

## When to Report Employee Training to CalSTRS

Throughout the course of a school year, employees may be required or offered an opportunity to participate in different types of training classes and programs. There may also be employees hired by an employer to provide training classes and programs to other personnel. When determining if and how the compensation paid for performing these activities should be reported to CalSTRS, it is important to establish whether the compensation is paid in accordance with the definition of “creditable compensation” and the creditable compensation regulations.

This Employer Circular does not take precedence over the law; it is meant to clarify when employers should report employee training to CalSTRS. If you have any questions regarding this circular, please contact CalSTRS Employer Help at [EmployerHelp@CalSTRS.com](mailto:EmployerHelp@CalSTRS.com).

### **Creditable Service**

The definition of “creditable service” in Education Code section 22119.5 identifies what service is creditable to CalSTRS. Employers must establish that:

- The work is being performed for an employer.
- The position meets the specified certification qualifications or minimum standards.
- The activities being performed are described in the definition.

*Members attending training and members conducting training* meet the definition of “creditable service” pursuant to Education Code section 22119.5.

The next step is to determine whether the payment for this creditable service meets the definition of “creditable compensation.”

### **Creditable Compensation**

Education Code sections 22119.2 and 22119.3 define “creditable compensation” for 2% at 60 members and 2% at 62 members, respectively. In addition, the creditable compensation regulations clarify Education Code section 22119.2. The way members are paid for attending or conducting training determines whether the compensation meets the definition of “creditable compensation” and should be reported to CalSTRS.

*Salary* – In order to be reported as salary, the compensation must meet the characteristics of salary described in Education Code section 22119.2, and clarified in California Code of Regulations, Title 5, section 27400, or Education Code section 22119.3. The activities related to taking and conducting training are directly associated with performing service; therefore, the compensation is creditable and reportable to CalSTRS as salary if the compensation is the basis for future pay increases or the compensation is paid in a flat dollar amount, such as a stipend or

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lump-sum payment. Compensation for performing activities related to taking and conducting training is not reportable as remuneration in addition to salary.

Salary is paid contingent upon performing service and must be prorated if service discontinues. Therefore, salary for attending training must not be contingent upon the completion of a training program, with no payment given for partial completion of the program. If the compensation is contingent upon completion of a training program, it is not creditable and should not be reported to CalSTRS.

*Specific to 2% at 62 members* – Education Code section 22119.3 requires creditable compensation be paid in each pay period in which the service is performed. This means the compensation must be paid either in the same pay period in which the service is performed or in the following pay period if that is when payroll is normally issued.

For example, CalSTRS considers this requirement to be met when a member attends a one-day training class and is paid for attending that training either in the same pay period or in the following pay period. If, however, the training is taken over multiple pay periods throughout the course of the school year, compensation paid in a lump sum at the end of the school year does not meet the requirement and would not be creditable for 2% at 62 members.

### **Resources:**

Additional resources regarding creditable service, creditable compensation and other provisions of the Teachers' Retirement Law are available online on the Employer Support Portal. There you will find tools and resources such as Teachers' Retirement Law Job Aids and the link to the Pension Administration Learning Management System (PALMS) where you have access to computer-based training modules.

For more information on creditable service and creditable compensation, please see the [Employer Support Portal](#) for Teachers' Retirement Law Job Aids and the [Pension Administration Learning Management System](#) (PALMS).