

Sonoma County Office of Education
Business Services

EXTERNAL PAYROLL AND FINANCE UPDATES
DBUG MEETING: August 26, 2021

Reminders:

➤ **Appointments/Deliveries**

- Scott Greenwood is in charge of setting up appointments, please contact him from now on to schedule anything you might need to pick-up (Sgreenwood@scoe.org)
- Please note:
 - If you are picking up checks our staff will bring these checks outside to you. [Call Scott Greenwood, when you arrive at SCOE – 707-524-2612](tel:7075242612)
 - If you are dropping off a deposit, please use the deposit box in the lobby
 - If you have a big print job, please let us know. We can schedule a special delivery to get the print job to you timely. You also have the option to pick up via appointment.

➤ **CalSTRS Member IDs**

- CalSTRS member IDs need to be populated in Employee Management for any new hires that are already a member of CalSTRS
- If the employee is brand new to STRS, Alli will add their member ID once it is established. But if they are a current member, it needs to be added by the district. Otherwise it will cause errors in the system.

➤ **Vacation Add-ons**

- Monthly vacation paid to employees is PERS & STRS creditable
- Payouts yearly and payouts when an employee leaves are **not** creditable for CalPERS or CalSTRS

Updates:

➤ **180 Day Waiting Period for Retirees is Suspended per Gavin Newsom's Executive Order**

- CalPERS 180-day break in service requirement is once again suspended as of 08/16/2021. (See attached notice from School Services of CA)
 - These situations must be approved by CalPERS – email: ExecOrderReview@calpers.ca.gov
 - A board approved resolution is required to put this in place

- ****NEW - CalSTRS 180-day break in service suspended**
 - No board approved resolution needed
 - The retiree must have reached normal retirement age
 - The retiree can't have accepted a retirement incentive
 - The retiree can't be backfilling their own position

- ****Important! Starting End of September - PERS Retirement Appointment Reconciliation (Confirm Missing Payroll)**
 - Reconciliation needs to be completed monthly on the CalPERS website
 - Purpose of this task
 - This reconciliation will bring up employees who have no payroll reported for the month. This process "confirms missing payroll." Appointments need to be ended if the employee is terminated, retired, or not going to work anytime soon. Otherwise PERS will charge interest on the projected earnings for these employees.
 - Maria Aguayo took on this task during the pandemic
 - Attached are steps on how to complete this reconciliation monthly
 - Email was also sent out regarding this process
 - If you need access to this in CalPERS, please email Maria Aguayo – Maguayo@scoe.org

- **CalSTRS Volume 37; Issue 06 – One time Off-Salary Schedule Payments**
 - Education Code 22119.3(c)(11) states creditable compensation for CalSTRS 2% at 62 members should not include any one-time or ad hoc payments. Limited term payments are not reportable for 2% at 62 members.
 - Some examples are given in the attached CalSTRS circular

- ****NEW Manual Payroll Workshop scheduled in September – Stay Tuned for date!**
 - Workshop will include the following and more:
 - Explanation of the manual pay process
 - Examples of different scenarios that might come up for manual payroll
 - Tips and tricks for correcting possible payroll errors

[Click Here for COVID-19 Related Resources](#)

FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

180-Day Sit-Out Period Suspended

 [BY MICHELLE MCKAY UNDERWOOD](#)

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posted August 17, 2021

Citing the need to “provide staffing flexibility for schools to ensure continuity of in-person instruction for all students,” on August 16, 2021, Governor Gavin Newsom provided flexibility with a new [executive order](#) that allows retired educators to return to the workforce during the customary 180-day sit-out period.

The 180-day break-in-service requirement for retired California Public Employees’ Retirement System (CalPERS) annuitants is once again suspended. This flexibility was provided early on in the pandemic and then revoked in July 2021 (see “[Changes to Post-Retirement Employment for CalPERS Employees](#)” in the July 2021 *Fiscal Report*).

A new flexibility granted, California State Teachers’ Retirement System (CalSTRS) members may work during the 180-day period after retirement without the requirement for a local board to pass a resolution to seek an exemption from the \$0 earnings limitation of the member during that period.

Other requirements/prohibitions for a CalSTRS retired annuitant to work during the 180-day period remain, including:

- The retiree must have reached normal retirement age
- The retiree could not have received a retirement incentive
- The retiree cannot be backfilling his/her own position

Documentation of the employee’s eligibility, excluding the board resolution, is still required prior to commencing work. Finally, the overall CalSTRS earnings limitation was not suspended with this Executive Order.

The Executive Order did not state an end date for these flexibilities.

Retirement Appointment Reconciliation on CalPERS website

Confirm unposted payroll on a **monthly** basis

- Step 1 From the My Home page, select the **Reporting** global navigation tab
- Step 2 Select **Retirement Appointment Reconciliation** local navigation link
- Step 3 Select your **Division** from the division drop down
- Step 4 Select **Yes** from the **Payroll Past Due** drop down (on the right)
- Step 5 Select the **Search** button
- Step 6 A listing of participants with unposted payroll will appear. If there is more than one page, select **View Max** link at the bottom of the page
- Step 7 Select the **Review** link on the right side of the screen for the appropriate appointment
- Step 8 **Optional:** Open multiple windows to research the employee
- Step 9 Within the Unposted Payroll Periods section, select the appropriate earned period check box(es) that you want to confirm unposted payroll.
- Step 10 Select the **Confirm** button
- Step 11 Select the **Return** link

After you have confirmed that an earned period has unposted payroll, myCalPERS will stop requesting payroll reporting for that period. You may still report payroll for earned periods that have been confirmed.

One-Time Off-Salary Schedule Payments

As additional one-time funding is being disbursed to schools, new payments to faculty are being approved, and we are receiving questions about the creditability of this compensation. One of the more common types of payments offered are widely referred to as one-time off-salary schedule payments. These payments are called by a variety of names and have a variety of purposes but are generally limited-term payments that are not associated with additional service, are not scheduled to continue and are only being paid due to additional one-time funding.

This Employer Circular does not take precedence over the law; it is meant to clarify how school districts and county offices of education should report to CalSTRS. If you have any questions regarding this circular, please contact CalSTRS Employer Help at EmployerHelp@CalSTRS.com.

Creditable Compensation

Payments made to members must meet the definition of either salary or remuneration that is paid in addition to salary to be creditable compensation and reportable to CalSTRS.

The definition of salary pursuant to Education Code sections 22119.2 and 22119.3, and California Code of Regulations, Title 5, section 27400, requires the compensation to be paid for the performance of creditable service. Generally, one-time off-salary schedule payments are not paid for the performance of additional creditable service, and as such, they do not meet the definition of salary.

However, these types of payments may meet the definition of remuneration that is paid in addition to salary pursuant to California Code of Regulations, Title 5, section 27401. One of the criteria for compensation to be considered remuneration that is paid in addition to salary is that it must be paid in cash in accordance with a publicly available written contractual agreement and be paid to all persons in a class of employees in the same dollar amount, same percentage of salary, or same percentage of amount being distributed. Additionally, the compensation must be paid contingent on the availability of funds or meet other qualifications or requirements.

When one-time off-salary schedule payments are being distributed to a class of employees based solely on additional one-time funding or other funding remaining at the end of the year and also meet all of the criteria pursuant to Education Code section 22119.2 and California Code of Regulations, Title 5, section 27401, these types of payments meet the definition of remuneration that is paid in addition to salary due to the availability of funds and should be reported to CalSTRS for 2% at 60 members.

When a one-time off-salary schedule payment meets all of the criteria pursuant to Education Code section 22119.2 and California Code of Regulations, Title 5, section 27401 but is not based

EMPLOYER INFORMATION CIRCULAR

Volume 37, Issue 06

August 3, 2021

Page 2 of 3

solely on additional one-time funding, then the compensation must meet one of the qualifications or requirements outlined in California Code of Regulations, Title 5, section 27401(a)(6)(B) for the compensation to be creditable as remuneration that is paid in addition to salary.

Limited-Term Payments

One-time off-salary schedule payments that meet the definition of remuneration that is paid in addition to salary under California Code of Regulations, Title 5, section 27401 are generally considered by CalSTRS to be limited-term payments. Pursuant to California Code of Regulations, Title 5, section 27602, a limited-term payment is one that is not ongoing, paid a specified number of times, has a specified end date or is otherwise not scheduled to continue.

Limited-term payments are only creditable for CalSTRS 2% at 60 members, and the contributions for limited-term remuneration in addition to salary payments must be credited to the member's Defined Benefit Supplement account pursuant to Education Code section 22905.

Pursuant to Education Code section 22119.3(c)(11), creditable compensation for CalSTRS 2% at 62 members does not mean and shall not include any one-time or ad hoc payments made to a member. As these types of one-time off-salary schedule payments are generally limited-term, they are not reportable to CalSTRS for 2% at 62 members.

Reporting One-Time Off-Salary Schedule Payments for 2% at 60 Members

If all the requirements stated in California Code of Regulations, Title 5, section 27401 regarding remuneration that is paid in addition to salary are met, one-time off-salary schedule payments are creditable for 2% at 60 members to the Defined Benefit Supplement account as a limited-term payment and should be reported to CalSTRS using Assignment Code 71 and Contribution Code 6.

Examples of One-Time Off-Salary Schedule Payments that are Creditable Compensation

Example 1:

According to a supplemental contract, the employer will offer all teachers a 2% one-time off-salary schedule increase for the teachers' hard work during the school year transitioning between online and in-person learning. The compensation will be paid effective May 31, 2021. The employer further explains that this payment is being given to teachers solely due to additional one-time funding received by the employer from COVID-19-related funds.

Example 2:

According to a signed board letter, all counselors will receive a \$2,000 payment at the end of the school year to acknowledge the increase in responsibility placed on them during the pandemic. This payment will only be made in the 2019-20 school year. The employer further explains that this payment is being given to counselors solely due to additional one-time funding received by the employer.

EMPLOYER INFORMATION CIRCULAR

Volume 37, Issue 06

August 3, 2021

Page 3 of 3

In both of these examples, the payments meet the definition of creditable compensation pursuant to Education Code section 22119.2 because they are paid in accordance with a publicly available written document and are offered to all persons in the same class of employees. The payments are not being made for the performance of additional service, so they do not meet the definition of salary. The payments do meet the definition of remuneration that is paid in addition to salary in accordance with California Code of Regulations, Title 5, section 27401 due to the availability of funds. Since these are one-time payments and not scheduled to continue, the payments are creditable to the Defined Benefit Supplement account for 2% at 60 members only. They are not creditable for 2% at 62 members.

Specific Questions?

The above guidance is meant to cover most situations; however, if you have a specific one-time off-salary schedule payment question, please contact CalSTRS Employer Help at EmployerHelp@CalSTRS.com. To better assist in answering specific inquiries, please be prepared to provide relevant documentation about the payment(s).

Resources

All Employer Directives (ED) published within the past five years are available online at [CalSTRS.com/employer-and-administrative-directives](https://www.calstrs.com/employer-and-administrative-directives). All Employer Information Circulars (EIC) published within the past five years are available online at [CalSTRS.com/employer-information-circulars](https://www.calstrs.com/employer-information-circulars). Please contact your Employer Help representative for relevant circulars and directives more than five years old.

Additional resources regarding provisions of the Teachers' Retirement Law are available online on the [Employer Support Portal](#). There you will find tools and resources such as Teachers' Retirement Law Job Aids and the link to the [Pension Administration Learning Management System](#) (PALMS) where you have access to additional training materials.