

Creditable Compensation

Learning Objectives



Explain the principles of creditable compensation



Identify the conditions for compensation to be creditable



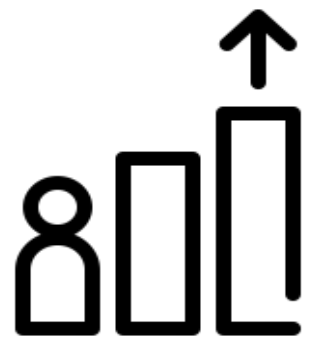
Differentiate between Salary and Special Pay



Apply the appropriate Annualized Pay Rate

Principles of Creditable Compensation

Consistent treatment of compensation:



Throughout a member's career



Among an entire class of employees

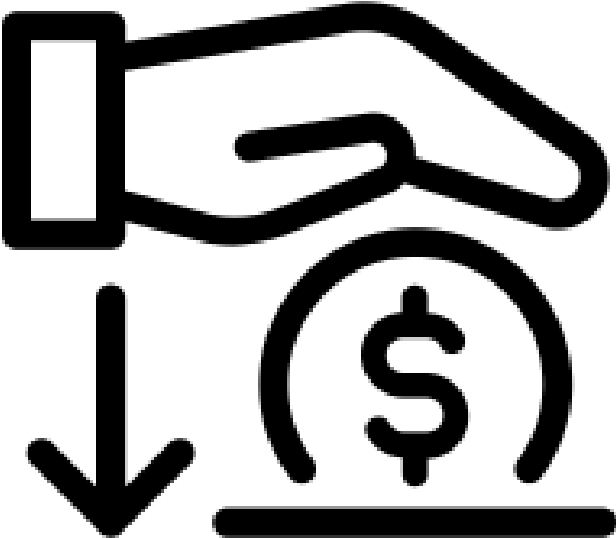


For a position

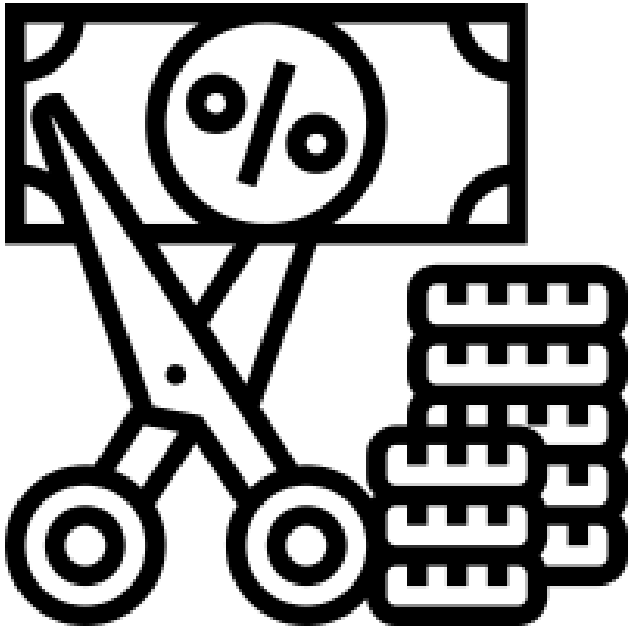
Creditable Compensation Includes



Employer-approved leaves of absence



Pre-tax CalSTRS member contributions



Deductions from employee compensation

Creditable Compensation Excludes



Relinquished leave



Fringe benefits



Employer paid expenses or reimbursements



Does the compensation meet the conditions to be reportable?

Conditions of Creditable Compensation (1/3)

1. Paid for the performance of creditable service
2. Paid in accordance with a publicly available written contractual agreement
3. Paid to all in the same class of employees

Class of Employees

A number of employees considered a group because they are any of the following:



Perform
similar duties



Same type of
program

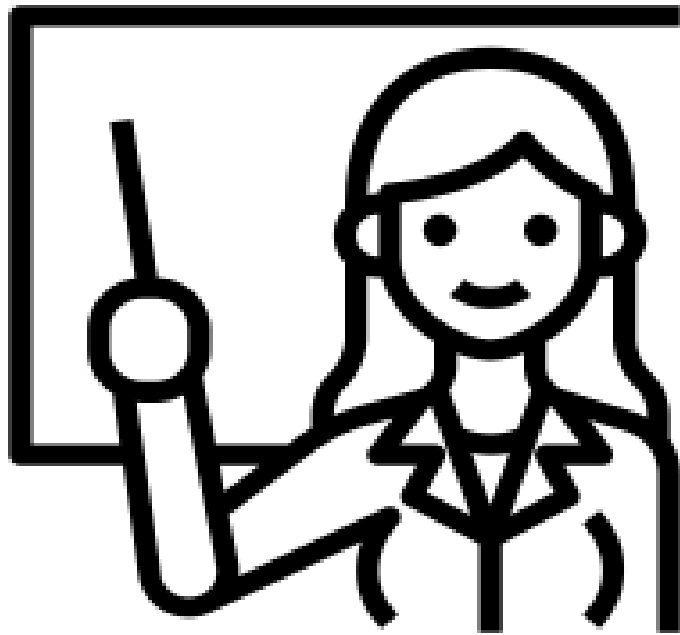


Similarities related to
the nature of the work

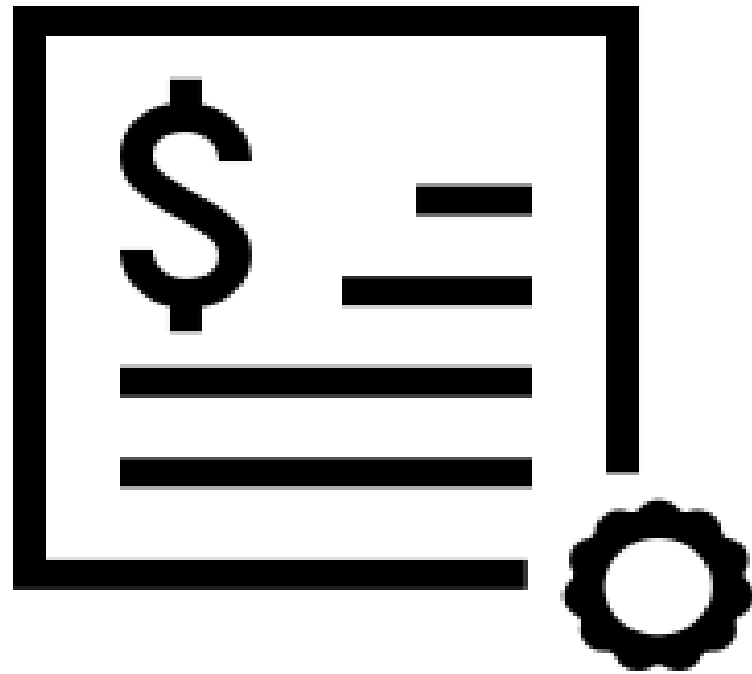
Conditions of Creditable Compensation (2/3)

1. Paid for the performance of creditable service
2. Paid in accordance with a publicly available written contractual agreement
3. Paid to all in the same class of employees
4. Paid each pay period that creditable service is performed (DB 2% at 62 only)

Paid Each Pay Period – DB 2% at 62



Monica (DB 2% at 62) teaches summer school at Gellar USD in July and August.

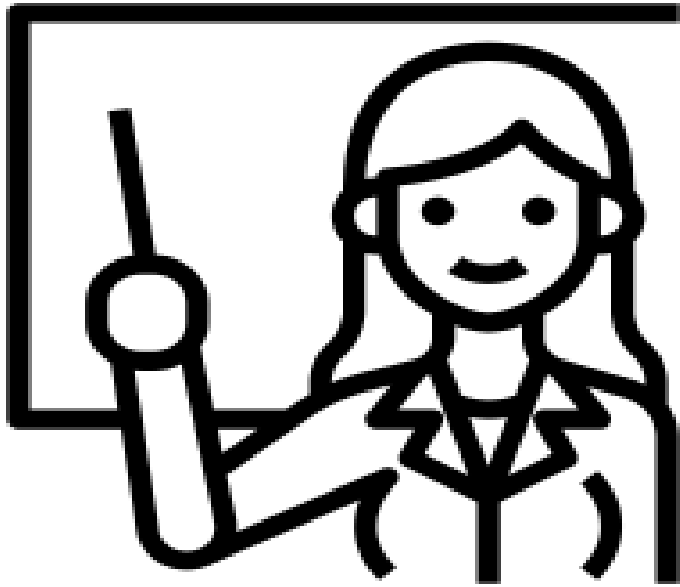


Monica is paid in August and September per the contract.

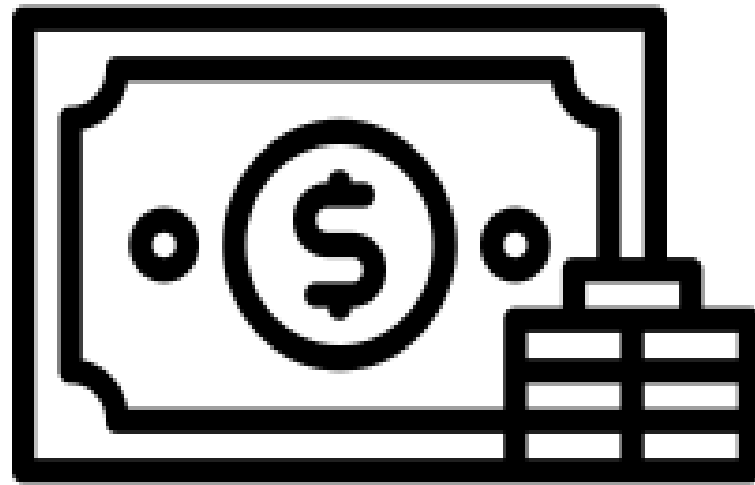


This is reportable because it was paid for the pay period in which creditable service was performed.

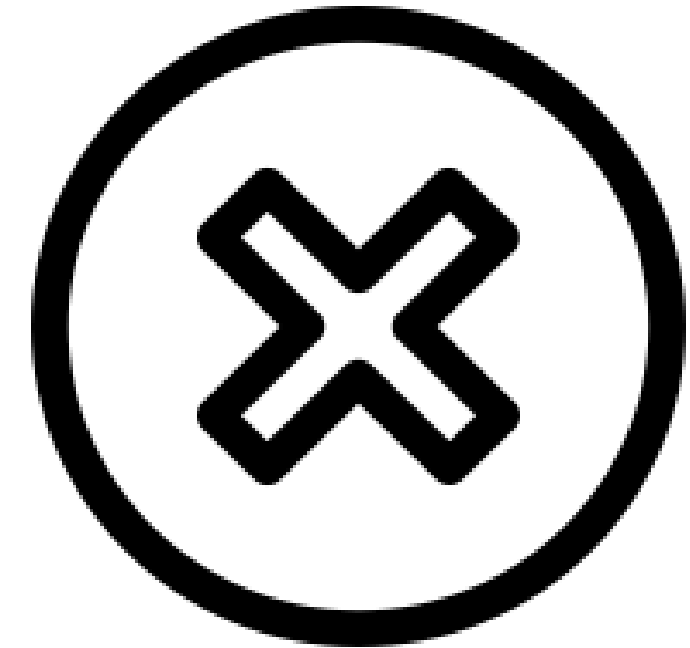
NOT Paid Each Pay Period – DB 2% at 62 (1/2)



Monica (DB 2% at 62) teaches summer school at Gellar USD in July and August.

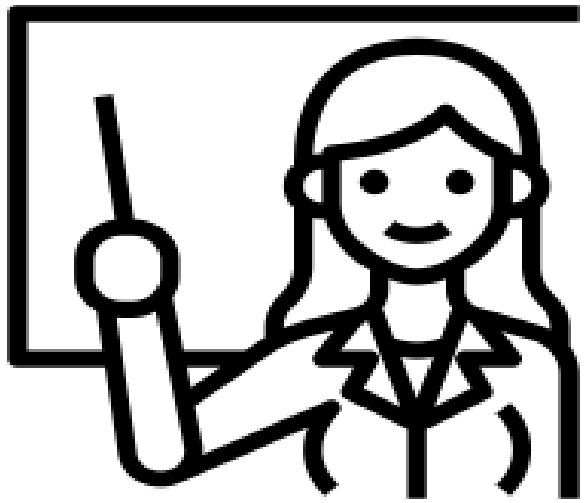


Monica is paid a lump sum in September per the contract.

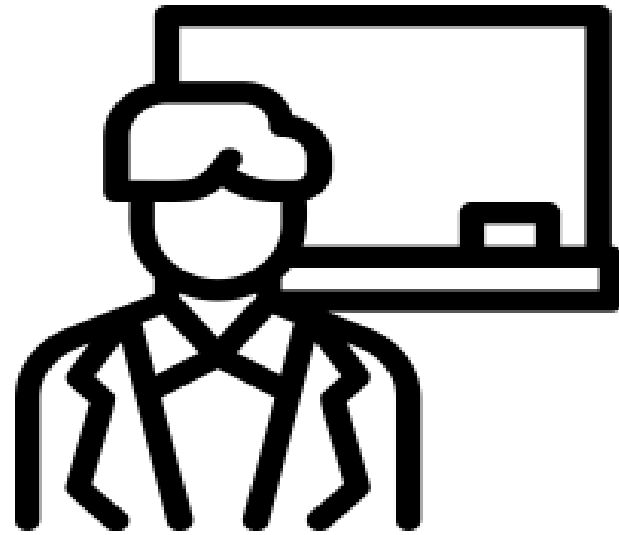


This is not reportable because it was not paid each pay period creditable service was performed.

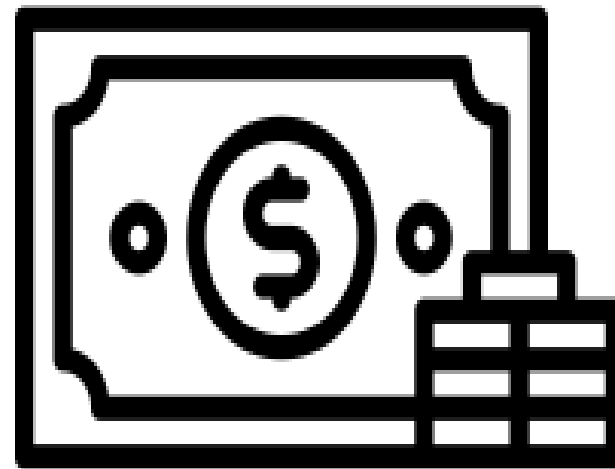
NOT Paid Each Pay Period – DB 2% at 62 (2/2)



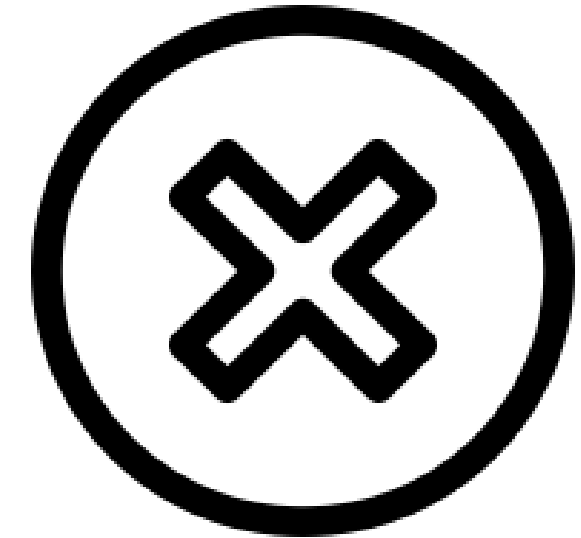
Monica (DB 2% at 62) teaches summer school at Gellar USD in July and August.



Ben (DB 2% at 62) teaches summer school at Gellar USD in August.



Ben and Monica are paid in a lump sum in September per the contract.



This is not reportable for Monica or Ben because it was not paid each pay period in which the service was performed.

Conditions of Creditable Compensation (3/3)

1. Paid for the performance of creditable service
2. Paid in accordance with a publicly available written contractual agreement
3. Paid to all in the same class of employees
4. Paid each pay period that creditable service is performed (DB 2% at 62 only)
5. Meets the requirements of either Salary or Special Pay



Do I evaluate the compensation as Salary or Special Pay?

Salary vs. Special Pay

Salary

Salary is compensation paid directly for creditable service in a position or for the performance of additional creditable service



Special Pay

Special Pay is compensation paid in addition to salary for meeting specific criteria

- Cannot be paid for the performance of *additional* service



Ongoing Special Pay vs. Limited-Term Special Pay

Ongoing Payments



Available on an ongoing basis

- Can be lump-sum payments (DB 2% at 60 only)
- Credited to DB

Limited-term Payments



Have a specified end date, paid a certain number of times or are not otherwise scheduled to continue

- Only creditable for DB 2% at 60
- Credited to DBS

Reporting a Stipend

Is the compensation paid directly for creditable service or for the performance of additional creditable service?

YES



Must meet requirements of **Salary**

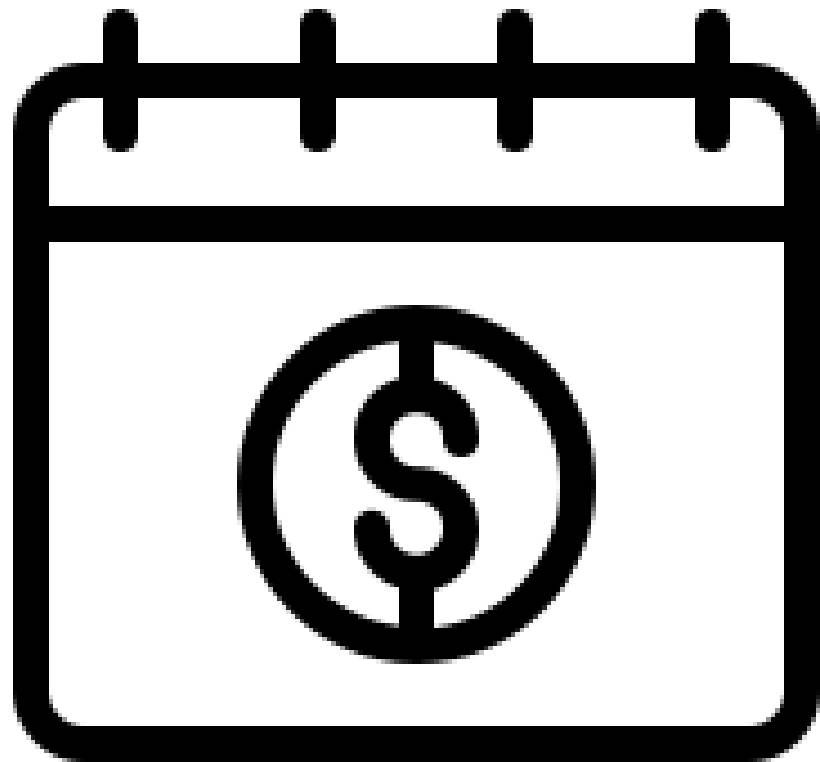
NO

Must meet requirements of **Special Pay**



Salary or Special Pay?

- Phoebe earns \$60,000 for being a full-time counselor at Buffet Charter School
 - Evaluate the compensation as Salary
- Phoebe also earns \$1,000 for having a bilingual certificate
 - Evaluate the compensation as Special Pay
- Phoebe also earns an additional 4% of her counseling salary for being head counselor
 - Evaluate the compensation as Salary



Does the
compensation meet
the requirements of
Salary?

Requirements of Salary

Explicitly characterized as Salary and used as basis for future pay increases, except payments paid for creditable service related to:



Activities that are related to, and an outgrowth of, the instructional and guidance program of the school



The examination, selection, in-service training, mentoring or assignment of teachers, principals, or other similar personnel involved in the instructional program

Annualized Pay Rates for Salary

The salary that could be earned in a school term for creditable service performed on a full-time basis



Cannot be less than the full-time minimum standard



Full-time minimum standard can be used to calculate the Annualized Pay Rate if no full-time equivalent exists

Reporting a Contract Assignment

- Rachel earns a \$60,000 full-time teaching salary from August to May at Greene USD and receives the salary in 12 equal payments from July to June

Reporting compensation as earned (worked):

Assignment Code	Pay Rate	Pay Code	Earnings	Contribution Code	Service Period Start	Service Period End
57	\$6,000	3 (10 month)	\$6,000	1	08/01/2020	08/31/2020

Reporting compensation as contractually earned (paid):

Assignment Code	Pay Rate	Pay Code	Earnings	Contribution Code	Service Period Start	Service Period End
57	\$5,000	1 (12 month)	\$5,000	1	07/01/2020	07/31/2020

Reporting a Daily Assignment

- Greene USD teachers earn \$200/day for attending optional staff trainings
- Rachel attends a one-day training in August
- The base days for Rachel's teaching position is 180 days

Calculating earnings:

$\$200/\text{day} \times 1 \text{ day} = \200

Calculating pay rate:

$\$200/\text{day} \times 180^* \text{ days} = \$36,000$

Assignment Code	Pay Rate	Pay Code	Earnings	Contribution Code	Service Period Start	Service Period End
55	\$36,000	0 (Annual)	\$200	1	08/01/2020	08/30/2020

*Base days cannot be less than full-time minimum standard for the position

Reporting an Hourly Assignment

- Greene USD teachers earn an additional \$30/hour for staff meetings
- Rachel attends three one-hour staff meetings in August
- The base hours for Rachel's teaching position is 1080 hours

Calculating earnings:

$\$30/\text{hour} \times 3 \text{ hours} = \90

Calculating pay rate:

$\$30/\text{hour} \times 1080^* \text{ hours} = \$32,400$


Assignment Code	Pay Rate	Pay Code	Earnings	Contribution Code	Service Period Start	Service Period End
55	\$32,400	0 (Annual)	\$90	1	08/01/2020	08/31/2020

*Base hours cannot be less than full-time minimum standard for the position

Reporting a Non-Time-Based Assignment

- Rachel is a teacher with a \$60,000 salary
- Greene USD issues teachers a \$1,000 annual stipend for serving as a mentor to new teachers during the fiscal year
- Rachel serves as a mentor and earns the payment in May

Report the compensation using the pay rate for the position the assignment is associated with



Assignment Code	Pay Rate	Pay Code	Earnings	Contribution Code	Service Period Start	Service Period End
55	\$60,000	0 (Annual)	\$1,000	1	05/01/2021	05/31/2021

Reporting an Outgrowth Assignment

- Rachel earns creditable compensation for the teaching, staff meeting and staff trainings from Greene USD for the 2020-21 fiscal year
- Rachel earns \$2,000 in November 2020 as a club advisor at Greene USD

Report the outgrowth assignment at the lowest annualized pay rate Rachel earned for creditable service at Greene USD in the same fiscal year

Assignment Code	Pay Rate	Pay Code	Earnings	Contribution Code	Service Period Start	Service Period End
57	\$6,000	3 (10 month)	\$6,000	1	08/01/2020	08/31/2020
55	\$36,000	0 (Annual)	\$200	1	08/01/2020	08/31/2020
55	\$32,400	0 (Annual)	\$960	1	09/01/2020	09/30/2020
55	\$32,400	0 (Annual)	\$2,000	1	11/01/2020	11/30/2020



Reporting Office Hours at a CCD

- Chandler earns a \$60,000 part-time faculty salary at Bing CCD and receives \$50/hour for completing 10 office hours per pay period
- Chandler's school term is 525 hours

If office hours are required – include in earnings and pay rate

Assignment Code	Pay Rate	Pay Code	Earnings	Contribution Code	Service Period Start	Service Period End
57	\$6,500	3 (10 month)	\$6,500	1	09/01/2020	09/31/2020

If office hours are optional – report as a separate transaction

Assignment Code	Pay Rate	Pay Code	Earnings	Contribution Code	Service Period Start	Service Period End
57	\$6,000	3 (10 month)	\$6,000	1	09/01/2020	09/31/2020
58	\$26,250	0 (Annual)	\$500	1	09/01/2020	09/31/2020

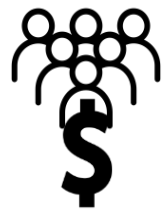


Does the compensation meet the requirements of Special Pay?

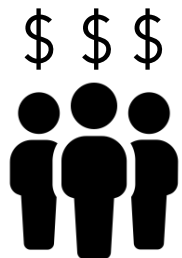
Requirements of Special Pay



Not for the performance of *additional* service



Paid to all in a class of employees, in the same dollar amount, percentage of Salary or amount being distributed



Paid in the same manner to all in the class of employees and not available in an alternative format



Paid for one of the Special Pay types

Annualized Pay Rates for Special Pay



Annualized Pay Rate

\neq



Earnings field



Error

*There is an exception for Reduced Workload Program earnings

Certificate/license/degree (CLDE)

Payments made contingent on possession or attainment of a certificate, license or degree



Examples:

- Masters Degree/PhD
- National Board Certification
- Bilingual Certification

*Could be ongoing or limited-term depending on contract

Available Funding (AVFG)

Payments made contingent on the availability of funds



Examples:

- One-time off salary schedule payments
- Lottery pay
- Parity pay

*Often limited-term payments and not reportable for DB 2% at 62

Longevity (LNGY)

Payments made contingent on career or service longevity



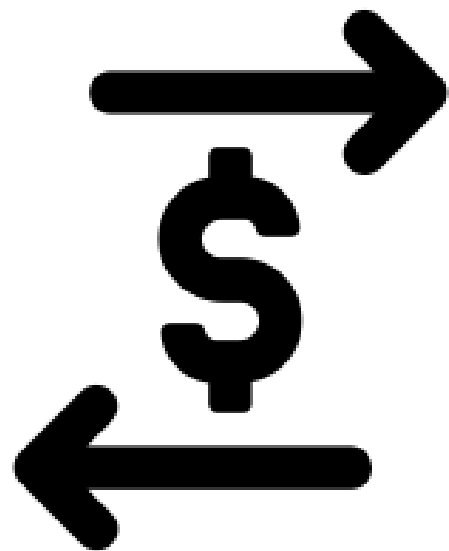
Examples:

- 15 years of service with district
- 20 years of experience as a teacher
- 25 years of experience in education

*Could be either ongoing or limited-term depending on contract

Hiring/Transfer/Retirement (HTRT)

Paid contingent on hiring, transfer or retirement



Examples:

- Hiring incentive
- Transfer incentive
- Retirement incentive

*Often limited-term payments and not reportable for DB 2% at 62

Difficult to Staff (DTSF)

Payments paid contingent on employment in a position that is hazardous or difficult to staff



Examples:

- Schools in a high-crime or rural area
- Working in-person during pandemic
- Difficulty staffing STEM teachers

*Could be ongoing or limited-term depending on contract

Excess Students (EXST)

Payments paid when the number of students enrolled exceeds the contractual class size maximum



Example

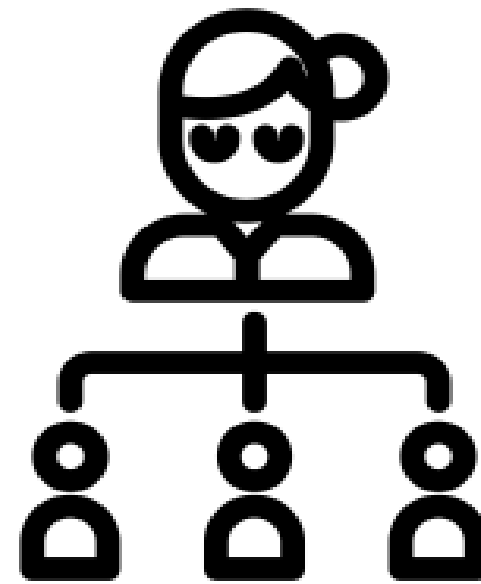
- Contractual full time is time-based and teachers receive an additional \$20/student over 28 students in class

*Could be ongoing or limited-term depending on contract

Excess Students as Salary

Is excess students
ever Salary?

If...



Full time is based
on a non-time-
based measure

Then...



Excess students
should be evaluated
as Salary

Excess Students – Additional Service (1/2)

- Tribbiani Independent Study Charter's contract states full-time is a caseload of 25 students
- The contract also states that teachers earn an additional 4% of salary for each student in excess of 25
- Joey teaches 28 students and earns an additional 12% of his salary

The compensation is associated with additional service and should be evaluated as Salary

Excess Students – Additional Service (2/2)

- Bing CCD's contract states full-time faculty teach 12 load credits
- The contract also states faculty who teach classes in excess of 50 students accrue additional load credits
- Chandler teaches a class with 60 students and earns 1.50 load credits per the contract

The compensation is associated with additional service and should be evaluated as Salary

Performance Benchmark (PMBK)

Payments paid contingent on the achievement of a performance benchmark



Examples:

- Teacher perfect attendance
- Increase in standardized test scores

*Could be ongoing or limited-term depending on contract

Reporting Ongoing Special Pay (1/2)

- Gellar USD issues a \$1,000 master's stipend to all teachers
- Ross (DB 2% at 60) and Monica (DB 2% at 62) both receive the payment
- The payment is paid each pay period of the 10-month school term

Ross (DB 2% at 60) – Report using same AC as Salary, PC 0 and CC 6

Assignment Code	Pay Rate	Pay Code	Earnings	Contribution Code	Service Period Start	Service Period End
57	\$100	0 (Annual)	\$100	6	09/01/2020	09/31/2020

Monica (DB 2% at 62) – Report using AC 72, PC 0 and CC 6

Assignment Code	Pay Rate	Pay Code	Earnings	Contribution Code	Service Period Start	Service Period End
72	\$100	0 (Annual)	\$100	6	09/01/2020	09/31/2020

Reporting Ongoing Special Pay (2/2)

- Gellar USD issues a \$1,000 master's stipend to all teachers
- Ross (DB 2% at 60) and Monica (DB 2% at 62) both receive the payment
- The payment is paid in a lump sum during the May pay period

Ross (DB 2% at 60) – Report using same AC as Salary, PC 0 and CC 6

Assignment Code	Pay Rate	Pay Code	Earnings	Contribution Code	Service Period Start	Service Period End
57	\$1,000	0 (Annual)	\$1000	6	05/01/2021	05/31/2021

Monica (DB 2% at 62) – do not report the compensation

Reporting Limited-term Special Pay (1/2)

- Gellar USD issues a \$1,000 master's stipend to all teachers
- Ross (DB 2% at 60) and Monica (DB 2% at 62) both receive the payment
- The payment is paid each pay period of the 10-month school term
- The contract stipulates the payment is only available for the 2020-21 year

Ross (DB 2% at 60) – Report using AC 71, PC 0 and CC 6

Assignment Code	Pay Rate	Pay Code	Earnings	Contribution Code	Service Period Start	Service Period End
71	\$100	0 (Annual)	\$100	6	09/01/2020	09/31/2020

Monica (DB 2% at 62) – do not report the compensation

Reporting Limited-term Special Pay (2/2)

- Gellar USD issues a \$1,000 master's stipend to all teachers
- Ross (DB 2% at 60) and Monica (DB 2% at 62) both receive the payment
- The payment is paid in a lump sum during the May pay period
- The contract stipulates the payment is only available for the 2020-21 year

Ross (DB 2% at 60) – Report using AC 71 (DBS), PC 0 and CC 6

Assignment Code	Pay Rate	Pay Code	Earnings	Contribution Code	Service Period Start	Service Period End
71	\$1,000	0 (Annual)	\$1,000	6	05/01/2021	05/31/2021

Monica (DB 2% at 62) – do not report the compensation



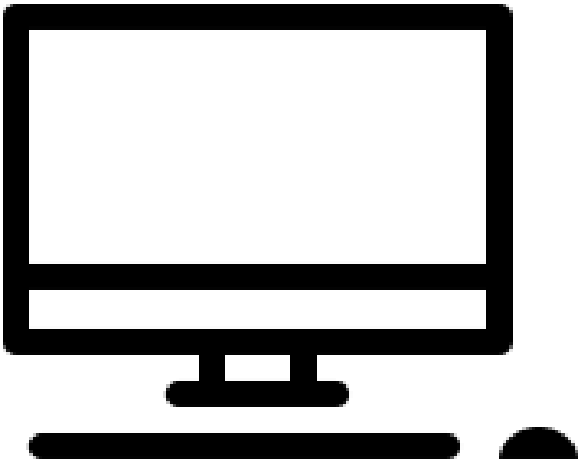
Wrap Up

Key Questions



- Does the compensation meet the conditions to be reportable?
- Is the compensation paid for the performance of additional service?
- If the compensation is Salary, is there an annualized pay rate? Do you need to establish one?
- If the compensation is Special Pay, is it a limited-term payment?

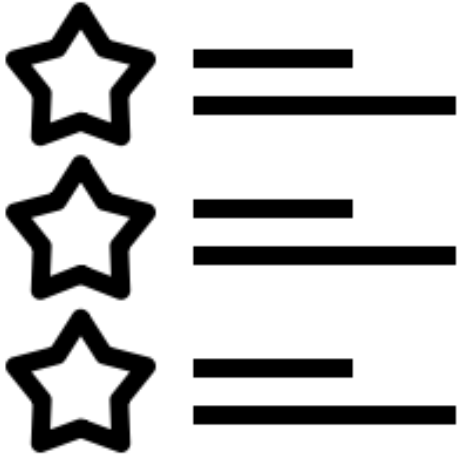
Next Step in PALMS



Complete computer-based training



Review job aid/other resources



Complete course evaluation



Complete knowledge check

Questions?



EmployerHelp@CalSTRS.com



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