.

(d) A restructure of compensation pursuant to paragraph (1) of subdivision (a) is inconsistent if either of the following applies:

(1) The restructure is effective on or after January 1, 2016, and is outside of that employer's standard bargaining or employment contract negotiation time frames.

(2) The restructure is implemented for a class of one, and the change is reversed upon hire and negotiation of the first contract of the immediate successor.

(e) Notwithstanding subdivision (a), if there is determined to be a pattern of late career changes that result in additional compensation that the system determines was paid to enhance a member's benefits, such as, but not limited to, assignment of duties or responsibilities by an employer to employees during the final compensation period, the additional compensation for those duties is presumed to be inconsistent.

(f)(1) For a member whose initial final compensation after their most recent retirement is calculated using a period of 36 or 12 consecutive months pursuant to Section 22134, 22134.5 or 22135 of the Education Code, the period of time is seven years preceding and including the last day used to calculate final compensation.

(2) For a member whose initial final compensation after their most recent retirement is calculated using nonconsecutive periods of time due to a reduction in school funds as permitted by Education Code section 22134, the period of time begins four years prior to the first day used to calculate final compensation and ends on the last day used to calculate final compensation.

(g) This section shall become inoperative on July 1, 2027.

NOTE: Authority cited: Sections 22119.2, 22207, 22215, 22250, 22305 and 22458, Education Code. Reference: Sections 22112.5, 22119.2, 22458 and 22905, Education Code.

§ 27600. Consistent Treatment of Compensation [Operative July 1, 2027].

(a) In assessing the consistency of an increase that occurs during the period of time specified in subdivision (f), an increase is consistent if the employer demonstrates that it is due to any of the following:

(1) A restructure of compensation that is a permanent change, as indicated by not meeting either of the criteria for inconsistency described in subdivision (d).

(2) A salary deferral due to a reduction in school funds.

(3) A commensurate percentage increase in compensation earnable for the majority of members employed by the same employer.

(4) A change in duties required of the employee that is incorporated in the first contract for the immediate successor to the position.

(5) An increase in responsibility of the employee that is incorporated in the first contract for the immediate successor to the position.

(6) An increase that establishes pay parity as demonstrated by any of the following:

(A) Commensurate base pay for that same position in the past.

(B) Commensurate base pay for other employees performing similar duties for the same employer or other employers.

(7) A commensurate base pay for the immediate successor.

(8) A commensurate base pay for the immediate predecessor.

(9) More education or experience than the immediate predecessor.

(10) An increase in compensation that is required to recruit for a position which is directly responding to a specific time-bound financial crisis, not to exceed 150 percent of the base pay of the predecessor in the position or the most similar position prior to the crisis. For the purposes of this paragraph, a specific time-bound financial crisis is, for school districts, a negative certification of financial obligations pursuant to Section 1240 of the Education Code or, for community college districts, a finding of serious hardship of financial condition as defined in subdivision (c) of Section 59204 of Subchapter 4, Chapter 10, Division 6 of this Title.

(b) In assessing the consistent treatment of compensation for a position, if the successor's base pay is lower than the member's, the member's compensation shall not be presumed to be inconsistent solely by reason of the reduced successor pay.

(c) In assessing the consistency of an increase that occurs during the period of time specified in subdivision (f), an increase that is not due to any of the circumstances listed in subdivision (a) is presumed to be inconsistent.

(d) A restructure of compensation pursuant to paragraph (1) of subdivision (a) is inconsistent if either of the following applies:

(1) The restructure is effective on or after January 1, 2016, and is outside of that employer's standard bargaining or employment contract negotiation time frames.

(2) The restructure is implemented for a class of one, and the change is reversed upon hire and negotiation of the first contract of the immediate successor.

(e) Notwithstanding subdivision (a), if there is determined to be a pattern of late career changes that result in additional compensation that the system determines was paid to enhance a member's benefits, such as, but not limited to, assignment of duties or responsibilities by an employer to employees during the final compensation period, the additional compensation for those duties is presumed to be inconsistent.

(f)(1) For a member whose initial final compensation after their most recent retirement is calculated using a period of 36 or 12 consecutive months pursuant to Section 22134, 22134.5 or 22135 of the Education Code, the period of time is seven years preceding and including the last day used to calculate final compensation.

(2) For a member whose initial final compensation after their most recent retirement is calculated using nonconsecutive periods of time due to a reduction in school funds as permitted

by Education Code section 22134, the period of time begins four years prior to the first day used to calculate final compensation and ends on the last day used to calculate final compensation.

(g) This section shall become operative on July 1, 2027.

NOTE: Authority cited: Sections 22119.3, 22207, 22213, 22215, 22250, 22305, 22324.5 and 22458, Education Code. Reference: Sections 22115 and 22119.3, Education Code.

§ 27601. Appropriate Crediting of Contributions.

(a) Upon determination that compensation was treated inconsistently, except in cases where an adjustment to the crediting of contributions would not result in a change to a member's final compensation, CalSTRS shall limit the amount of contributions that are credited to the Defined Benefit Program during the period of time specified in subdivision (b).

(1) If the inconsistent treatment of compensation is the result of a restructure of compensation, the employer shall report the amount that was restructured to the member's Defined Benefit Supplement account.

(2) If the inconsistent treatment of compensation is not attributable to a restructure, the employer shall report the portion of compensation in excess of the following thresholds to the member's Defined Benefit Supplement account:

(A) For inconsistent compensation increases concurrent with a change in position, the threshold for the fiscal year in which the inconsistent compensation increase occurred is the immediate predecessor's salary increased by the percentage calculated pursuant to paragraph (3). The resulting amount is the baseline on which the percentage increase calculated pursuant to paragraph (4) shall be applied to determine the threshold for each subsequent fiscal year.

(B) For inconsistent compensation increases not concurrent with a change in position, the threshold for the fiscal year in which the inconsistent compensation increase occurred is the member's compensation earnable for the year prior to the year in which the inconsistent increase occurred increased by the percentage calculated pursuant to paragraph (3). The resulting amount is the baseline on which the percentage increase calculated pursuant to paragraph (4) shall be applied to determine the threshold for each subsequent fiscal year.

(3) For the purposes of subparagraphs (A) and (B) of paragraph (2), the percentage increase to establish the baseline amount shall be the greater of either (A) or (B), whichever is applicable, or (C), as follows:

(A) 150 percent of the median percentage increase of the compensation earnable of the members at the member's employer between that fiscal year and the previous fiscal year, if that employer has at least 30 members.

(B) 150 percent of the median percentage increase of the compensation earnable of the members within the member's county between that fiscal year and the previous fiscal year, if the member's employer has less than 30 members.

(C) 150 percent of the median percentage increase of the compensation earnable of active members statewide, or zero, whichever is greater.

(4) For the purposes of subparagraphs (A) and (B) of paragraph (2), the percentage increase applied during each subsequent fiscal year shall be calculated as follows:

(A) For each subsequent inconsistent increase that is not concurrent with a change in position, the percentage calculated pursuant to paragraph (3) is applied to the prior year's threshold amount.

(B) For each subsequent inconsistent increase that is concurrent with a change in position, the percentage calculated pursuant to paragraph (3) is applied to the immediate predecessor's salary.

(C) For each subsequent consistent increase that is not concurrent with a change in position, the same percentage increase that the member earned is applied to the prior year's threshold amount.

(D) For each subsequent consistent increase that is concurrent with a change in position, the threshold amount is the actual compensation earnable for that new position.

(b)(1) For a member whose initial final compensation after their most recent retirement is calculated using a period of 36 or 12 consecutive months pursuant to Section 22134, 22134.5 or 22135 of the Education Code, the period of time shall not exceed the seven years preceding and including the last day used to calculate the member's final compensation.

(2) For a member whose initial final compensation after their most recent retirement is calculated using nonconsecutive periods of time due to a reduction in school funds as permitted by Education Code section 22134, the period of time shall not exceed the number of years that begins four years prior to the first day used to calculate final compensation and ends on the last day used to calculate final compensation.

(c) This section shall become inoperative on July 1, 2027.

NOTE: Authority cited: Sections 22119.2, 22207, 22213 and 22305, Education Code.
Reference: Sections 22112.5, 22119.2 and 22458, Education Code.

§ 27601. Appropriate Crediting of Contributions [Operative July 1, 2027].

(a) Compensation that has been treated inconsistently pursuant to this section and Section 27600 shall be deemed to have been paid to enhance a member's benefit pursuant to paragraph (8) of subdivision (c) of Education Code section 22119.3 and shall not be included as creditable compensation to the system.

(b) Upon determination that compensation was treated inconsistently, except in cases where an adjustment to the crediting of contributions would not result in a change to a member's final compensation, the creditable compensation shall be limited during the period of time specified in subdivision (c).

(1) If the inconsistent treatment of compensation is the result of a restructure of compensation, creditable compensation shall not include the amount that was restructured.

(2) If the inconsistent treatment of compensation is not attributable to a restructure, creditable compensation shall not include the portion of compensation in excess of the following thresholds:

(A) For inconsistent compensation increases concurrent with a change in position, the threshold for the fiscal year in which the inconsistent compensation increase occurred is the immediate predecessor's salary increased by the percentage calculated pursuant to paragraph (3). The resulting

amount is the baseline on which the percentage increase calculated pursuant to paragraph (4) shall be applied to determine the threshold for each subsequent fiscal year.

(B) For inconsistent compensation increases not concurrent with a change in position, the threshold for the fiscal year in which the inconsistent compensation increase occurred is the member's compensation earnable for the year prior to the year in which the inconsistent increase occurred increased by the percentage calculated pursuant to paragraph (3). The resulting amount is the baseline on which the percentage increase calculated pursuant to paragraph (4) shall be applied to determine the threshold for each subsequent fiscal year.

(3) For the purposes of subparagraphs (A) and (B) of paragraph (2), the percentage increase to establish the baseline amount shall be the greater of either (A) or (B), whichever is applicable, or (C), as follows:

(A) 150 percent of the median percentage increase of the compensation earnable of the members at the member's employer between that fiscal year and the previous fiscal year, if that employer has at least 30 members.

(B) 150 percent of the median percentage increase of the compensation earnable of the members within the member's county between that fiscal year and the previous fiscal year, if the member's employer has less than 30 members.

(C) 150 percent of the median percentage increase of the compensation earnable of active members statewide, or zero, whichever is greater.

(4) For the purposes of subparagraphs (A) and (B) of paragraph (2), the percentage increase applied during each subsequent fiscal year shall be calculated as follows:

(A) For each subsequent inconsistent increase that is not concurrent with a change in position, the percentage calculated pursuant to paragraph (3) is applied to the prior year's threshold amount.

(B) For each subsequent inconsistent increase that is concurrent with a change in position, the percentage calculated pursuant to paragraph (3) is applied to the immediate predecessor's salary.

(C) For each subsequent consistent increase that is not concurrent with a change in position, the same percentage increase that the member earned is applied to the prior year's threshold amount.

(D) For each subsequent consistent increase that is concurrent with a change in position, the threshold amount is the actual compensation earnable for that new position.

(c)(1) For a member whose initial final compensation after their most recent retirement is calculated using a period of 36 or 12 consecutive months pursuant to Section 22134, 22134.5 or 22135 of the Education Code, the period of time shall not exceed the seven years preceding and including the last day used to calculate the member's final compensation.

(2) For a member whose initial final compensation after their most recent retirement is calculated using nonconsecutive periods of time due to a reduction in school funds as permitted by Education Code section 22134, the period of time shall not exceed the number of years that begins four years prior to the first day used to calculate final compensation and ends on the last day used to calculate final compensation.

(d) This section shall become operative on July 1, 2027.

NOTE: Authority cited: Sections 22119.3, 22207, 22213, 22215, 22250, 22305, 22324.5 and 22458, Education Code. Reference: Sections 22115, 22119.3 and 22458, Education Code.

§ 27602. Compensation That is Paid a Limited Number of Times.

(a) Compensation is creditable to the Defined Benefit Supplement account if compensation was restructured into salary or remuneration in addition to salary as described in subdivision (c) of Section 27400 or subdivision (b) of Section 27401, and is paid a limited number of times, has a specified end date, or is otherwise not permanent.

(b) Contributions for remuneration in addition to salary that is paid pursuant to Section 27401 shall be credited to the member's Defined Benefit Supplement account if the compensation is not ongoing, as limited by either of the following:

(A) The number of times is specified in law or in a publicly available written contractual agreement.

(B) The compensation is not scheduled to continue.

(c) This section shall become inoperative on July 1, 2027.

NOTE: Authority cited: Sections 22119.2, 22305 and 22458, Education Code. Reference: Sections 22119.2 and 22905, Education Code.

§ 27602. Compensation That is Paid a Limited Number of Times [Operative July 1, 2027].

(a) Creditable compensation that is determined to be paid a limited number of times is supplemental pay pursuant to paragraph (2) of subdivision (a) of Section 22119.3 of the Education Code if the compensation is not ongoing, as limited by either of the following:

(1) The number of times the compensation will be paid is specified in law or in a publicly available agreement or publicly available pay schedule.

(2) The compensation is not scheduled to continue.

(b) Notwithstanding subdivision (a), compensation that is paid a limited number of times does not include any of the following:

(1) Compensation meeting the requirements of salary pursuant to Section 27400.

(2) Special pay that is paid for the duration of a limited-term assignment.

(3) Special pay that is paid for the duration that a publicly available agreement or publicly available pay schedule is in effect.

(c) This section shall become operative on July 1, 2027.

NOTE: Authority cited: Sections 22119.3, 22207, 22213, 22305, 22324.5 and 22458, Education Code. Reference: Sections 22115 and 22119.3, Education Code.

TITLE 5. EDUCATION
DIVISION 3. TEACHERS' RETIREMENT SYSTEM
CHAPTER 3. EMPLOYER REPORTING

Article 2. Format for Employer Reports

§ 27800. Format for Employer Reports.

Beginning on a date specified by the board but no earlier than October 1, 2021, and with notice issued no later than 90 days prior to that date July 1, 2027, employers shall file reports through CalSTRS' secure employer website as follows:

(a) Employers reporting identifying member information to establish a new account or to update existing member information shall submit such information by one of the following methods:

(1) Complying with the CalSTRS' Employment File Layout, as of June 18, 2019, and hereby incorporated by reference.

(2) Entering the information specified in the CalSTRS' Employment File Layout through CalSTRS' secure employer website on a per-employee basis.

(b) Employers reporting contribution information for the Defined Benefit Program monthly or the Cash Balance Benefit Program each pay period shall comply with CalSTRS' Contribution File Layout, as of ~~June 18, 2019~~ July 1, 2025, and hereby incorporated by reference.

~~(c) Employers unable to comply with either subdivision (a) or (b) may submit a written request for a waiver to CalSTRS.~~

~~(1) The written request for a waiver shall include the following:~~

~~(A) The name and address of the employer making the request.~~

~~(B) The reason or reasons that prevent the employer from being able to comply.~~

~~(C) A plan for compliance, including the date by which the employer will be able to comply.~~

~~(D) Acknowledgement that the employer will be responsive to any inquiries made by CalSTRS regarding their plan for compliance.~~

~~(E) The signature of the superintendent, chancellor, president, or chief executive of the employer or a designee.~~

~~(2) A waiver that includes all the information required in paragraph (1) of subdivision (c) shall be approved by the board for a period of six months, beginning on the date specified by the board pursuant to this section.~~

~~(3) The employer may submit a request for renewal of the waiver for an additional six-month period up to three additional times.~~

~~(4) Upon approval of a waiver by the board from the requirements in subdivisions (a) and (b), the employer shall file reports as follows:~~

~~(A) Employers reporting contribution information to the Defined Benefit Program shall comply with Section 1.3 of CalSTRS' F496 File Specification, as revised on February 24, 2016, and hereby incorporated by reference, subject to the following exclusions:~~

~~(i) Information in the "Field Edits" column.~~

~~(ii) The specific member contribution rates associated with field positions 53-56 and 91-94.~~

~~(B) Employers reporting contribution information to the Cash Balance Benefit Program shall comply with Section 1.3 of CalSTRS' Voluntary Deduction File Specification, as revised on July 1, 2015, and hereby incorporated by reference.~~

~~(C) A field that contains a dollar value must be formatted as follows:~~

~~(i) The number is reported without decimal places with the last two field positions populated by the number of cents.~~

~~(ii) Use leading zeroes to populate the full breadth of the field.~~

~~(iii) To report a negative number, report the last field with an uppercase alphabetical character or a symbol, coded as follows: "J" for negative values ending in 1, "K" for negative values ending in 2, and so on, with "R" for negative values ending in 9. Use "." for negative values ending in 0.~~

~~(iv) Alphabetical characters or symbols may also be used to denote positive values, but are not required.~~

~~(d c)~~ This section prescribes the methods and formats by which information requested by CalSTRS shall be submitted. Unless a specific transaction is otherwise required by another statute or regulation, there is nothing within this section or referenced by this section that requires an employer to take any action.

NOTE: Authority cited: California Constitution, Article XVI, Section 17; and Sections 22207, 22213, 22214, 22250, 22305, 22324.5 and 22455; ~~23004 and 26301~~, Education Code. Reference: Sections 22455, 22457, 22717, 22717.5, 22718, 23004, 23006, 23008 and 26301, Education Code.

§ 27801. Acceptable Report.

(a) Contribution information for the Defined Benefit Program reported monthly or the Cash Balance Benefit Program reported each pay period to CalSTRS is acceptable if it is reported in compliance with subdivision (b) ~~or (e)~~ of Section 27800. Reports that fail to comply shall be rejected by CalSTRS, and will not be received.

(b) A report shall contain the information as specified in Section 27800 for all employees who perform creditable service for an employer during the month or pay period.

(c) Information reported pursuant to subdivision (b) ~~or (e)~~ of Section 27800 for one or more employees from a prior month or pay period shall be aggregated and treated as a separate report for the month or pay period to which it relates.

(d) This section shall become operative on ~~the date specified by the board pursuant to Section 27800~~ July 1, 2027.

NOTE: Authority cited: California Constitution, Article XVI, Section 17; and Sections 22207, 22213, 22214, 22250, 22305; and 22324.5 ~~23004 and 26301~~, Education Code. Reference: Sections 23004, 23005, 23006 and 26301, Education Code.