

Employer Information Circular

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DRAFT PENALTY AND INTEREST REGULATION UPDATE

CalSTRS is currently in the preliminary stages of developing and adopting regulations relating to the timely reporting and remittance of contributions made by CalSTRS members and employers. Those regulations have not been adopted, are subject to change as the regulatory process proceeds, are not yet in effect and are not expected to be in effect any earlier than mid-2012.

BACKGROUND AND CURRENT STATUS

In August of 2010, CalSTRS introduced **draft** penalty and interest regulations during pre-notice sessions with employers. Since August CalSTRS has engaged in a dialogue around the initial and revised draft regulations in person, on the phone or via e-mail to over 1,000 internal and external stakeholders.

During the last four months of dialogue, we gathered valuable feedback and suggestions for alternatives to the **draft** regulations. This feedback came from discussions with representatives of school employers, employee organizations and school business officials. We presented the second **draft** of the regulations to the Teachers' Retirement Board, which is ultimately responsible for adopting the regulations in November 2010.

With further analysis and feedback from the Teachers' Retirement Board and other stakeholders we are now creating the third **draft** of the regulations. Once completed, we will present the updated draft regulations to the Teachers' Retirement Board for approval.

This third version of the **draft** regulations addresses several of the concerns expressed during the pre-notice sessions held over the past few months. Changes include an updated effective date for the regulations and specifics regarding how retroactive pay adjustments for a class of employees and employees working only part time, variable assignments are assessed penalties and interest.

WHAT DOES THIS MEAN TO SCHOOL EMPLOYERS?

We are working to communicate with employers throughout the State to give everyone a chance to provide input and feedback during the pre-notice meeting phase. While we have met with over 1000 employer representatives, we know that not everyone has been able to attend a pre-notice meeting. If you have questions on the current **draft** of the regulations or would like to provide additional feedback, send an email to P&I@CalSTRS.com.

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Once Version 3 of the **draft** regulations are complete, they will be posted on the Secure Employer Website so that all employers have an opportunity to review the document as it goes through the CalSTRS approval processes.

As stated above, these regulations are not in effect. Because these regulations are subject to change, any incorporation of specific provisions of these draft regulations into the collective bargaining process is premature.