

Sonoma County Office of Education
Business Services

EXTERNAL PAYROLL AND FINANCE UPDATES
DBUG: May 25, 2023

Updates:

Hired Jeff Brockett as our second delivery driver for Route 2 deliveries

- ❖ No longer will be using Rapid Express for this route

The Google IT/Business Calendar has been updated for 2023-24

- ❖ Final Accounts Payable Run for 2022-23 is on **06/22/2023**
- ❖ Final Cash Deposits due **06/20/2023**
 - Do not enter deposits between 06/20/2023 and 06/30/2023
 - *NOTE: Escape allows you to create deposit batches during this time but it causes issues, please wait until the July 1 cash roll to start entering batches again*
- ❖ Final Cash Transfers due **06/23/2023**

Signature Authorization Form for 2023-24 due 06/30/2023

- ❖ Send original signatures via AV
- ❖ If you use a courier company to pick up your items please make sure they are listed on the Signature Authorization form as a valid company to pick up for your LEA
- ❖ Signature Authorization form is located at the link below:
 - <https://www.scoe.org/pub/htdocs/fiscal-forms.html>

CalSTRS Employer Contribution Rate Set for 2023-24

- ❖ 2023-24 employer contribution rate set at 19.1%
- ❖ See attached School Services of CA Fiscal Reports regarding CalSTRS rates
 - [CalSTRS sets 2023-24 Employer Contribution Rate](#)
 - [CalSTRS set to adopt 2023-24 Employer Contribution Rate \(includes supplemental information\)](#)

CalSTRS Post Retirement Earnings Limit for 2023-24

- ❖ The salary a CalSTRS retiree is allowed to earn for 2023-24 went up to **\$50,655**
- ❖ The 2022-23 earnings limit is \$49,746
- ❖ See **attached** Fiscal Report from School Services of CA

Rainy Day Lunch Coverage not creditable for CalSTRS – Additional information

- ❖ At the April DBUG meeting this was discussed, to recap:
 - A recent CalSTRS audit determined that payment to teachers who cover rainy day lunch is not considered CalSTRS creditable service

- This is more like noon duty as it is lunch supervision which is considered a classified service
- Update: If you have dual retirement teachers (*Members of both CalSTRS/CalPERS*) who are performing this extra duty work during lunch, this should be reported to CalPERS
 - Please double check this to make sure the retirement is being handled correctly

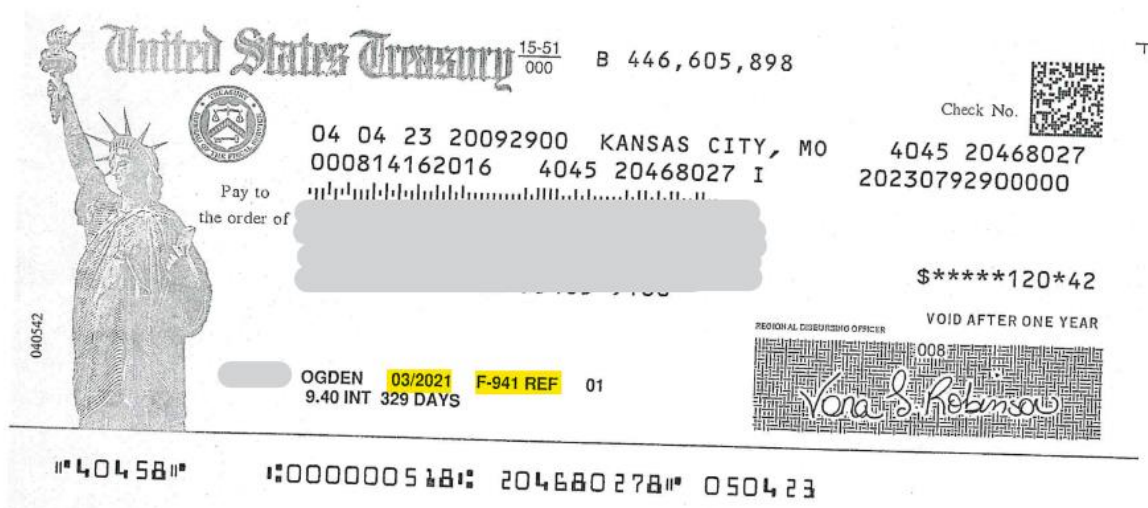
Reminders:

CalSTRS Reduced Workload Program Paperwork for 2023-24

- ❖ Please get paperwork to Alli Britton by the end of this fiscal year (6/30/2023)
 - Paperwork needs to be in before the employee starts working in 2023-24
 - It is difficult to go back and fix this with CalSTRS if the employee was not reported as reduced workload and should have been
 - Questions – Call or Email Alli at 707-524-2651, Abritton@scoe.org

IRS checks and letters

- ❖ Reminder – District IRS notifications should be forwarded to Jing Liu and Christy Arend in SCOE Business Services
 - SCOE is in charge of reporting the Federal Taxes on behalf of the school districts
 - Recently turned in form 8821 to the IRS to add Jing Liu as an authorized user for all School Districts. If you receive a notice about this please forward to us as we will need to respond.
 - **Also, please be mindful when you receive an IRS check (United States Treasury) in the mail**
 - These checks need to be reconciled against the Quarterly Tax Returns that Jing and Christy prepare. Below is an example of the check:



Classified (CLS) & Certificated (CES) Pay Cycles

- ❖ Please make sure to separate classified and certificated employees by pay cycle
- ❖ If you have an employee who substitutes on both classified and certificated, it is preferred to have the payments done on separate pay cycles
 - This is helpful to the retirement technicians at SCOE, when there are corrections that need to be made it can be confusing if both classified and certificated work is lumped into one pay cycle
 - This is also important due to taxes. The Escape system does not always accurately account for OASDI if everything is lumped into one pay cycle.

Dates:

- ❖ **Year End Closing Workshop – June 1st – 9:00AM – 12:00PM – Redwood C**

- ❖ **SCOE Closed June 19th – In observance of Juneteenth**

FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

By the Way . . . CalSTRS Sets 2023-24 Employer Contribution Rate



[BY CHARLENE QUILAO](#)

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posted May 3, 2023

As expected, today the California State Teachers Retirement System (CalSTRS) Board (Board) adopted to maintain the 2023-24 schools employer contribution rate at 19.1%. The Board had a lengthy discussion about the anticipated concerns over the projected decline in K-12 enrollment over the next decade and the correlation it has in active membership, which in turn negatively affects the employer contribution rate and meeting the unfunded actuarial obligation by 2046.

Though the Investment Committee staff did not specifically recommend a contribution rate that differed from the Benefits and Services Committee staff, they advocated for higher contribution rates in the future and noted that they will encourage the Board to increase the contribution rates so as to not be reliant on big investment returns—like in 2020-21—to meet the fully funded status. Conversely, the Benefits and Services Committee staff acknowledged that because CalSTRS is ahead of pace in meeting the target obligation, instead of lowering the employer contribution rate, they opted to keep the employer rate at the existing rate of 19.1% to continue to maintain the stability in the employer contribution rate going forward; thus, reducing the likelihood of the Board to raise the employer contribution rate in the future.

For additional information, see “[CalSTRS Set to Adopt 2023-24 Employer Contribution Rate](#)” in the April 2023 *Fiscal Report*.

FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

CalSTRS Set to Adopt 2023-24 Employer Contribution Rate



BY CHARLENE QUILAO

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posted April 27, 2023

Next week, the California State Teachers Retirement System (CalSTRS) Board (Board) will be presented with its staff recommendation for the Schools Pool employer contribution rate for 2023-24 based on its June 30, 2022, actuarial valuation report. If adopted as recommended, the 2023-24 Schools Pool (including community colleges) employer contribution rate would remain the same at 19.1%. Staff will also present to the Board a second option for consideration based on the results of the actuarial valuation, which would decrease the employer contribution rate to 18.481% as follows:

Employer Contribution Rate	Fiscal Year (FY) 2023-24		FY 2022-23
	Option 1	Option 2	
Base	8.250%	8.250%	8.250%
Supplemental Rate	10.850% ¹	10.231%	10.850%
Total Employer Contribution Rate	19.100%	18.481%	19.100%

¹Recommended for Board adoption

Staff's recommendation is to maintain the employer contribution rate at its current level as there are some uncertainties around K-12 enrollment levels and how this could impact teacher payroll and meeting the employer unfunded actuarial obligation by 2046.

Between 2019-20 and 2021-22, California's total enrollment in K-12 schools significantly declined by over 270,000 students. Similarly, in the same school years, community colleges experienced a significant decline in students enrolled by 316,000. Because of this trend and future projections by the state of California that enrollment will continue to decline for the next ten years, staff's recommendation to the Board is to adopt Option 1, which would maintain the employer contribution rate at its current level of 19.1% so as to reduce the Board's authority to raise the employer rate in the future to meet the employer's share of the unfunded actuarial obligation by 2046.

The CalSTRS contribution rate for members subject to Public Employees' Pension Reform Act (PEPRA) is expected to remain at 10.205% and the contribution rate for CalSTRS members not subject to PEPRA is set by statute and is currently 10.250% of salary.

Member's Contribution Rate	Member's Contribution Rate	June 30, 2021 Valuation (Rate for FY 2022-23)
2% at 60 Members	10.250%	10.250%
2% at 62 Members	10.205%	10.205%

As of June 30, 2022, there were 160,000 active PEPRA members, representing 36% of 449,000 total number of active members. For additional background information, the CalSTRS agenda item can be found [here](#). Once the Board officially adopts the employer contribution rate next week, School Services of California Inc. (SSC) will post a *Fiscal Report* article and include this information in the May Revision edition of the SSC Financial Projection Dartboard.

FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

By the Way . . . 2023-24 CalSTRS Postretirement Earnings Limitation



[BY CHARLENE QUILAO](#)

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posted May 8, 2023

Each year, the California State Teachers' Retirement System (CalSTRS) postretirement earnings limitation is adjusted to equal one-half of the median final compensation amount for all members who retired for service during the fiscal year ending in the previous calendar year. The limit for 2023-24 ticked up to \$50,655 from \$49,746 in 2022-23.

Knowing this limit is key for CalSTRS retired annuitants because if a retiree earns compensation for performing retired member activities in excess of the annual postretirement earnings limit, Education Code Section 24214(g) requires CalSTRS to reduce the member's retirement benefit dollar for dollar, until the member has repaid the amount of compensation that was earned in excess of the annual earnings limit. Also, these limits apply whether a retiree is employed directly with an education employer, is an employee of a third party (except under certain circumstances), or works as an independent contractor.

To read more on postretirement earnings, see [CalSTRS's Employer Directive 2023-01](#).