

District Payroll Services Meeting

Multi-Media Lab
December 5, 2014



Agenda

- **Role of DPS, Technology and District**
- **What's New in 2015**
- **Helpful Tips**
- **Contact Information**
- **Closing**

Segregation of duties (SoD)

Internal Control Concept

**DISTRICT PAYROLL
DEPT**

**DISTRICT PAYROLL
SERVICES
(COE)**

**TECHNOLOGY
SERVICES
(Munis Payroll-COE)**

DISTRICTS

- * **Set-up Employee Pay information (HR)**
- * **Process monthly payroll and identify funding source (Budget)**
- * **Ensures compliance to Bargaining Unit Agreements, CSAM, Retirement System regulations, tax laws in processing monthly payroll**
- * **Responsible in correcting errors and adjustment when needed.**
- * **Maintain supporting documents of payroll board approvals, contracts, benefit package, CBA (BU agreements)**

District Payroll Services

- * Responsible in timely reporting to State and Feds Payroll Taxes and Retirement System for 19 Districts and 10 Charter Schools
 - * STRS
 - * CALPERS
 - * Federal Payroll Taxes (FICA, Medicare, FIT)
 - * State Payroll Taxes (SDI and PIT)
 - * Unemployment Insurance
 - * Work Compensation

District Payroll Services

- * **Primary Contact in CALSTRS, CALPERS, IRS and State taxing agencies**
- * **Submission of monthly, quarterly and annual reports**
- * **Reconciles records and data to ensure accuracy**
- * **Conducts audit, review and validate documentation to support corrections and reported data**
- * **Responds to IRS notices and letters, prepares reconciliation and supporting documents.**
- * **Updates Districts of new regulations**

District Payroll Services

- * Responsible to generate year-end reports such as W2 for over 12,000 county-wide employees
- * Coordinate with Districts and Charters for any corrections needed

Technology Services

- * Maintains and supports the COE Financial System
- * Writes and maintains desktop procedure documentation
- * Maintains Financial System Databases
- * Provides procedural documentation and support for setting up financial system codes
- * Conducts HR and PR User Groups
- * Provides Financial System training as needed

Technology Services

- * Responsible for printing checks/warrants, advices, W-2s, etc.
- * Provides technical support to DBS, DPS and Districts
- * Provides SSRS Report Writing services
- * Maintains all user permissions
- * Consulting for 3rd Party integration with Munis
- * Tests new module functionality and assists districts with implementation

What's new in 2015

- * **CALSTRS affecting 2% @ 60 effective January 2015**
- * **CALPERS 2014 Circulars:**
 - * **Annual Members Statements (Active) November 2014**
 - * **Replacement Benefit Plan – Tax Year 2014**
 - * **Common Misreported items**
- * **ACA Reporting – Tax Year 2015**
- * **Sick Leave for All - effective July 1, 2015**
- * **2015 and beyond CALSTRS and CALPERS Rates**

CALSTRS

- * **Effective Date: January 1, 2015**
- * **Members affected: 2% @ 60**
- * **CALSTRS will not issue the Employer's Creditable Compensation Guide**
- * **CALSTRS advise to follow the language of law (Ed Code 22119.2)**

CALSTRS Creditable Compensation

(Ed Code 27400-Clarifying Ed code 22119.2)

- * (A) Salary – means ALL of the following requirements are met:**
 - * Remuneration paid in cash by an employer to all persons in the same class of employees performing creditable service,**
 - * On a contract or salary schedule or employment agreement**
 - * Used as basis for future pay increase**
 - * Paid without the proof of expenditure**

CALSTRS Creditable Compensation

(Ed Code 27400-Clarifying Ed code 22119.2)

- * (B) Employer must establish a compensation earnable for all assignments for which the employee will earn salary (including outgrowth activities).
- * (C) If compensation is restruct into salary, it will be salary on the effective date of restructure.

CALSTRS Creditable compensation in Addition to salary (Ed Code 22115.E)

- * **Outgrowth activity** - means additional compensation for a FULL-TIME or Part-time position for additional assignments/duties (require additional Hours)
 - * **Dept Chair**
 - * **Band Director**
 - * **Coach**
 - * **Club Advisor**
 - * **Mentor teacher**
 - * *Extra Period*
 - * **Staff development** (if additional period require)
 - * *Summer school*
- * **Outgrowth activities are NOT creditable by itself.**

CALSTRS Outgrowth Illustration

2% @ 60

Outgrowth	ASN	Pay Rate	Earning /month	Service Credits (DB)	Service Credit (DBS)	DBS Account
Base Pay	57	\$ 5,000	\$ 5,000	0.10		
Dept Chair	55	\$ 50,000	\$ 500		0.10	\$ 500
			\$ 5,500			

Outgrowth	ASN	Rate	Earning /month	Service Credits (DB)	Service Credit (DBS)	DBS Account
Base Pay	57	\$ 5,000	\$ 5,000.	0.10		
Coaching Stipend	55	\$ 50,000	\$ 300		0.06	\$ 300
			\$ 5,300			

Outgrowth	ASN	Rate	Earning /month	Service Credits (DB)	Service Credit (DBS)	DBS Account
Base Pay	57	\$ 5,000	\$ 5,000	0.10		
Extra Period	55	\$ 50,000	\$ 300		0.06	\$ 300
			\$ 5,300			

CALSTRS Special compensation in addition to salary

- * **Special Compensation** – means an additional compensation for a qualification (PREMIUM) paid with NO additional hours, paid monthly on a regular basis (Coded 57)
 - * Masters stipends
 - * Longevity
 - * Bilingual Stipends
- * **Bonus (One-time) Additional Compensation** for limited enhancement (Coded 71)

CALSTRS Special Compensation Illustration

Special Compensation (Achievement of Performance)	ASN	Rate	Earning /month	Service Credits (DB)	Service Credit (DBS)	DBS Account
Base Pay	57	\$ 5,000	\$ 5,000	0.10		
Master Stipend	57	\$ 400	\$ 400		-	\$ -
			\$ 5,400			
Special Compensation (Limited Enhancement)	ASN	Rate	Earning /month	Service Credits (DB)		DBS Account
Base Pay	57	\$ 5,000	\$ 5,000	0.10		
Bonus (One-time)	71	\$ 400	\$ 400		-	\$ 400.00

CALSTRS Creditable compensation for a Multiple Position/Pay Rate

- * For teachers with the multiple positions plus an outgrowth activity (Coaching)
 - * The Lowest Pay Rate is use as the Based Pay Rate .

CALSTRS Multiple Pay Rate Illustration

Multiple Pay Rate (Part-time)	ASN	Annual Rate	Earning /month	Service Credits (DB)	Service Credit (DBS)	DBS Account
Pay Rate #1	55	\$ 21,500	\$ 1,000	0.0465		
Pay Rate #2	55	\$ 30,000	\$ 500	0.0167		
Pay Rate #3	55	\$ 25,000	\$ 500	0.0200		
Coaching Stipends (Out-growth)	55	\$ 21,500	\$ 300	0.0140	0	0
Total Pay			\$ 2,300	0.0971		



CALSTRS DBS Program

- * **DBS Program Contributions includes:**
 - * **Any creditable service that exceeds 1.00 Full-time in a School Year**
 - * **Paid on a limited number of times, per Bargaining Agreement (Not Applicable to 2%@62)**
 - * **Paid to enhance member's benefits(Not applicable to 2% @ 62)**

CalSTRS NOT Creditable/ Not reportable Compensation

- * **Cash in Lieu**
 - * **Waiving Health benefits**
- * **Reimbursement of Expense**
 - * **Car Allowances**
 - * **Travel Allowances**
- * **Reimbursement of purchased items**
- * **Severance Pay and Unused sick leave**
- * **Payment of Fringe Benefit paid by employer**
 - * **Cellphone stipends**
 - * **Life Insurance Policies**

2015 Rates and beyond

CalSTRS RATES	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Employer	8.880%	10.730%	12.580%	14.430%	16.280%	18.130%	19.100%
Member (2% @ 60) up to 12/31/2012	8.150%	9.200%	10.250%	10.250%	10.250%	10.250%	10.250%
Member (2% @ 62)-Hired 1/1/2013	8.150%	8.560%	9.205%	9.205%	9.205%	9.205%	9.205%
CalPERS RATES	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Employer	11.771%	12.600%	15.000%	16.600%	18.200%	19.900%	20.400%
Member-Classic -Up to 12/31/2012	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%
Member-New-Hired 1/1/2013	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%

CalPERS

- * **2014 Annual Members Statement can be access on-line starting November 17, 2014 for ACTIVE Members**
- * **Circular 200-68-14**

CALPERS Replacement Benefit Plan (IRC Sec 415b)-Circular No 200-004-14

- * Effective: Tax Year 2014**
- * Dollar Limit on the Annual Retirement Benefit**
 - * Tax Year 2014: \$210,000 (Maximum dollar amount paid to the retiree)**
 - * In excess is billed to the previous Employer (District) based on where the service credit earned.**
- * Employer of the retiree on or after October 14, 1987 is liable to the excess.**

CALPERS Common Misreported Items

Circular No 200-064-14

- * **Longevity**
- * **Holiday Pay**
- * **Uniform Allowances**
- * **Bonus**
- * **Temporary Upgrade Pay**
- * **Final Settlement Pay**

Affordable Care Act (ACA) Reporting

- * Tax Year 2015 - New Employer Reporting Requirement for ACA under IRS Code Section 4980H -Employer Shared Responsibility will take effect.
- * Reports will be due by early 2016
- * Tax Year 2014 - Transition Relief issued. Employers are encourage to use Tax Year 2014 as a test year – to prepare the report on a voluntary basis
- * Oct 2014 – IRS released draft instructions of Forms:
 - * 1094B and 1094B
 - * 1095C and 1094C

Healthy Workplace, Healthy Families Act of 2014 (AB1522) Sick Leave for All

- * Effective Date: July 1, 2015
- * Provides sick leave to California employees who work 30 hours or more per Year
- * New benefit to substitutes, student workers, yard-duty supervisors, etc. less than 1.00 FTE employees
- * Minimum: One hour for every 30 hrs worked
- * Maximum: 48 hours or 6 days accrual
- * Use of Sick Leave: 90th day of employment, 3 days per year
- * Unused Sick Leave: carries over from year to year
- * Unused SL – NO payout upon separation
- * If re-hire within one year, SL balance is restored

Healthy Workplace, Healthy Families Act of 2014 (AB1522) Sick Leave for All

- * For employees under Bargaining Unit, work with legal counsel and Bargaining Units to revise and update CBA to ensure compliance to AB1522.
- * Worked with Technology Services to set-up the tracking mechanism to measure days and/or hours worked for less than 1.0 FTE employees (part-time, substitutes, etc) to track accrual of sick leaves (same as ACA tracking).

Helpful Tips

CALPERS

Failure to enroll on time

- * Enroll eligible member within 90 days of eligibility
- * Employer is liable to pay both **Member** and **Employer Share** Contributions
- * \$500 Administrative Fee per member

CALPERS Exclusion from Membership

- * Member received refund of contributions
- * A position covered by another retirement system
- * A position subject to alternative retirement system
- * A retired annuitant

CALPERS: working after retirement

- * Wait for 180 days after retirement date**
- * Must not exceed 960 hours in a fiscal year**
- * Hourly pay with no benefits, no contribution, no service credits**
- * Work must be on limited duration**

CALPERS: If retiree desire to be reinstated

- * Complete Reinstatement of Service Retirement Form**
- * Monthly Retirement Benefit stops**
- * Payroll is reported and contributions are paid**
- * Service Credits will continue to be earned**

CalPERS Classic Member vs New Member

* Classic Member:

* Compensation Earnable

* Compensation Limit 2014 \$260,000

* NEW Member

* PENSIONABLE Compensation

* Compensation Limit 2014:

* SS Participants \$ 115,064

* Non-SS Participants \$138,077

Taxability of Payroll

CLASSIFIED (PERS Member)									
	CODE	EXAMPLE	FIT	FICA	MEDI	SIT	SDI	UI	WC
Gross Pay	130 - 140	\$ 3,500							
PERS Contribution	7020-7034	\$ (245)	Not Subject	Subject	Subject	Not Subject	Subject	Subject	Subject
125 Plan	2210-2231	\$ (200)	Not Subject	Not Subject	Not Subject	Not Subject	Not Subject	Not Subject	Not Subject
Flex Spending	2400	\$ (200)	Not Subject	Not Subject	Not Subject	Not Subject	Not Subject	Not Subject	Not Subject
Dependent Care	2401	\$ (100)	Not Subject	Not Subject	Not Subject	Not Subject	Not Subject	Not Subject	Not Subject
403B TSA	2700-2799	\$ (500)	Not Subject	Subject	Subject	Not Subject	Subject	Subject	Subject
457s	2800-2899	\$ (150)	Not Subject	Subject	Subject	Not Subject	Subject	Subject	Subject
Net Taxable Pay		\$ 2,105							

Illustration of Payroll Tax Calculation

	CODE	EXAMPLE	FIT	FICA	MEDI	SIT	SDI	UI	WC
Gross Pay	130 - 140	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500
PERS Contribution	7020-7034	\$ (245)	\$ (245)			\$ (245)			
125 Plan	2210-2231	\$ (200)	\$ (200)	\$ (200)	\$ (200)	\$ (200)	\$ (200)	\$ (200)	\$ (200)
Flex Spending	2400	\$ (200)	\$ (200)	\$ (200)	\$ (200)	\$ (200)	\$ (200)	\$ (200)	\$ (200)
Dependent Care	2401	\$ (100)	\$ (100)	\$ (100)	\$ (100)	\$ (100)	\$ (100)	\$ (100)	\$ (100)
403B TSA	2700-2799	\$ (500)	\$ (500)			\$ (500)			
457s	2800-2899	\$ (150)	\$ (150)			\$ (150)			
Net Taxable Pay		\$ 2,105	\$ 2,105	\$ 3,000	\$ 3,000	\$ 2,105	\$ 3,000	\$ 3,000	\$ 3,000

Deferred Pay for 10th Month (Illustration of a Constructive Receipt)

		Monthly	1 st – 10th	11th	12th	TOTAL
Base Pay		\$8,500	\$ 85,000			\$85,000
Pre-tax (TSA)		(\$ 500)	(\$ 5,000)			(\$ 5,000)
Taxable Gross Pay		\$8,000	\$80,000			\$80,000
FICA, Medi	7.65%	(\$ 612)	(\$ 6,120)			(\$ 6,120)
FIT & SIT	15%	(\$ 1,200)	(\$12,000)			(\$12,000)
Pers (Ee only)	7%	(\$ 595)	(\$ 5,950)			(\$ 5,950)
Deferred PAY	16.67%	(\$1,334)	(\$13,336)	\$ 6,668	\$6,668	0
Net Pay		\$ 4,259	\$ 42,594	\$6,668	\$6,668	\$ 55,930

Contact information

If have additional questions, please contact us for assistance.
You can also email us at dps@cccoe.org

- Fax 945-1458

Griselda Barraza 942-5370

Josephine Capistrano 942-3446

Lina Gramatikova 942-3303

Ursula Taylor 942-3320

Felicia Hill 942-3321

Ofelia Roxas 942-3315

