

Employer Information Circular

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Reporting payments related to teacher shortages

The shortage of teachers has impacted districts across the state of California, and districts may be considering compensating current employees for performing additional creditable service or teaching additional students. These payments must meet the definition of creditable compensation to be reportable to CalSTRS.

This Employer Circular addresses the most common situations in which we see additional creditable compensation being earned by current school employees associated with the shortage of teachers; it is not meant to be considered a comprehensive list.

This Employer Circular does not take precedence over the law; it is meant to clarify reporting of additional creditable compensation earned by current school employees. In order for compensation to be creditable to CalSTRS it must meet the statutory requirements for creditable compensation, creditable service, and salary as outlined in Educations Code sections 22119.2, 22119.3, 22119.5, and California Code of Regulations, Title 5, section 27400. Furthermore, in accordance with Education Code section 22905 all service credit a member earns in excess of 1 year will be transferred to the Defined Benefit Supplement program at the end of the fiscal year.

If you have any questions regarding this circular, or have other compensation scenarios you require guidance on, please contact CalSTRS Employer Help at EmployerHelp@CalSTRS.com.

Employed as a Substitute Teacher

If an employee is employed to teach in a substitute position, their work is reportable to CalSTRS as salary. Compensation associated with this service is reported with Assignment Code 54 and the applicable Pay Code. If the employee is a CalSTRS member, report them using Member Code 1. If the employee is a nonmember, report them with Member Code 2.

Taking on an Additional Teaching Assignment

If a full-time or part-time teacher is called to take on an additional teaching assignment, for example teaching during their prep period or zero period, that work is considered an additional assignment, and compensation associated with this service is considered salary. These additional assignments should not be reported in the same manner as an employee hired to teach in a substitute position because it may trigger the mandatory membership threshold for substitutes. Report this payment with Assignment Code 55 and Pay Code 0.

Excess Students – Time-Based Measure

If a publicly available written contractual agreement includes a class size maximum and compensation paid for students enrolled in excess of that maximum is associated with a time-based measure—meaning full time is defined through days or hours—the compensation is considered special pay, or remuneration in addition to salary, provided it meets all of the requirements under California Code of Regulations, Title 5, section 27401. We most commonly see this with preK-12 school districts and charter schools.

If the payment is considered ongoing and paid each pay period the creditable service is performed, it is reportable for both benefit structures. For CalSTRS 2% at 60 members, report this compensation with Assignment Code 57, Pay Code 0 and Contribution Code 6. For CalSTRS 2% at 62 members, report this compensation with Assignment Code 72, Pay Code 0 and Contribution Code 6.

If the payment is ongoing, but not paid every pay period the creditable service is performed, it is only reportable for CalSTRS 2% at 60 members and should be reported with Assignment Code 57, Pay Code 0 and Contribution Code 6.

If the payment is limited term—meaning that it has a specified end date, is paid a specified number of times or is otherwise not scheduled to continue—it is only reportable for CalSTRS 2% at 60 members directly to their Defined Benefit Supplement account. Report this compensation with Assignment Code 71, Pay Code 0 and Contribution Code 6.

Excess Students – Non-Time-Based Measure

If a publicly available written contractual agreement includes a class size maximum and compensation paid for students enrolled in excess of that maximum is associated with a non-time-based measure—meaning full time is based on load credits or a similar measure—the compensation is reportable as additional service. We most commonly see this with community college districts and independent study programs.

For community college districts, report this compensation with Assignment Code 58, Pay Code 0. For all other employer types, report this compensation with Assignment Code 55, Pay Code 0.

Class Coverage

If a teacher is compensated for covering a class, or a portion of a class, in addition to their standard classroom instruction and the compensation is not associated with the contractual maximum, the compensation is reportable as additional service. Report this payment with Assignment 55, Pay Code 0.

References

For more information on the requirements of creditable compensation, see the Creditable Compensation computer-based training at palms.calstrs.com or the Creditable Compensation job aid at employersupport.calstrs.com.

For more information on the requirements of Defined Benefit membership, see the Defined Benefit Membership computer-based training at palms.calstrs.com or the Defined Benefit Membership job aid at employersupport.calstrs.com.