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Date: October 20, 2016

To: Directors, Business and Human Resources  
Managers, Payroll and Human Resources

From: Gary Stine, MPA, Director, Support Services

Subject: **Updated 2016-17 Employer Payroll Expense Rates**

The following is an updated list of 2016-17 payroll expense rates based on the most recent information available. The Social Security Administration has announced an increase in the OASDI (Social Security) payroll tax wage limit to \$127,200 (from \$118,500) for the 2017 calendar year. We wanted to make districts aware of this change so that it may be factored into budget planning. A revised memo will be distributed when other rate information becomes available.

**Fiscal Year 2016-2017 California School Employer Rates**

<b>STRS Employer Contribution Rates</b>		
2% at 60 Members	Employer Rate	Maximum Wage Limit
Employer Contribution (Defined Benefit)	12.58% <sup>1</sup>	N/A <sup>2</sup>
Employer Contribution (Supplement)	8.25% <sup>1</sup>	N/A <sup>2</sup>
Reduced Workload	12.58%	N/A <sup>2</sup>
2% at 62 Members (PEPRA)	Employer Rate	Maximum Wage Limit
Employer Contribution (Defined Benefit)	12.58% <sup>1</sup>	\$137,941
Employer Contribution (Supplement)	8.25% <sup>1</sup>	\$137,941
<b>PERS Employer Contribution Rates</b>		
Classic Members	Employer Rate	Maximum Wage Limit
Employer Contribution	13.888% <sup>3</sup>	N/A <sup>2</sup>
New Members (PEPRA)	Employer Rate	Maximum Wage Limit
Employer Contribution (OASDI District)	13.888% <sup>3</sup>	\$117,020
Employer Contribution (Non-OASDI)	13.888% <sup>3</sup>	\$140,424
<b>Unemployment Insurance Rate</b>		0.05%

<sup>1</sup> Rates defined by Education Code § 22950 – 22951

<sup>2</sup> IRS 401(a)(17) pensionable wage limit of \$265,000 applies to members first hired after 7/1/1996

<sup>3</sup> Proposed employer contribution rate to be adopted by CalPERS Board of Administration on 4/19/2016

**Calendar Year 2017 Federal Employer Rates and Limits**

<b>Federal Employer Rates</b>			
Payroll Tax	Employer Rate	Maximum Wage Limit	Tax Withholding Limit
OASDI	6.2%	<b>\$127,200</b>	<b>\$7,886.40</b>
Medicare	1.45%	N/A	N/A

**Calendar Year 2016 IRS Standard Mileage Rate**

IRS Standard Business Mileage	54 cents per mile (decrease from 57.5 cents)
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If you have any questions, please contact Teri Adkins at (714) 966-4260 or via email at tadkins@ocde.us.

cc: Assistant Superintendents, Business and Human Resources  
Vice Chancellors, Business and Human Resources