

February 24, 2022

TO: All County Superintendents of Schools  
District Superintendents of Schools  
Community College Districts and  
Other Employing Agencies remitting contributions to CalSTRS

FROM: Cassandra Lichnock  
Chief Executive Officer

SUBJECT: Employer Directive 2022-02  
*Supersedes Employer Directive 2017-07*  
Reduced Workload Program

### **PURPOSE**

This directive was updated to include direction about how employers should report remuneration in addition to salary compensation for 2% at 62 Reduced Workload Participants.

### **SCOPE**

This directive contains information for county offices of education, school districts, charter schools, and community college districts.

### **DISCUSSION**

Education Code section 22713 governs the Reduced Workload Program, which allows Defined Benefit Program members who meet eligibility requirements to reduce their workload from a full-time position to a part-time position that is at least 50% of the time the employer requires for the full-time position.

For each school year the member's workload is reduced in accordance with this program, the member will be paid for the reduced work schedule, but the member's CalSTRS contributions will be based on an amount the member would have contributed if the member had performed creditable service for that position on a full-time basis. The member will receive a full year of service credit for each year the member participates in the Reduced Workload Program. The member will also be entitled to have their final compensation calculated based on the final compensation the member would have earned if they had worked full time.

### **Employer Eligibility**

To offer the Reduced Workload Program to members, an employer must:

- Adopt regulations pursuant to Education Code section 44922 or 87483.

- Maintain the necessary records to separately identify each member who participates in the Reduced Workload Program.

### Member Eligibility

To be eligible to participate in the Reduced Workload Program, a member must:

- Be age 55 or older prior to the start of the school term of the first school year the member participates in the program.
- Have at least 10 years of CalSTRS service credit in the Defined Benefit Program prior to the start of the school term of the first school year the member participates in the program.
- Be employed by a county office of education, school district, charter school or community college district that offers the program.
  - If the member is employed by a school district or county office of education, the member must be a prekindergarten through grade 12 certificated employee who does not hold a position with a salary above the maximum salary of a school principal for the employer.
- Have been employed on a full-time basis to perform creditable service under the Defined Benefit Program for each of the five school years immediately preceding the first school year in which the member's workload is reduced, without having a break in service.
  - Service in multiple assignments cannot be aggregated for the purposes of determining full-time employment.
  - Employer-approved leaves of absence and unpaid absences from the performance of creditable service for personal reasons do not constitute a break in service.
  - The period of time during which a member previously participated in the Reduced Workload Program, if applicable, will be considered full-time employment provided the agreement to reduce the member's workload was not terminated during that year.
  - If the member previously service retired, the time during which the member was retired for service constitutes a break in service.

### Agreement to Reduce Workload

Participation in the Reduced Workload Program must be exercised at the request of the member and documented in a written agreement between the member and employer. The agreement must be in effect prior to the start of the school term of the first school year for which the agreement applies and must include the following requirements:

- The total amount of time in which a member reduces their workload shall not exceed 10 school years.
- The reduced workload shall be equal to at least one-half of the time the employer requires for full time in that position.
- The member shall be paid creditable compensation that is the pro rata share of the creditable compensation the member would have been paid for that position had the member not reduced their workload.

- For each school year the member's workload is reduced, the member shall contribute to the Teachers' Retirement Fund the amount that the member would have contributed had the member performed creditable service for that position on a full-time basis.
- For each school year the member's workload is reduced, the employer shall contribute to the Teachers' Retirement Fund at a Reduced Workload Program contribution rate, adopted annually by the Teachers' Retirement Board, on the creditable compensation the member would have been paid had the member performed creditable service for that position on a full-time basis.

#### Participation in the Reduced Workload Program

The employer shall certify the member's eligibility for participation in the Reduced Workload Program on the *Reduced Workload Program Eligibility Certification Application* form (ES 1161). The current version of the application is available on CalSTRS.com/Forms or through the forms ordering system on the Secure Employer Website.

CalSTRS must receive and approve a completed *Reduced Workload Program Eligibility Certification Application* form prior to the start of the school term of the first school year during which the member's workload is reduced. CalSTRS will communicate the approval or denial of the application to the member, employer and report source.

Once CalSTRS approves a member's participation in the Reduced Workload Program, the employer must:

- Report the member's compensation for the position each school year using the applicable Reduced Workload Program Assignment Code listed in the F496 File Specification.
- Remit member contributions equal to the amount the member would have contributed had the member performed creditable service for the position on a full-time basis.
- Remit employer contributions at the Reduced Workload Program contribution rate for the applicable school year on the creditable compensation the member would have been paid had the member performed creditable service for that position on a full-time basis.

#### Reporting Remuneration in Addition to Salary for the Reduced Workload Program

In order to correctly calculate contributions due and retirement benefits payable, remuneration in addition to salary associated with a position for which the member is participating in the Reduced Workload Program should be reported as specified below.

Ongoing remuneration in addition to salary for CalSTRS 2% at 60 members should be reported with Assignment Code 36, an annual pay rate based on the remuneration in addition to salary the member would have earned had the member not reduced their workload, and earnings based on the actual amount earned.

For example, if a CalSTRS 2% at 60 member is working an 80% contract and the employer prorates the member's master's stipend from \$1,000 to \$800, the employer should report the \$800 earnings as remuneration in addition to salary with an annual pay rate of \$1,000.

Ongoing remuneration in addition to salary payments paid every pay period the creditable service is performed for CalSTRS 2% at 62 members should be reported with Assignment Code 72, an annual pay rate based on the remuneration in addition to salary the member would have earned had the member not reduced their workload, and earnings that match the annual pay rate so that contributions and benefits are calculated correctly.

For example, if a CalSTRS 2% at 62 member is working an 80% contract for a 10-month school term and the employer prorates the member's master's stipend from \$1000 to \$800, the employer should report the remuneration in addition to salary with earnings of \$100 and an annual pay rate of \$100.

Limited-term remuneration in addition to salary payments are only creditable for CalSTRS 2% at 60 members and should be reported with Assignment Code 71, an annual pay rate based on the remuneration in addition to salary the member would have earned had the member not reduced their workload, and earnings that match the annual pay rate so that contributions and benefits are calculated correctly. Do not report limited-term payments for CalSTRS 2% at 62 members.

For example, if a CalSTRS 2% at 60 member is working an 80% contract and the employer prorates the member's retirement bonus from \$1,000 to \$800, the employer should report the limited-term remuneration in addition to salary payment with earnings of \$1,000 and an annual pay rate of \$1,000.

#### Termination of Participation in the Reduced Workload Program

The agreement to participate in the Reduced Workload Program shall be terminated if any of the following occur:

- The member's employment is terminated prior to the end of the school term. Termination of employment includes, but is not limited to, retirement, resignation or death.
- The member performs less than 50% of the days or hours the employer requires for full time in that position pursuant to Education Code section 22138.5.
- The member and employer mutually agree to terminate participation.
  - Participation in the Reduced Workload Program is not automatically terminated if a member performs creditable service on a full-time basis when the member was supposed to have a reduced workload. Therefore, unless the member and employer have a mutual agreement to terminate participation in the program, the school years in which a member performs creditable service on a full-time basis will still included in the 10-school year maximum for which the member is permitted to participate in the program.

If an agreement to participate in the Reduced Workload Program is terminated, the employer must notify CalSTRS within 30 days of termination of the agreement. If the agreement is terminated before completion of a school term, the employer must also re-report the member's compensation for the school year in which the agreement was terminated so that member and employer contributions are due based on the actual compensation the member earned at the normal contribution rates.

If an employee whose agreement was terminated wishes to participate in the program again, any subsequent agreement to reduce the member's workload must meet all the eligibility requirements and a

new *Reduced Workload Program Eligibility Certification Application* (ES 1161) must be submitted to CalSTRS.

### **ACTION**

To participate in the Reduced Workload Program, you must:

- Adopt regulations pursuant to Education Code section 44922 or 874 83.
- Enter into a written agreement with each eligible member who wants to participate in the Reduced Workload Program and who also meets the requirements to participate in the Reduced Workload Program.
- Maintain the necessary records to separately identify each member who participates in the Reduced Workload Program.
- Certify a member's eligibility to participate in the program to CalSTRS on the *Reduced Workload Program Eligibility Certification Application* form prior to the beginning of the school term of the first school year in which the employee's workload is reduced.

Once CalSTRS approves a member's participation in the Reduced Workload Program:

- Report compensation earned in the position for which the member's workload is reduced using the applicable Reduced Workload Program Assignment Code from the F496 File Specification.
- Remit member contributions equal to the amount the member would have contributed had the member performed creditable service for the position on a full-time basis.
- Remit employer contributions at the Reduced Workload Program contribution rate for the applicable school year on the creditable compensation the member would have been paid had the member performed creditable service for that position on a full-time basis.

If an agreement to reduce a member's workload is terminated:

- Notify CalSTRS within 30 days after the date the agreement is terminated.
- If the school term was not completed, re-report the member's compensation without the Reduced Workload Program Assignment Code so that contributions are due on the actual compensation the member earned at the normal contribution rates.

### **REFERENCES:**

This Employer Directive does not take precedence over the law.

If you have any questions regarding this Employer Directive, please contact your CalSTRS Employer Services Representative.

**EDUCATION CODE - EDC**

**TITLE 1 GENERAL EDUCATION CODE PROVISIONS [1. - 32500]**

*( Title 1 enacted by Stats. 1976, Ch. 1010. )*

**DIVISION 1 GENERAL EDUCATION CODE PROVISIONS [1. - 32500]**

*( Division 1 enacted by Stats. 1976, Ch. 1010. )*

**PART 13. STATE TEACHERS' RETIREMENT SYSTEM [22000 - 25115]**

**CHAPTER 13. Service Credit [22700 - 22724]**

*( Chapter 13 added by Stats. 1993, Ch. 893, Sec. 2. )*

**22713.**

(a) Notwithstanding any other provision of this chapter, if the governing board of a school district or a community college district, or a county superintendent of schools establishes regulations pursuant to Sections 44922 and 87483, an employer may enter into a written agreement with an employee who is a member of the Defined Benefit Program to reduce his or her workload in a position from full time to part time, receive the service credit the member would have received if the member had been employed in that position on a full-time basis and have his or her retirement allowance, as well as other benefits that the member is entitled to under this part, based, in part, on the final compensation the member would have been entitled to if the member had been employed on a full-time basis. The option to reduce the member's workload shall be exercised at the request of the member if all of the following conditions are met:

(1) The member is employed by either of the following:

(A) A school district or county office of education as a prekindergarten through grade 12 certificated employee who does not hold a position with a salary above the maximum salary of a school principal for that employer.

(B) A community college district.

(2) The member has a minimum of 10 years of credited service in the Defined Benefit Program prior to the start of the school term of the first school year of the agreement to reduce the member's workload.

(3) The member shall have been employed on a full-time basis to perform creditable service under the Defined Benefit Program each year of the five school years immediately preceding the first school year in which the member's workload is reduced, without having a break in service. For the purposes of this paragraph:

(A) Employer-approved leaves of absence, and unpaid absences from the performance of creditable service for personal reasons from full-time employment do not constitute a break in service.

(B) Creditable service that was performed for a school year in which a member reduced his or her workload pursuant to this section shall be treated as full time, provided that the agreement to reduce the member's workload was not terminated during that year pursuant to subdivision (e).

(C) The period of time during which a member is retired for service shall constitute a break in service.

(4) The member is 55 years of age or older prior to the start of the school term of the first school year of the agreement for which the member's workload is reduced.

(b) The employer, in conjunction with the system, shall certify the member's eligibility for participation in the reduced workload program in accordance with subdivision (a). The employer's certification shall be submitted in a format prescribed by the system and shall be received in the system's headquarters office prior to the start of the school term of the first school year of the agreement for which the member's workload is reduced.

(c) The agreement to reduce the member's workload shall be in effect prior to the start of the school term of the first school year of the agreement for which the member's workload is reduced, and shall include the following requirements:

(1) The total amount of time in which a member reduces his or her workload pursuant to this section shall not exceed 10 school years.

(2) The reduced workload shall be equal to at least one-half of the time the employer requires for full-time employment in that position in accordance with Section 22138.5.

(3) The member shall be paid creditable compensation that is the pro rata share of the creditable compensation the member would have been paid for that position had the member not reduced his or her workload.

(4) For each school year the member's workload is reduced pursuant to this section, the member shall make contributions to the Teachers' Retirement Fund in the amount that the member would have contributed if the member had performed creditable service for that position on a full-time basis and if that service was subject to coverage under the Defined Benefit Program.

(5) For each school year the member's workload is reduced pursuant to this section, the employer shall contribute to the Teachers' Retirement Fund at a rate adopted by the board as a plan amendment with respect to the Defined Benefit Program an amount based upon the creditable compensation that would have been paid to the member if the member had performed creditable service for that position on a full-time basis and if that service was subject to coverage under the Defined Benefit Program.

(d) The employer shall maintain the necessary records to separately identify each member who participates in the reduced workload program pursuant to this section.

(e) The agreement to reduce a member's workload shall be terminated if one of the following actions is taken:

(1) The member's employment is terminated prior to the end of the school term.

(2) The member performs less than one-half of the days or hours the employer requires for full time in that position pursuant to Section 22138.5.

(3) The member and the employer mutually agree that the member will perform creditable service without making contributions in accordance with paragraphs (4) and (5) of subdivision (c).

(f) Upon termination of the agreement for any of the reasons described in subdivision (e):

(1) The employer shall notify the system that the agreement to reduce a member's workload has been terminated within 30 days of the agreement being terminated.

(2) The member's service credit and contributions for that school year in which the agreement is terminated shall be computed in accordance with Section 22701 and Chapters 15 and 16.

(3) That school year in which the agreement is terminated shall not be included in the total amount of time in which a member is allowed to reduce his or her workload pursuant to paragraph (1) of subdivision (c).

(4) Any subsequent agreement to reduce a member's workload shall meet all of the conditions set forth in this section.

*(Amended by Stats. 2017, Ch. 298, Sec. 4. (AB 1325) Effective January 1, 2018.)*

**EDUCATION CODE - EDC**

**TITLE 2. ELEMENTARY AND SECONDARY EDUCATION [33000 - 65001]**

*( Title 2 enacted by Stats. 1976, Ch. 1010. )*

**DIVISION 3. LOCAL ADMINISTRATION [35000 - 45500]**

*( Division 3 enacted by Stats. 1976, Ch. 1010. )*

**PART 25. EMPLOYEES [44000 - 45500]**

*( Part 25 enacted by Stats. 1976, Ch. 1010. )*

**CHAPTER 4. Employment—Certificated Employees [44800 - 45061.5]**

*( Chapter 4 enacted by Stats. 1976, Ch. 1010. )*

**ARTICLE 2. Employment [44830 - 44929]**

*( Article 2 enacted by Stats. 1976, Ch. 1010. )*

**44922.**

Notwithstanding any other provision, the governing board of a school district or a county superintendent of schools may establish regulations which allow their certificated employees to reduce their workload from full-time to part-time duties.

The regulations shall include, but shall not be limited to, the following, if the employees wish to reduce their workload and maintain retirement benefits pursuant to Section 22713 of this code or Section 20900 of the Government Code:

(a) For employees subject to coverage under the Defined Benefit Program under the State Teachers' Retirement Plan, the regulations shall include all requirements for participation in the reduced workload program pursuant to Section 22713.

(b) For employees subject to coverage under the Public Employees' Retirement System:

(1) The employee shall have reached the age of 55 years of age prior to reduction in workload.

(2) The employee shall have been employed full time in a position requiring certification for at least 10 years of which the immediately preceding five years were full-time employment.

(3) During the period immediately preceding a request for a reduction in workload, the employee shall have been employed full time in a position requiring certification for a total of at least five years without a break in service. For purposes of this subdivision, sabbaticals and other approved leaves of absence shall not constitute a break in service.

(4) The option of part-time employment shall be exercised at the request of the employee and can be revoked only with the mutual consent of the employer and the employee.

(5) The minimum part-time employment shall be the equivalent of one-half of the number of days of service required by the employee's contract of employment during his or her final year of service in a full-time position.

(6) This option is limited in prekindergarten through grade 12 to certificated employees who do not hold positions with salaries above that of a school principal.

(7) The period of this part-time employment shall include a period of time, as specified in the regulations, which shall be up to and include five years.

(8) The period of part-time employment shall not extend beyond the end of the school year during which the employee reaches his or her 70th birthday.

(c) (1) The employee shall be paid a salary that is the pro rata share of the salary he or she would be earning had he or she not elected to exercise the option of part-time employment but shall retain all other rights and benefits for which he or she makes the payments that would be required if he or she remained in full-time employment.

(2) The employee shall receive health benefits as provided in Section 53201 of the Government Code in the same manner as a full-time employee.

*(Amended by Stats. 2017, Ch. 298, Sec. 29. (AB 1325) Effective January 1, 2018.)*



# Reduced Workload Program Eligibility Certification

ES 1161 (REV 01/18)

# CALSTRS

California State Teachers' Retirement System  
P.O. Box 15275, MS 17  
Sacramento, CA 95851-0275  
800-228-5453  
CalSTRS.com

Please thoroughly read the attached instructions before completing this form. Please type or print legibly in dark ink. This form must be submitted to, and approved by, CalSTRS prior to the start of the school term of the first school year in which a member's workload is reduced.

## SECTION 1: MEMBER INFORMATION

MEMBER NAME (LAST, FIRST, INITIAL)

CLIENT ID OR SOCIAL SECURITY NUMBER

COUNTY CODE/NAME

DISTRICT CODE/NAME

## SECTION 2: REDUCED WORKLOAD PROGRAM ELIGIBILITY REQUIREMENTS

YES

NO

1. The governing board of the employer or a county superintendent of schools has established regulations that allow employees who are members of the DB program to participate in the Reduced Workload Program.

2. The member has met all of the following requirements:

- Member is 55 or older prior to the start of the school term of the first school year in which the member's workload is reduced.
- Member has at least 10 years of service credit prior to the start of the school term of the first year in which the member's workload is reduced.
- Member has been employed in a full-time position to perform creditable service under the DB program each year of the five school years immediately preceding the first year in which the member's workload is reduced, without having a break in service.
- Member is employed by a school district or county office of education as a PreK-12 certificated employee who does not hold a position with a salary greater than that of school principal *OR* is employed by a community college district (community colleges have no salary limit).

3. A written agreement exists between the employer and the member that:

- Is in effect prior to the beginning of the school term of the first year in which the member's workload is reduced.
- Requires member to work at least 50 percent of a full-time position.
- Includes member and employer contribution information.

4. Total amount of time in which member reduces his/her workload is not more than 10 school years.

Note: If the response to any of the above items is "NO," the member may not be eligible to participate in the Reduced Workload Program. Please contact CalSTRS immediately for final determination.

DATE OF  
AGREEMENT

SCHOOL TERM  
BEGIN DATE

FULL-TIME  
SALARY

PERCENTAGE OF  
FULL-TIME POSITION

\$

%

## SECTION 3: EMPLOYER CERTIFICATION AND SIGNATURE

I understand it is unlawful to make a knowingly false material statement, to knowingly fail to disclose a material fact or to otherwise provide false information with the intent to use it, or allow it to be used, to obtain, receive, continue or increase a benefit administered by CalSTRS. I hereby certify by submitting the information on this form is true and correct and that the member is eligible to participate in the Reduced Workload Program as described in Education Code sections 22713.

OFFICIAL'S NAME & TITLE

OFFICIAL'S SIGNATURE

DATE

CalSTRS USE ONLY

CalSTRS SIGNATURE

APPROVAL DATE



ES1161

# Reduced Workload Program Eligibility Certification - Instructions

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**Read these instructions before completing this form. Print or type in dark ink. Initial all corrections.**

Use this *Reduced Workload Program Eligibility Certification* form to verify the member's eligibility for the Reduced Workload Program, per Education Code section 22713. This form must be submitted to, and approved by, CalSTRS prior to the start of the school term of the first school year in which the member's workload is reduced.

## SECTION 1—MEMBER INFORMATION

Enter member's full name, Client ID or Social Security Number, county code and name, and district code and name.

## SECTION 2—REDUCED WORKLOAD PROGRAM ELIGIBILITY REQUIREMENTS

Per Education Code section 22713 specific requirements must be met for any member to participate in the Reduced Workload Program. Review each part 1 through 4, and check the corresponding "YES" or "NO" box that is applicable to the member meeting each requirement. If the response to any of the requirements is "NO," the member may not be eligible to participate in the Reduced Workload Program. Please contact CalSTRS immediately for final determination.

**Date of Agreement** is the date in which the agreement between the employer and member is established for the member to participate in the Reduced Workload Program. The date of the agreement must be before the school term begin date.

**School Term** is defined as a minimum period of 35 weeks beginning the first day and ending the last day creditable service is required to be performed by a member employed on a full-time basis.

**Full-Time Salary** is the annualized pay rate the member participating in the Reduced Workload Program would have earned if he or she were to be employed full-time in the position.

**Percentage of Full-Time Position** means the percentage of time the member will be reducing his or her full-time position to. The member must work at least 50% of the time the employer requires for full-time employment in that position.

## SECTION 3—EMPLOYER CERTIFICATION AND SIGNATURE

Sign and date this form before submitting it to CalSTRS. This form will not be accepted without a signature and date.

## SUBMIT

**This form must be submitted to, and approved by, CalSTRS prior to the start of the school term of the first school year in which the member's workload is reduced.**

Mail form: CalSTRS  
P.O. Box 15275, MS 17  
Sacramento, CA 95851-0275

Fax form: (916) 414 - 5476

Email form: Submit form electronically via secure messaging on the Secure Employer Website (SEW)

## QUESTIONS

For information regarding the Reduced Workload Program or this form, please contact your CalSTRS Employer Services representative at [EmployerHelp@CalSTRS.com](mailto:EmployerHelp@CalSTRS.com)