CAL POLY POMONA FOUNDATION, INC.
CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA
PERSONNEL COMMITTEE

Tuesday, February 11, 2021
2:00 pm – 3:30 pm
Zoom

AGENDA

I. **ACKNOWLEDGEMENT OF MEMBERS OF THE PUBLIC** who may or may not be commenting on a specific item or making a general comment

II.	**CONSENSUS ACTION ITEMS**			**PAGE**
	Consensus Action Items: Items in this section are considered to be routine and acted on by the committee in one motion. Each item of the Consent agenda approved by the committee shall be deemed to have been considered in full and adopted as recommended. Any committee member may request that a consent item be removed from the consent agenda to be considered as a separate action item. If no additional information is requested, the approval vote will be taken without discussion.			
	1.	Minutes October 13, 2020 Meeting ACTION: Approval	Dr. Lea Dopson	2 – 3
III.	**GENERAL UPDATES**			
	2.	Foundation Updates	Jared Ceja	
IV.	**ACTION ITEMS**			
	3.	Observed Holiday Calendar	Jared Ceja	4 – 5
V.	**INFORMATION & DISCUSSION ITEMS**			
	4.	Salary Grades – Effective 1/1/2021	Jared Ceja	6
	5.	CalPERS Valuation Reports	Jared Ceja	7 – 13
	6.	Staffing to the Campus Repopulation	Jared Ceja	
VI.	**ADJOURNMENT**		Dr. Lea Dopson	

The open proceedings of this meeting are being recorded

CAL POLY POMONA FOUNDATION, INC.
PERSONNEL COMMITTEE MEETING MINUTES

Tuesday, October 13, 2020 via Zoom

Notice is hereby given that a regular meeting of the Personnel Committee was held by video conference/teleconference on Tuesday October 13, at 2:00 p.m. to discuss matters on the posted agenda. The meeting notice in its entirety was posted on the internet at https://foundation.cpp.edu/meetingpackets.aspx.

Present: Dr. Lea Dopson, Deborah Goman, Maryann Tolano-Leveque, Stephanie Pastor, April Jimenez-Valadez, Araz Mandelian and Kimberly Allain

Absent: Dr. Phillis Nelson and David Speak

Staff: Jared Ceja, Jenny Dennis, Claudia Burciaga-Ramos, Nora Fernandez and Diane Maldonado

CALL TO ORDER

Dr. Lea Dopson called the meeting to order at 2:00 pm.

CONSENSUS ACTION ITEMS

1. Meeting Minutes
The minutes for May 13, 2020 were approved by consent. A motion was made by Maryann Tolano-Leveque and seconded by Deborah Goman.

ACTION ITEMS

2. Healthcare Premiums
Jared Ceja mentioned that the Foundation management recommends a 2.3% increase to the contribution toward the 2021 health plan premiums for each employee or annuitant as the chart below shows. This 2.3% annual increase is below the 5% cap previously approved by the Board of Directors during the annual budget process. The total annual cost of this change will be approximately $35,972, $10,315 lower than was included in the approved budget.

	2020 Current	Proposed for 2021	CSU 2020*
Employee (or Annuitant)	$581	$595	$798
Employee (or Annuitant) + 1	$1162	$1189	$1591
Employee (or Annuitant) + 2 or more Dep	$1644	$1682	$1937

The Personnel Committee recommends approval to the Board of Directors the Foundation's monthly contribution to the 2021 health plan premiums up to $595 for an employee or annuitant, up to $1189 for an employee or annuitant with one dependent, and up to $1682 for an employee or annuitant with 2 or more dependents.

Moved and seconded by Deborah Goman and Maryann Tolano-Leveque; motion approved unanimously.

3. Employee Handbook Changes and Updates
Jared Ceja presented updates and proposed changes to the Cal Poly Pomona Foundation Employee Handbook. The last update became effective on January 1, 2018. He briefly addressed changes and updates made to the following:

- Table of contents
- Introduction to employees
- Pay periods days
- Vacation accrual
- Sick leave for students workers
- Holidays –proration on employees on furlough
- Smoke free workplace
- Solicitation and distribution of literature
- Voice mail, email, web conferencing, computer storage and data systems.
- Personal standards related to operations established for their division and department
- Accommodation for nursing mothers
- Reporting absences and tardiness
- Children in the workplace

Moved and seconded by April Jimenez-Valadez and Stephanie Pastor that the Personnel Committee recommend to the Board of Directors approval of the updates to the Cal Poly Pomona Foundation Employee Handbook as presented and that upon approval of this resolution by the Board of Directors, Executive Management and the Employment Services Department are authorized and directed to take any and all action as may be necessary to effectuate this Resolution and make the revised Cal Poly Pomona Foundation Employee Handbook available to all employees. The motion was approved unanimously.

4. Remote Work Expense Reimbursement Policy

Jared Ceja mentioned that remote work has resulted in employees incurring certain business expenses required to execute their job functions. These expenses include, but are not limited to, internet and phone connectivity. Foundation counsel has provided guidance on a method for equitably reimbursing employees that work from home. Our four most representative zip codes were analyzed (91709, 91711, 91767, and 91768) for internet/phone connectivity with three providers (Frontier, Spectrum, and AT&T). Factoring in the proportion of daytime hours of connectivity required for work purposes, the following reimbursement schedule is proposed:

	Reimbursement per Pay Period
Remote work less than 1 day per week	$0
Remote work 8 – 24 hours per week	$7.50
Remote work 24.5 – 40 hours per week	$14

Remote working employees will be required to maintain connectivity and complete the appropriate documentation for the business expense reimbursement. Once completed and approved, reimbursement will be backdated to the start of remote work and continued automatically unless there is a change. Employees do not have the right to waive their right to reimbursement (per Labor Code 2804).

The Personnel Committee approves forwarding Foundation's Management's proposal for the creation of a Remote Work Expense Reimbursement Policy at a rate of $7.50 per pay period for 8 – 24 hours of remote work per week and $14 per pay period for 24.5 – 40 hours of remote work per week. Upon approval of this resolution by the Board of Directors, the Chief Employment Officer and Chief Executive Officer of the Cal Poly Pomona Foundation are authorized and directed to take any and all action as may be necessary to effectuate this Resolution. Moved and seconded by Stephanie Pastor and Deborah Goman; the motion was approved by consent.

INFORMATION ITEMS

5. Supplemental Paid Sick Leave Expansion & Sick Leave for Part-Time Student Workers

Jared Ceja reported that this leave is an addition to the two existing COVID related leaves offered to Foundation employees. On September 09, 2020, Governor Newsom signed AB1837, a bill that immediately expands supplemental paid leave for COVID-19 related reasons for employers with 500 or more employees not already covered by existing leaves. It fills the gaps left by the Family First Coronavirus Response Act (FFCRA) offering up to 80 hours of coverage for qualifying reasons (below). All employees are eligible for this paid sick leave.

Effective July 1, 2015, the Foundation began providing paid sick leave for part-time employees per the Healthy Workplace/Healthy Families Act of 2014, commonly referred to as "AB1522". Many universities and auxiliaries interpreted this to apply only to non-student associates. After careful review of the law and in consultation with Legal counsel, the Foundation has proceeded to add sick time for student employees effective July 1, 2020. The governing guidelines for this leave are outlined by AB1522 and have been implemented in a manner consistent with part-time employee sick leave.

6. Update of Staffing Levels

Jared briefly reviewed on the following:

- CFO who had accepted position, withdrew his acceptance; Joanne Mathews new CFO will start on November 2, 2020.
- Workforce reductions will likely mean deeper furloughs starting mid January.
- Adjustments to staffing to prevent layoffs.

There was a motion and second by Deborah Goman and Stephanie Pastor to adjourn the meeting at 2:52 p.m. No opposition, the meeting was adjourned.

Respectfully submitted,

Dr. Lea Dopson
Chair, Personnel Committee

Cal Poly Pomona Foundation

2021 Holiday Observances

Month	Date	Day of Week	Holiday Observance
January 2021	01	Friday	New Year's Day
January	18	Monday	Martin Luther King, Jr. Day
March	31	Wednesday	Cesar Chavez Day
May	31	Monday	Memorial Day
July	05	Monday	Independence Day
September	06	Monday	Labor Day
November	11	Thursday	Veterans' Day
November	25	Thursday	Thanksgiving Day
November	26	Friday	Foundation Paid Holiday
December	24	Friday	Foundation Paid Holiday
December	27	Monday	Christmas Holiday
December	28	Tuesday	Foundation Paid Holiday
December	29	Wednesday	Foundation Paid Holiday
December	30	Thursday	Foundation Paid Holiday
December	31	Friday	Campus Closed – Must use Vacation
January 2022	03	Monday	New Year's Day 2022

https://foundation.cpp.edu/es/calendar.aspx

Memorandum

Cal Poly Pomona Foundation
"Quality Service Supporting Quality Education"

Date: February 11, 2021

To: Personnel Committee
Cal Poly Pomona Foundation, Inc.

From: Jared Ceja
Executive Director/CEO

Subject: **2021 Holiday Observances**

Each year the Foundation Holiday Observances calendar closely mirrors that of the university. This method has proven effective as the demand for most of our services are reliant upon campus foot traffic. This year, the Holiday Observances Calendar is identical with two notable exceptions.

1) Many units continue to operate during some holidays. Residents remain in the University Village, the Bronco Bookstore must prepare for the coming semester, CenterPointe continues to feed students in University Housing, payroll needs to be processes, and more. Eligible employees working on paid holidays are compensated accordingly.
2) December 24th is regularly granted to stateside employees by the Governor a day or two prior. Last minute adjustments to service hours can result in confusion for employees and those we serve. Proactively scheduling the day as a Foundation Holiday allows for superior planning and communication.

PROPOSED ACTION:
Management recommends the following resolution for approval:

RESOLVED, that the Personnel Committee of the Board of Directors approves the 2021 Holiday Observances calendar as presented.

BE IT FURTHER RESOLVED that upon approval of this resolution by the Board of Directors at their next scheduled meeting, the Executive Director and Director of Human Resources are authorized and directed to take any and all action as may be necessary to effectuate this Resolution.

PASSED AND ADOPTED THIS 11th DAY OF FEBRUARY 2021.

Lea Dopson

Dr. Lea Dopson, Chair
Personnel Committee

Cal Poly Pomona Foundation, Inc.

Salary Grades - Effective January 1, 2021

Variable Grade Spread

GRADE #	POINT SPREAD MIN	POINT SPREAD MAX	HOURLY RANGE SPREAD MIN	HOURLY RANGE SPREAD MID	HOURLY RANGE SPREAD MAX	Bi-Weekly Period MIN	Bi-Weekly Period MID	Bi-Weekly Period MAX	ANNUAL RANGE SPREAD MIN	ANNUAL RANGE SPREAD MID	ANNUAL RANGE SPREAD MAX	GRADE #
16	2,400	2,599				$4,786	$7,148	$9,510	$138,476	$192,868	$247,260	16
15	2,200	2,399				$3,683	$6,441	$9,199	$95,758	$167,471	$239,185	15
14	2,000	2,199				$3,120	$4,922	$6,724	$81,120	$127,976	$174,833	14
13	1,800	1,999				$2,385	$3,911	$5,437	$62,000	$101,679	$141,358	13
12	1,600	1,799				$2,308	$3,272	$4,236	$60,000	$85,073	$110,146	12
11	1,400	1,599				$2,427	$3,105	$3,783	$58,240	$78,293	$98,345	11
10	1,200	1,399	$22.71	$32.16	$41.61	$1,817	$2,573	$3,329	$47,237	$66,893	$86,549	10
9	1,100	1,199	$20.70	$29.17	$37.63	$1,656	$2,333	$3,010	$43,056	$60,663	$78,270	9
8	1,000	1,099	$19.89	$26.98	$34.06	$1,591	$2,158	$2,725	$41,371	$56,108	$70,845	8
7	900	999	$16.04	$23.61	$31.18	$1,283	$1,889	$2,494	$33,359	$49,107	$64,854	7
6	600	899	$15.00	$20.65	$26.29	$1,200	$1,652	$2,103	$31,200	$42,942	$54,683	6

Notes:

1. Grades 6, 7, 8, 9 and 10 are generally nonexempt positions.
2. All full time positions (including the Executive Director and Chief Financial Officer positions), are subject to the merit pool limits for annual increases.

Memorandum

Date: February 11, 2021

To: Personnel Committee
Cal Poly Pomona Foundation, Inc.

From: Jared Ceja
Executive Director/CEO

Subject: CalPERS Public Agency Valuation Reports for Foundation with Selected Pages from Each Valuation Report

Enclosure: (1) First Tier Plan
(2) Second Tier Plan
(3) PEPRA Miscellaneous Plan

The California Public Employee Retirement System (CalPERS) released new financial reports for the FY ending June 30, 2019 which detail the finances of CalPERS pension plans of contracting public agencies. Specific information related to the pension plans can be located on the CalPERS website under the Public Agency Valuation Report section. On that site one can locate detailed reports showing the financial status for each of the three Foundation pension plan tiers with established FY 2021-22 employer contribution rates and other important pension plan data. A summary of the most critical information follows:

- Miscellaneous First Tier Plan is based on the 2% at 55 formula with an estimated funding level of 82.0%. The projected employer contribution rate for FY 2021-22 is 12.34% of covered payroll. When combined with the minimum required payment for the Unfunded Accrued Liability (UAL), the rate as a percentage of payroll increases to 26.24%.

- Miscellaneous Second Tier Plan is based on 2% at 60 formula with an estimated funding level of 96.5%. The projected employer contribution rate for FY 2021-22 is 9.10%.

- PEPRA Miscellaneous Plan based on 2% at 62 formula with an estimated funding level of 94.4%. The projected employer contribution rate for FY 2021-22 is 7.59%.

In plentiful years Management prefers to take a pro-active approach to pay down the UAL by making payments above the minimum required for all 3 rate plans. No such additional payments are planned until the pandemic subsides, a large proportion of students return to in-person instruction, and financial results recover.

Required Employer Contributions

Required Employer Contributions	Fiscal Year 2021-22
Employer Normal Cost Rate	**12.34%**
Plus, Either	
1) Monthly Employer Dollar UAL Payment	**$66,860.92**
Or	
2) Annual UAL Prepayment Option*	**$775,643**

The total minimum required employer contribution is the ***sum*** *of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll)* ***plus*** *the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly in dollars).*

** Only the UAL portion of the employer contribution can be prepaid* ***(which must be received in full no later than July 31)****. Any prepayment totaling over $5 million requires a 72-hour notice email to FCSD_public_agency_wires@calpers.ca.gov. Plan Normal Cost contributions will be made as part of the payroll reporting process. If there is contractual cost sharing or other change, this amount will change.*

In accordance with Sections 20537 and 20572 of the Public Employees' Retirement Law, if a contracting agency fails to remit the required contributions when due, interest and penalties may apply.

	Fiscal Year 2020-21	Fiscal Year 2021-22
Development of Normal Cost as a Percentage of Payroll[1]		
Base Total Normal Cost for Formula	17.392%	17.25%
Surcharge for Class 1 Benefits[2]		
a) EE Contribution to State Level - Covered by SS	2.000%	2.00%
Phase out of Normal Cost Difference[3]	0.000%	0.00%
Plan's Total Normal Cost	19.392%	19.25%
Formula's Expected Employee Contribution Rate	6.908%	6.91%
Employer Normal Cost Rate	12.484%	12.34%
Projected Payroll for the Contribution Fiscal Year	$5,857,446	$5,772,094
Estimated Employer Contributions Based on Projected Payroll		
Plan's Estimated Employer Normal Cost	$731,244	$712,276
Plan's Payment on Amortization Bases[4]	689,557	802,331
% of Projected Payroll (illustrative only)	11.772%	13.90%
Estimated Total Employer Contribution	$1,420,801	$1,514,607
% of Projected Payroll (illustrative only)	24.256%	26.24%

[1] The results shown for fiscal year 2020-21 reflect the prior year valuation and may not take into account any lump sum payment, side fund payoff, or rate adjustment made after April 30, 2019.

[2] Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

[3] The normal cost difference is phased out over a five-year period. The phase out of normal cost difference is 100% for the first year of pooling and is incrementally reduced by 20% of the original normal cost difference for each subsequent year. This is non-zero only for plans that joined a pool within the past 5 years. Most plans joined a pool June 30, 2003, when risk pooling was implemented.

[4] See Schedule of Plan's Amortization Bases.

Plan's Funded Status

	June 30, 2018	June 30, 2019
1. Present Value of Projected Benefits (PVB)	$61,370,160	$63,399,871
2. Entry Age Normal Accrued Liability (AL)	55,613,829	57,826,777
3. Plan's Market Value of Assets (MVA)	45,331,324	47,429,503
4. Unfunded Accrued Liability (UAL) [(2) - (3)]	10,282,505	10,397,274
5. Funded Ratio [(3) / (2)]	81.5%	82.0%

This measure of funded status is an assessment of the need for future employer contributions based on the selected actuarial cost method used to fund the plan. The UAL is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. For a measure of funded status that is appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities, please see "Hypothetical Termination Liability" in the "Risk Analysis" section.

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. As of the preparation date of this report, the year to date return for the 2019-20 fiscal year was well below the 7% assumed return. Actual contribution rates during this projection period could be significantly higher than the projection shown below.

	Required Contribution	Projected Future Employer Contributions (Assumes 7.00% Return for Fiscal Year 2019-20)				
Fiscal Year	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**2026-27**
Normal Cost %	12.34%	12.3%	12.3%	12.3%	12.3%	12.3%
UAL Payment	$802,331	$900,000	$966,000	$1,039,000	$1,072,000	$1,100,000

For some sources of UAL, the change in UAL is amortized using a 5-year ramp up. For more information, please see "Amortization of the Unfunded Actuarial Accrued Liability" under "Actuarial Methods" in Appendix A. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large increase in UAL, the relatively small amortization payments during the ramp up period could result in a funded ratio that is projected to decrease initially while the contribution impact of the increase in the UAL is phased in.

For projected contributions under alternate investment return scenarios, please see the "Future Investment Return Scenarios" in the "Risk Analysis" section.

Required Employer Contributions

Required Employer Contributions	Fiscal Year 2021-22
Employer Normal Cost Rate	**8.65%**
Plus, Either	
1) Monthly Employer Dollar UAL Payment	**$571.58**
Or	
2) Annual UAL Prepayment Option*	**$6,631**

*The total minimum required employer contribution is the **sum** of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll) **plus** the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly in dollars).*

** Only the UAL portion of the employer contribution can be prepaid **(which must be received in full no later than July 31)**. Any prepayment totaling over $5 million requires a 72-hour notice email to FCSD_public_agency_wires@calpers.ca.gov. Plan Normal Cost contributions will be made as part of the payroll reporting process. If there is contractual cost sharing or other change, this amount will change.*

In accordance with Sections 20537 and 20572 of the Public Employees' Retirement Law, if a contracting agency fails to remit the required contributions when due, interest and penalties may apply.

	Fiscal Year 2020-21	Fiscal Year 2021-22
Development of Normal Cost as a Percentage of Payroll[1]		
Base Total Normal Cost for Formula	15.712%	15.57%
Surcharge for Class 1 Benefits[2]		
None	0.000%	0.00%
Phase out of Normal Cost Difference[3]	0.000%	0.00%
Plan's Total Normal Cost	15.712%	15.57%
Formula's Expected Employee Contribution Rate	6.918%	6.92%
Employer Normal Cost Rate	8.794%	8.65%
Projected Payroll for the Contribution Fiscal Year	$1,276,806	$1,521,059
Estimated Employer Contributions Based on Projected Payroll		
Plan's Estimated Employer Normal Cost	$112,282	$131,572
Plan's Payment on Amortization Bases[4]	5,766	6,859
% of Projected Payroll (illustrative only)	0.452%	0.45%
Estimated Total Employer Contribution	$118,048	$138,431
% of Projected Payroll (illustrative only)	9.246%	9.10%

[1] The results shown for fiscal year 2020-21 reflect the prior year valuation and may not take into account any lump sum payment, side fund payoff, or rate adjustment made after April 30, 2019.

[2] Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

[3] The normal cost difference is phased out over a five-year period. The phase out of normal cost difference is 100% for the first year of pooling and is incrementally reduced by 20% of the original normal cost difference for each subsequent year. This is non-zero only for plans that joined a pool within the past 5 years. Most plans joined a pool June 30, 2003, when risk pooling was implemented.

[4] See Schedule of Plan's Amortization Bases.

Plan's Funded Status

	June 30, 2018	June 30, 2019
1. Present Value of Projected Benefits (PVB)	$3,172,002	$3,843,583
2. Entry Age Normal Accrued Liability (AL)	1,442,043	1,789,815
3. Plan's Market Value of Assets (MVA)	1,414,141	1,726,286
4. Unfunded Accrued Liability (UAL) [(2) - (3)]	27,902	63,529
5. Funded Ratio [(3) / (2)]	98.1%	96.5%

This measure of funded status is an assessment of the need for future employer contributions based on the selected actuarial cost method used to fund the plan. The UAL is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. For a measure of funded status that is appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities, please see "Hypothetical Termination Liability" in the "Risk Analysis" section.

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. As of the preparation date of this report, the year to date return for the 2019-20 fiscal year was well below the 7% assumed return. Actual contribution rates during this projection period could be significantly higher than the projection shown below.

	Required Contribution	Projected Future Employer Contributions (Assumes 7.00% Return for Fiscal Year 2019-20)				
Fiscal Year	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**2026-27**
Normal Cost %	8.65%	8.7%	8.7%	8.7%	8.7%	8.7%
UAL Payment	$6,859	$7,200	$7,600	$8,000	$8,400	$8,600

For some sources of UAL, the change in UAL is amortized using a 5-year ramp up. For more information, please see "Amortization of the Unfunded Actuarial Accrued Liability" under "Actuarial Methods" in Appendix A. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large increase in UAL, the relatively small amortization payments during the ramp up period could result in a funded ratio that is projected to decrease initially while the contribution impact of the increase in the UAL is phased in.

For projected contributions under alternate investment return scenarios, please see the "Future Investment Return Scenarios" in the "Risk Analysis" section.

Required Employer Contributions

Required Employer Contributions	Fiscal Year 2021-22
Employer Normal Cost Rate	**7.59%**
Plus, Either	
1) Monthly Employer Dollar UAL Payment	**$1,535.25**
Or	
2) Annual UAL Prepayment Option*	**$17,810**

The total minimum required employer contribution is the ***sum*** *of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll)* ***plus*** *the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly in dollars).*

** Only the UAL portion of the employer contribution can be prepaid* ***(which must be received in full no later than July 31)****. Any prepayment totaling over $5 million requires a 72-hour notice email to FCSD_public_agency_wires@calpers.ca.gov. Plan Normal Cost contributions will be made as part of the payroll reporting process. If there is contractual cost sharing or other change, this amount will change.*

In accordance with Sections 20537 and 20572 of the Public Employees' Retirement Law, if a contracting agency fails to remit the required contributions when due, interest and penalties may apply.

	Fiscal Year 2020-21	Fiscal Year 2021-22
Development of Normal Cost as a Percentage of Payroll[1]		
Base Total Normal Cost for Formula	14.482%	14.34%
Surcharge for Class 1 Benefits[2]		
None	0.000%	0.00%
Phase out of Normal Cost Difference[3]	0.000%	0.00%
Plan's Total Normal Cost	14.482%	14.34%
Plan's Employee Contribution Rate[4]	6.750%	6.75%
Employer Normal Cost Rate	7.732%	7.59%
Projected Payroll for the Contribution Fiscal Year	$5,114,683	$5,880,451
Estimated Employer Contributions Based on Projected Payroll		
Plan's Estimated Employer Normal Cost	$395,467	$446,326
Plan's Payment on Amortization Bases[5]	16,484	18,423
% of Projected Payroll (illustrative only)	0.322%	0.31%
Estimated Total Employer Contribution	$411,951	$464,749
% of Projected Payroll (illustrative only)	8.054%	7.90%

[1] The results shown for fiscal year 2020-21 reflect the prior year valuation and may not take into account any lump sum payment, side fund payoff, or rate adjustment made after April 30, 2019.

[2] Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

[3] The normal cost difference is phased out over a five-year period. The phase out of normal cost difference is 100% for the first year of pooling and is incrementally reduced by 20% of the original normal cost difference for each subsequent year. This is non-zero only for plans that joined a pool within the past 5 years. Most plans joined a pool June 30, 2003, when risk pooling was implemented.

[4] For detail regarding the determination of the required PEPRA employee contribution rate see Section on PEPRA Member Contribution Rates.

[5] See Schedule of Plan's Amortization Bases.

Plan's Funded Status

	June 30, 2018	June 30, 2019
1. Present Value of Projected Benefits (PVB)	$8,860,925	$10,620,886
2. Entry Age Normal Accrued Liability (AL)	2,034,478	2,861,707
3. Plan's Market Value of Assets (MVA)	1,972,797	2,700,835
4. Unfunded Accrued Liability (UAL) [(2) - (3)]	61,681	160,872
5. Funded Ratio [(3) / (2)]	97.0%	94.4%

This measure of funded status is an assessment of the need for future employer contributions based on the selected actuarial cost method used to fund the plan. The UAL is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. For a measure of funded status that is appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities, please see "Hypothetical Termination Liability" in the "Risk Analysis" section.

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. As of the preparation date of this report, the year to date return for the 2019-20 fiscal year was well below the 7% assumed return. Actual contribution rates during this projection period could be significantly higher than the projection shown below.

	Required Contribution	Projected Future Employer Contributions (Assumes 7.00% Return for Fiscal Year 2019-20)				
Fiscal Year	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**2026-27**
Normal Cost %	7.59%	7.6%	7.6%	7.6%	7.6%	7.6%
UAL Payment	$18,423	$19,000	$20,000	$21,000	$22,000	$22,000

For some sources of UAL, the change in UAL is amortized using a 5-year ramp up. For more information, please see "Amortization of the Unfunded Actuarial Accrued Liability" under "Actuarial Methods" in Appendix A. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large increase in UAL, the relatively small amortization payments during the ramp up period could result in a funded ratio that is projected to decrease initially while the contribution impact of the increase in the UAL is phased in.

For projected contributions under alternate investment return scenarios, please see the "Future Investment Return Scenarios" in the "Risk Analysis" section.