

Sonoma County Office of Education
Business Services

EXTERNAL PAYROLL AND FINANCE UPDATES
DEBUG MEETING: October 21, 2021

Reminders:

- **EDD Quarterlies delinquent if not filed by October 31, 2021 (SDI & SUI)**
 - ❖ Reminder SDI must be filed and paid electronically either through the district's clearing account or by credit card (There are fees associated with the credit card option)
 - ❖ If you need assistance with this process please reach out to helpdesk@scoe.org or carend@scoe.org

- **New Hire and Independent Contractor reporting reminder**
 - ❖ New Hire Reporting: All California employers must report all of their new or rehired employees to the New Employee Registry within 20 days of their start-of-work date
 - A rehire needs to be reported if there has been a separation of at least 60 days
 - Use Escape Report Employee06 to gather this information
 - See attached documentation with instructions
 - ❖ Independent Contractor Reporting: Must report independent contractor information to EDD within 20 days of either making payments totaling \$600 or more **OR** entering into a contract for \$600 or more for a calendar year
 - Escape – Finance – Purchasing – Independent Contractors
 - Review that only independent contractors with a SSN are listed. If there is an EIN (employer identification number) listed then the vendor is flagged incorrectly and must be updated in the vendor record as No for IC.
 - See attached documentation with instructions

- **Check the online payroll and accounts payable calendars frequently**
 - ❖ SCOE IT/Business calendar & SCOE Semimonthly Payroll Calendar (Independent Charters)
 - ❖ Every once in awhile we will need to make an adjustment to the calendar and it is best to check your printed version against the live calendar
 - ❖ To get access to these calendars:
 - Escape – SCOE Resources – Calendars **OR** at:
https://www.scoe.org/pub/htdocs/business_calendar_of_events.html

- **Sending inquiries to production@scoe.org**
 - ❖ Please note if you have a question you should send it to the specific SCOE contacts and not include production@scoe.org
 - ❖ This is used specifically for turning in payroll and the emails get put into a folder automatically. The individuals cc'd on this email do not get the question in their inbox, it gets filed away and won't be addressed as timely

- **Routing of Work: Who does what?**
 - ❖ Routing of work for *External Payroll and Finance Department*:
 - https://www.scoe.org/files/ROUTING_OF_WORK_02-22-2021-rev.pdf
 - Attached below

Updates

- **Senate Bill (SB) 278 signed into law on September 27, 2021**
 - ❖ This new law requires that when a retiree's CalPERS pension is reduced postretirement, due to the inclusion of compensation that is later determined to be disallowed, the employer must **cover** the difference between the pension that was originally calculated and the amount reduced by CalPERS
 - ❖ The employer is also required to pay a **20% penalty** in which 90% goes to the retired member as restitution and the other 10% goes to CalPERS
 - ❖ Goes into effect **January 1, 2022**
 - ❖ This is a huge deal as it puts 100% of the liability on districts/charters for incorrect reporting
 - Please make sure if your district/charter has any new agreements to pay employees that these agreements are verified for PERS credibility before paid
 - It is always good to email helpdesk@scoe.org and cc' both Maguayo@scoe.org and Carend@scoe.org with any new agreements so that we can confirm credibility with CalPERS

- **CalPERS Circular letter 200-058-21, dated September 23, 2021**
 - ❖ New Employment Certification Upload Functionality in CalPERS
 - Capability to upload a CSV data file into myCalPERS in addition to the existing XML file upload and manual entry options
 - Please note these employment certifications need to be completed within 30 calendar days
 - Failing to complete this request will make the member have to resubmit their information to CalPERS and start the process over again to purchase service credit
 - See attached circular for more information

New Hire Reporting for Employment Development Department

Reporting Requirements

All California employers must report all of their new or rehired employees who work in California to the New Employee Registry within 20 days of their start-of-work date, which is the first day of work. Any employee that is rehired after a separation of at least 60 consecutive days must also be reported within 20 days. Employers who report electronically must submit two files each month that are not less than 12 days and not more than 16 days apart. No report should be submitted if there are no new or rehired employees to report.

You are required by law to report the following:

- **Employer's:**
 - California employer payroll tax account number
 - Federal employer identification number
 - Business name and address
 - Contact person and phone number
- **Employee's:**
 - First name, middle initial and last name.
 - Social Security number
 - Home address
 - Start-of-work date

Escape Report

Employee06 – Monthly Employment Development Department

This report is to help you prepare for submission of monthly data to the EDD. It prints all necessary information, such as the district name & address, federal and state tax ID and district contact name. It prints the following information for new hires and rehires for a month: name, social security number, home address and hire date.

Go to HR/Payroll – Reports – Employee – Employee06

Create a Favorite and schedule Report to Save Time!

| Request | Report |
|---------------------------|-------------------------------------------|
| Request | |
| 1 - Report | |
| Report Number | Employee06 |
| Description | Monthly Employment Development Department |
| Report Sample | Employee06 |
| Report Favorite ID | EDD New Hire List |
| 2 - User Options | |
| Starting Date | 6/1/2017 {BCM} |
| Ending Date | 6/30/2017 {ECM} |
| Date To Use | Hire/Rehire date |
| 3 - Report Options | |
| First Paid? | Yes - show the First Paid date column |
| General | |

Use mnemonics instead of dates for Favorite

New Hire Reporting for Employment Development Department

Report Options

User Options

- Starting hire date : Enter a date or use mnemonics
- Ending hire date: Enter a date or use mnemonics
- Date to Use: Hire/Rehire Date (default) or First Paid Date
- First Paid Date: Use the lookup to decide if you want the First Paid Date column to show on the report

Sort Options

- a) Employee Name – Sorted by employee name, then date hired/rehired
- b) Excel Extract — Sorted by last name. Creates a simple list that can be saved as an Excel file. The list includes org ID, emp ID, employee name, the FULL social security number, street, city, state, zip, hire/rehire date and the first paid date. It lists the header once: no breaks or subtotals.

Do not press GO for an Excel Export. Instead, choose the Excel Data option from the Go/Export task to launch Microsoft Excel with the data from the report.

Special Considerations

This report may show the FULL social security number

The ability to view the full social security number is controlled by user permissions. If you have user permissions to the View SSN task in the HR/Payroll-Employment-Employee Management activity, then you have the permissions necessary to see the full SSN. If you do not have access to this task, the report will not show the full SSN regardless of what you select in the SSN report parameter.

The contact name and phone number on this report comes from the Organization record.

If you select Hire/Rehire Date for the Date to Use, the later of two will be used to determine if the employee meets the selection criteria. On the report, next to the Last Hired column is an indicator showing if the date displayed is the hire date (H) or the rehire date (R).

| Employee06a | | EDD New Hire | | | | | |
|-----------------------------------------|-----|--------------|--------------|-------|-------|------------|---------------|
| New Hires 06/01/2017 through 06/30/2017 | | | | | | | |
| Employee | SS# | Street | City | State | Zip | First Paid | Last Hired |
| Contact: Linda Daugherty | | | | | | | |
| Sonoma County Office of Education | | | | | | | |
| 5340 Skylane Blvd | | | | | | | |
| Santa Rosa, CA 95403 | | | | | | | |
| | | | Petaluma | CA | 94952 | | 06/12/2017(H) |
| | | | Santa Rosa | CA | 95401 | | 06/13/2017(H) |
| | | | Forestville | CA | 95436 | | 06/12/2017(H) |
| | | | Santa Rosa | CA | 95403 | | 06/05/2017(H) |
| | | | Rohnert Park | CA | 94928 | | 06/12/2017(H) |

Scheduled Reports can be found *in HR/Payroll-My Reports*

REPORTING NEW EMPLOYEES AND INDEPENDENT CONTRACTORS

As a business or government entity doing business in California, you are required to report certain information on employees and independent contractors you hire to the Employment Development Department (EDD).

This information will assist in locating parents who are delinquent in their child support payments.

The reporting requirements for both new employees and independent contractors are listed below.

NEW EMPLOYEE REPORTING

Background

In 1996, Congress enacted the Personal Responsibility and Work Opportunity Reconciliation Act, requiring all employers to report certain information on newly hired and rehired employees. The federal requirement was implemented by California effective July 1, 1998.

Reporting Requirements for California Employers

California employers are required to report information on newly hired or rehired employees **who work in California** to the EDD's New Employee Registry (NER). However, multistate employers may elect to report electronically all newly hired or rehired employees to one state in which they have employees. The State of California encourages multistate employers to report California employees to the California NER.

Who Must Be Reported

NEWLY HIRED EMPLOYEES are those individuals who have not previously been included on your payroll.

REHIRED EMPLOYEES are those individuals who were previously included on your payroll, left your employment, and were rehired after a separation of at least 60 consecutive days.

An individual is considered a new hire or rehire on their first day of work.

When to Report

Information on newly hired or rehired employees must be reported within 20 days of their start-of-work date.

Employers who choose to report electronically must submit two transmissions each month that are not less than 12 or more than 16 days apart.

INDEPENDENT CONTRACTOR REPORTING

Background

In 1999, California enacted a law requiring businesses and government entities to report similar information on independent contractors. This requirement was effective January 1, 2001.

Reporting Requirements for Businesses and Government Entities Doing Business in California

Any business or government entity (defined as a "service-recipient") that is required to file federal Form **1099-MISC** for services performed by an independent contractor (defined as a "service-provider") must report. A service-recipient means any individual, person, corporation, association, or partnership, or agent thereof, doing business in California, deriving trade or business income from sources within this state, or in any manner in the course of trade or business subject to the laws of this state. An independent contractor is defined as an individual who is not an employee of the business or government entity for California purposes and who receives compensation or executes a contract for services performed for that business or government entity either in or outside of California.

Who Must Be Reported

Any individual whom the business or government entity is required to provide a federal Form 1099-MISC for services performed as an independent contractor. This does not include an independent contractor who is a corporation, general partnership, limited liability partnership, or limited liability company. In general, independent contractors who are sole proprietors are to be reported.

When to Report

You must report independent contractor information to the EDD within 20 days of EITHER making payments totaling \$600 or more for services performed OR entering into a contract for \$600 or more for services performed, whichever is earlier. If the threshold is met, reporting is required in each calendar year, but only once in a calendar year.

NEW EMPLOYEE REPORTING

(continued)

Required Information

The following information must be reported to the EDD:

Employer Information

- Business name, address, and phone number
- EDD employer payroll tax account number
- Federal employer identification number
- Contact person

Employee Information

- First name, middle initial, and last name
- Social Security number
- Address
- Start-of-work date

Reporting Methods

Employers may elect any of the following methods to report new employee information to the EDD:

- File online using any of the options available with the EDD e-Services for Business. Visit the website at www.edd.ca.gov/e-Services_for_Business to choose the option best for you.
- File a *Report of New Employee(s)*, DE 34, form.
- File a copy of the employee's Form W-4. You must add the date the employee started working for you, your California employer payroll tax account number, and Federal employer identification number to the Form W-4.

Where to Send Reports

Employment Development Department
PO Box 997016, MIC 96
West Sacramento, CA 95799-7016
Fax: 916-319-4400

Additional Information

For further assistance, please contact the Taxpayer Assistance Center at 888-745-3886, or visit the nearest Employment Tax Office listed in the *California Employer's Guide*, DE 44, or access the EDD website at www.edd.ca.gov/Payroll_Taxes/.

INDEPENDENT CONTRACTOR REPORTING

(continued)

Required Information

The following information that applies must be reported to the EDD:

Business or Government Entity Information

- Business name, address, and phone number
- Federal employer identification number, EDD Employer payroll tax account number, and/or Social Security number

Independent Contractor Information

- First name, middle initial, and last name
- Social Security number
- Address
- Start date of contract or date \$600 or more is paid
- Amount of contract (including cents)
- Contract expiration date
- Ongoing contract (check box if applicable)

Reporting Methods

Business and government entities may elect any of the following methods to report independent contractor information to the EDD:

- File online using any of the options available with the EDD e-Services for Business. Visit the website at www.edd.ca.gov/e-Services_for_Business to choose the option best for you.
- File a *Report of Independent Contractor(s)*, DE 542, form.

Where to Send Reports

Employment Development Department
PO Box 997350, MIC 96
Sacramento, CA 95899-7350
Fax: 916-319-4410

The EDD is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. Requests for services, aids, and/or alternate formats need to be made by calling 888-745-3886 (voice) or TTY 800-547-9565.

This information sheet is provided as a public service and is intended to provide nontechnical assistance. Every attempt has been made to provide information that is consistent with the appropriate statutes, rules, and administrative and court decisions. Any information that is inconsistent with the law, regulations, and administrative and court decisions is not binding on either the Employment Development Department or the taxpayer. Any information provided is not intended to be legal, accounting, tax, investment, or other professional advice.



Independent Contractor Reporting

Businesses and government entities (defined as a "service-recipient") are required to report specified information to the Employment Development Department (EDD) on independent contractors (defined as a "service-provider").

You are required to report independent contractor information if you hire an independent contractor and the following statements all apply:

- You are required to file a Form 1099-MISC for the services performed by the independent contractor.
- You pay the independent contractor \$600 or more **or** enter into a contract for \$600 or more.
- The independent contractor is an individual or sole proprietorship.

The information you provide to the EDD will increase child support collection by helping to locate parents who are delinquent in their child support obligations.

Reporting Requirements

You must report independent contractor information to the EDD within 20 days of **either** making payments totaling \$600 or more **or** entering into a contract for \$600 or more or entering with an independent contractor in any calendar year, whichever is earlier. Businesses that transmit electronically must submit 2 monthly reports that are not less than 12 days and not more than 16 days apart. Submit reports only for new independent contractors.

You are required to provide the following information:

Service-recipient (business or government entity):

- Federal Employer Identification Number (FEIN)
- California employer payroll tax account number (if applicable)
- Social Security number (SSN)
- Service-recipient name/business name, address, and phone number

Service-provider (independent contractor):

- First name, middle initial, and last name
- Social Security number
- Address
- Start date of contract (if no contract, date payments equal \$600 or more)
- Amount of contract, including cents (if applicable)
- Contract expiration date (if applicable)
- Ongoing contract (check box if applicable)

Use Independent Contractor Report generated in Escape next page

Escape Independent Contractor Report

We recommend that this report be run twice a month to ensure that you report the contractor within the 20 days allowed by the State. For example, you can chose to report on the 1st and the 15th of every month.

This activity ONLY lists vendors that pass the search criteria AND have the Independent Contractor flag turned on in the Vendor record.

The Independent Contractor activity is used to filter the Independent Contractor's list to find vendors that fit ALL of the following criteria:

- Vendors marked as independent contractors
- Requisitions created and direct payments with a check print date within a date range (defaults to 01/01/xx to 12/31/xx)
- Requisitions and direct payments with an accumulated total over a certain amount (defaults to \$600) or greater

Go to Finance – Purchasing – Independent Contractors

- Leave the default dates or change to current period
- Click Go to generate list
- Review list to verify only Independent Contractors are listed

001 - ABC Finance - Purchasing - Independent Contractors

Search

Go Clear Favorites

Search Criteria - Independent Contractor Vendors

1 - Independent Contractor Information

| | |
|------------------------|----------------------|
| Begin Req/Payment Date | 1/1/2020 |
| End Req/Payment Date | 12/31/2020 |
| Total Amount | 600.00 |
| Contract Start Date | |
| Contract End Date | |
| Contract Amount | |
| Ongoing Contract | |
| EDD Print Date Begin | 1/1/2020..12/31/2020 |
| EDD Printed? | No |

2 - Locate Vendor

| | |
|---------------------|--|
| Name Start | |
| Vendor Id Start | |
| Sort Name | |
| Federal Tax Id | |
| State Tax Id or SSN | |
| Tax Classification | |

Begin Req/Payment Date
Enter the earliest requisition and/or payment date for vendors to list.

Example List: Review that only Independent Contractors with an SSN are listed. If there is an EIN (Employer Identification Number) listed then the vendor is flag incorrectly and must be updated in the vendor record as No for IC. If changes are made, then re-run the report to get an accurate list.

| Vendor Id | Sort Name | Vendor Name | Fed Tax Id | State Tax Id or SSN | Active |
|-----------|-------------------|-------------------------|-------------|---------------------|--------|
| 000058 | Ane Rovetta | Ane Rovetta | ###-##-XXXX | | Yes |
| 000454 | D3G Consulting | Dan Bowen | 26-4668777 | | |
| 000338 | Jubilee Jumps | Jubilee Jumps | ###-##-XXXX | | |
| 000458 | Matt Park | Matthew Park | ###-##-XXXX | | |
| 000208 | Redwood Pediatric | Redwood Pediatric Thera | 68-0482323 | | |

Vendors with an EIN should not be flagged as Independent Contractors, must update in the vendor record

Example List: Updated with IC only

From the list, click on the Preview Button to generate the report.

| Vendor Id | Sort Name | Vendor Name | Fed Tax Id | State Tax Id or SSN | Active |
|-----------|---------------|---------------|-------------|---------------------|--------|
| 000058 | Ane Rovetta | Ane Rovetta | ###-##-XXXX | | Yes |
| 000338 | Jubilee Jumps | Jubilee Jumps | ###-##-XXXX | | Yes |
| 000458 | Matt Park | Matthew Park | ###-##-XXXX | | Yes |

- Click Yes to generate the report

Verify - Independent Contractor Reporting

Update the listed Independent Contractors' information, print the report and create the file now?

Yes: Update and print now
No: Cancel

Yes No

Example Report to send to EDD:

| ReqPay17a | | Independent Contractor(s) Report | | | | | | | | |
|-------------------------|-----------------------|----------------------------------|-------|-------|---------|------------|----------|----------------|------------------|---------|
| EDD Reported 03/25/2020 | | | | | | | | | | |
| Service Provider | Street | City | State | Zip | Zip Ext | Tax Id | Amount | Contract Begin | Contract Expires | Ongoing |
| Jane Doe | P O Box 155 | Petaluma | CA | 94953 | | 5555555555 | 945.00 | 02/14/2020 | | |
| Jack Smith | P.O. Box 1745 | Windsor | CA | 95492 | | 4444444444 | 1,080.34 | 01/17/2020 | | |
| John Smith | 3825 Sedgemoore Drive | Santa Rosa | CA | 95404 | | 3333333333 | 846.81 | 02/07/2020 | | |

3 Service Providers reported

Service Recipient

Federal ID No. 452381410 CA Employer No. 82232000 Phone (707)433-1375

ABC

8511 HIGHWAY 128
HEALDSBURG, CA 95448

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

FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

CalPERS Employers on the Hook for Disallowed Compensation Beginning in 2022



BY KYLE HYLAND

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posted October 12, 2021

On September 27, 2021, Governor Gavin Newsom signed [Senate Bill \(SB\) 278](#) (Chapter 331/2021) into law, which effectively leaves employers on the hook for California Public Employees' Retirement System (CalPERS) retiree overpayments.

SB 278 stipulates that when a retiree's CalPERS pension is reduced postretirement, due to the inclusion of compensation agreed to under a collective bargaining agreement that is later determined to be disallowed, the public employer must cover the difference between the pension as originally calculated and as reduced by CalPERS. The employer is also required to pay a 20% penalty equal to the difference between the monthly allowance with the disallowed compensation and without. The affected retired member receives 90% of that penalty as restitution, while the system receives the other 10%. This means that beginning next year employers will be required to pay CalPERS back for any overpayments received by a retiree and be subject to a 20% penalty for the disallowed compensation.

This bill was strongly opposed by public employers and education management organizations, including the Association of California School Administrators, the California Association of School Business Officials, the California School Boards Association, and the Association of California Community College Administrators. They argued that the bill removes all responsibility by CalPERS to ensure benefits are reviewed, calculated, and administered correctly and instead puts 100% of the liability for such overpayments on public agencies.

This was the third attempt from the bill's author Senator Connie Leyva (D-Chino), who chairs the Senate Education Committee, to get a measure like this signed by a governor. A similar bill made it to then Governor Jerry Brown's desk in 2018, but the former Governor vetoed the measure stating that he encouraged the Legislature to instead develop policies to prevent the errors from happening in the first place. He suggested "requiring CalPERS to review and approve any proposals for pensionable compensation in a memorandum of understanding before the memorandum is finalized."

To prepare for SB 278, which goes into effect on January 1, 2022, we recommend local educational agencies (LEAs) review and scrutinize their collective bargaining agreements covering CalPERS members to ensure that each compensation item is reportable pursuant to current statute and administrative guidance. Doing

this review may help LEAs avoid costly future payments to cover the cost of disallowed compensation and the penalty associated with it.



California Public Employees' Retirement System
P.O. Box 942715 | Sacramento, CA 94229-2715
888 CalPERS (or 888-225-7377) | TTY: (877) 249-7442
www.calpers.ca.gov

Announcements

Circular Letter

September 23, 2021

Circular Letter: 200-058-21

Distribution: IV, V, VI, X, XII, XVI

To: All CalPERS Employers

Subject: New Employment Certification Upload Functionality in myCalPERS

Purpose

This Circular Letter is a follow up to [Circular Letter 200-042-20 \(PDF\)](#) to provide additional information regarding recent employment certification updates in myCalPERS. New myCalPERS functionality will be available in late September 2021.

Employment Certification Reporting Options

Beginning September 27, 2021, you can upload a CSV data file in myCalPERS, in addition to the existing XML file upload and manual entry options. This new functionality streamlines the process for our employers to enter the associated payroll pertaining to the certification and decreases the need for manual entry into myCalPERS.

Information regarding XML and CSV file specifications including descriptions, field values, conditions, and character requirements can be found in the CalPERS Review file in the **Payroll** section under the [Data Element Definitions \(DED\) \(PDF\)](#) on the CalPERS website. In addition to the DED file, a sample CSV file is provided in the **CalPERS Review Reports** folder of the [Employer Technical Toolkit](#). The sample file should be used as a reference model to help you develop and format data requested by service credit or membership reviews.

Note: The CalPERS Review Report folder has several other sample files to assist in this process. The test environment should be utilized to test the CalPERS Review CSV files before uploading to the live myCalPERS system.

Employer Responsibilities

You must submit employment certification and service period details through myCalPERS utilizing one of the methods listed above. In addition, you must electronically complete the required certification questions and upload the employee's request form. You are responsible for completing all employment certification requests within 30 calendar days. It is important you provide this information timely to ensure the member can continue the cost request process. Failing to complete this step can result in a higher cost as the member will have to resubmit their request.

System Access Roles in myCalPERS

To complete employment certifications, you must have the Business Partner Arrears role along with any of the following roles:

- Business Partner Payroll
- Business Partner Payroll RO
- Business Partner Retirement Enrollment
- Business Partner Retirement Enrollment RO

Note: The combination of system access roles will depend on the individual's role at your agency.

Notify your system access administrator to request the required access role(s) if you are responsible for entering this data. It is important the roles in myCalPERS are correctly established to provide the necessary access to complete the required tasks.

Additional Resources

The following resources are available on the CalPERS website for employers:

- [Data Element Definitions Payroll – CalPERS Review File \(PDF\)](#): Provides electronic file data element definitions found within a CalPERS review report
- [Technical Resources](#): Provides pertinent technical information for file development and reporting in myCalPERS
- [myCalPERS Employment Certification Functionality Student Guide \(PDF\)](#): Provides detailed steps on how to submit the employment certification in myCalPERS
- [myCalPERS Retirement Enrollment Student Guide \(PDF\)](#): Provides information to assist with adding, modifying, and reconciling retirement appointments
- [myCalPERS System Access Administration Student Guide \(PDF\)](#): Provides information on maintaining system access
- [myCalPERS System Privileges for Business Partner Roles Supplemental Guide \(PDF\)](#): Provides a list of privileges for each user role

Questions

If you have any questions, visit our website at www.calpers.ca.gov, or contact the CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

Renee Ostrander, Chief
Employer Account Management Division