

Sonoma County Office of Education
Business Services

**EXTERNAL FISCAL SERVICES UPDATES
HR/PAYROLL USER GROUP MEETING: JANUARY 30, 2018**

Section 218 Agreements:

CalPERS put out a two-part State Social Security Administrator Program Newsletter regarding Making Sense of Section 218 Agreements (see attachment). LEAs are encouraged to review their existing Section 218 agreement and determine whether there have been changes that require modifications to the existing Section 218 Agreement.

Effective January 1, 2005, state and local government employers are required to provide Form SSA-1945 to all new employees not covered by social security before their employment begins (see attachment). Form SSA-1945 explains the potential effects of the provisions in the Social Security law for workers who also receive a pension based on their work in a job not covered by Social Security.

CalPERS Retirement Appointment Reconciliation:

It is critical employers maintain employees' appointment information. Maria Aguayo has created step-by-step documentation for LEA's to begin reconciling retirement appointments for their CalPERS employees following the February Regular 2018 payroll submission.

Classified STRS Member/Certificated PERS Member Reporting Error:

Since going live on Escape in 2010, the retirement set-up in Escape for certificated employees who elected to remain in CalPERS, was incorrect. As a result, these employees have not received their full years' service credit. Similarly, classified employees who elected to remain in CalSTRS and whose position is tied to a calendar with "Pay the Days", have not received their full years' service credit. An Escape extracted list has identified 142 affected CalPERS members and 92 affected CalSTRS members.

SCOE External Fiscal Services is taking the following steps to correct the shorted service credit reported to CalPERS and CalSTRS:

- For CalPERS we are reaching out to the affected LEAs, providing a list of current affected employees, with IT's documentation to correct the Retirement set-up in Escape
- For CalSTRS we are working to find a solution to the issue moving forward, however, the new Pension Solution Project may resolve the issue when the requirement changes to reporting with annual pay rates
- We are correcting the employee's service credit for all affected fiscal years in CalPERS and CalSTRS
- Service Credit corrections should be completed by June 30th

State Minimum wage and exempt minimum salaries are as follows:

Minimum Wage	Effective Date: > 25 Employees	Effective Date: ≤ 25 Employees	Exempt Minimum Salary (Weekly)	Exempt Minimum Salary (Monthly)	Exempt Minimum Salary (Annually)
\$10.50/hour	January 1, 2017	January 1, 2018	\$840	\$3,640	\$43,680
\$11.00/hour	January 1, 2018	January 1, 2019	\$880	\$3,813	\$45,760
\$12.00/hour	January 1, 2019	January 1, 2020	\$960	\$4,160	\$49,920
\$13.00/hour	January 1, 2020	January 1, 2021	\$1,040	\$4,507	\$54,080
\$14.00/hour	January 1, 2021	January 1, 2022	\$1,120	\$4,853	\$58,240
\$15.00/hour	January 1, 2022	January 1, 2023	\$1,200	\$5,200	\$62,400

Common W2 Corrections:

The priority always is to **preserve pay history**. If any of the following scenarios should occur, please contact [Erin Graves in SOCE Business Service](#):

1. OASDI wasn't deducted and should have been, or OASDI was deducted and shouldn't have been:
 - a. Correction requires special handling
 - b. *Best Practice: Run and Review the Pay03 by Person Type*
2. Overpaid employee who terminates in late December or January:
 - a. When prior to the printing of W2s, requires manual edit of prior calendar year W2
 - i. Also requires manual edit of current calendar year W2
 - b. When after the printing of W2s, requires special handling and only after the overpayment has been collected, a W2-C will need to be issued
 - i. Also requires manual edit of current calendar year W2
3. December ACH Reversal:
 - a. Requires manual edit of prior calendar year W2
 - b. Also requires manual edit of current calendar year W2
4. Deceased Employees:
 - a. When final payment is made in the same year the employee passes away, requires the use of special addons to decrease FIT and SIT Subject Wages
5. TSA, HSA or Flex 125 refund for prior calendar year:
 - a. Ask the vendor to issue the refund directly to the employee with form 1099
 - b. *Best Practice: Every Fall, run a Pay12 Employee Deductions report by Deduction ID and alert the employee when approaching the maximum contribution (see Payroll Rates posted on Escape in SCOE Resources/SCOE IT News)*

Best practice: Run the Pay31 W2 Errors report after each payroll.