

## History of \$19 Offset to UCRP Member Contributions

- In 1974, the California State Legislature enacted the “Total Equivalent Compensation” program to provide benefit improvements for State civil service employees that included a 1% reduction (from 7% to 6%) in member contributions to the Public Employees’ Retirement System (now CalPERS).
- The 1974 Budget Act approved an allocation to The Regents for employee benefit improvements, “provided that those employees who are active or inactive members of the Public Employees’ Retirement System shall receive the same benefit as their respective member groups received under legislation that implements the Total Equivalent Compensation Benefit Program for civil service employees.”
- Effective July 1, 1974, The Regents adopted benefit improvements that included a 1% reduction (from 8.1% to 7.1%) in UCRP member contributions.
- Effective July 1, 1975, as part of the Total Equivalent Compensation Benefit Program, PERS member contributions were further reduced by applying the 6% contribution rate to covered compensation above of \$150 per month (6% of \$150 equals \$9).
- Effective July 1, 1975, The Regents adopted benefit improvements including applying the UCRP member contribution rate to covered compensation above \$127 per month (7.1% of \$127 equal \$9.02). Since this approach did not produce an even \$9 benefit, the provision was later re-characterized as a \$9 offset to the member contribution.
  - The intent of a flat dollar offset was to give a more equitable benefit to lower-paid members in comparison to a percentage reduction in the contribution rate that is more favorable to higher-paid members.
- Effective July 1, 1976, as a continuation of the Total Equivalent Compensation Benefit Program, PERS member contributions were reduced again by applying the 6% contribution rate to compensation above \$317 per month (6% of \$317 equals \$19).
- Effective July 1, 1976, The Regents approved a \$19 per month offset to the 7.1% member contribution rate.
- Effective July 1, 1982, member contributions were reduced by \$50 per month for a period of one year.
- The \$50 per month offset to member contributions was extended another six months through December 31, 1983 since there were no salary range adjustments that year.
- Effective January 1, 1984, the offset reverted to \$19 per month.