

Sonoma County Office of Education

# Paying Employees

Payroll Concepts August 2021



# Paying Employees

- State laws controls how and when employees are paid.
- The employer can decide on the payment method.
  - o Once the method is made available, the state's regulations must be followed.
  - o California allows employees to paid in cash, check, direct deposit or payroll cards.

## **California Labor Code Section 212 excerpt**

- No person, or agent or officer thereof, shall issue in payment of wages due, or to become due, or as an advance on wages to be earned:
  - o Any order, check, draft, note, memorandum, or other acknowledgment of indebtedness, unless it is negotiable and payable in cash, on demand, without discount, at some established place of business in the state, the name and address of which must appear on the instrument, and at the time of its issuance and for a reasonable time thereafter, which must be at least 30 days, the maker or drawer has sufficient funds in, or credit, arrangement, or understanding with the drawee for its payment.

## **California Labor Code Section 213(d)**

- Nothing contained in Section 212 shall:
  - o (d)Prohibit an employer from depositing wages due or to become due or an advance on wages to be earned in an account in any bank, savings and loan association, or credit union of the employee's choice with a place of business located in this state, provided that the employee has voluntarily authorized that deposit.
  - o If an employer discharges an employee or the employee quits, the employer may pay the wages earned and unpaid at the time the employee is discharged or quits by making a deposit authorized pursuant to this subdivision, provided that the employer complies with the provisions of this article relating to the payment of wages upon termination or quitting of employment.

## California Labor Code Section 226 excerpt

- Every employer shall, semimonthly or at the time of each payment of wages, furnish each of his or her employees, either as a detachable part of the check, draft, or voucher paying the employee's wages, or separately when wages are paid by personal check or cash, an accurate itemized statement in writing showing:
  - Gross wages earned
  - Total hours worked by the employee, except for any employee whose compensation is solely based on a salary and who is exempt from payment of overtime
  - All deductions
  - Net wages earned
  - The inclusive dates of the period for which the employee is paid
  - Name of the employee
    - Only the last four digits of his or her social security number
    - or an employee identification number other than a social security number
  - The name and address of the legal entity that is the employer
  - All applicable hourly rates in effect during the pay period
    - The corresponding number of hours worked at each hourly rate
- The deductions made from payment of wages shall be recorded in ink or other indelible form
  - Properly dated, showing the month, day, and year, and a copy of the statement and the record
  - Kept on file by the employer for at least three years at the place of employment or at a central location

## Social Security Numbers

- Request to see the Original Social Security Card (No Longer Required)
  - **Register for Social Security Number Verification(SSNVS)**  
**<http://www.socialsecurity.gov/bso>**
    - The Social Security Number Verification Service - This free online service allows registered users to verify that the names and Social Security numbers of hired employees match Social Security's records.
- If payment occurs to the incorrect social security number
  - The County Office must be notified for possible corrections
  - The State may need to be notified for possible corrections

## Direct Deposit

- Direct Deposit allows employees to have their paychecks electronically deposited into their bank account on payday.
  - Best practice is to have the employee authorization in writing.

## Authorizations

- The direct deposit authorization is an agreement to allow the electronic transfer of funds to an employee's bank account.
  - The form should provide dates and procedures for implementation.
  - The form should provide procedures for recovering funds in the event of overpayment or termination procedures.
  - The authorization should provide:
    - Employee's bank routing number
    - Type of account (Checking or Savings)
    - The account number
  - The most accurate way to receive this information would be to have a cancelled check or a form from the bank showing the routing and account number attached to the authorization form.
    - Deposit slips are not recommended because they may provide different account information not accurate for direct deposit purposes.

## Pre-Notification

- Employers have the option to "pre-note" or test the information provided for direct deposit.
  - It's not required by the ACH (Automated Clearing House) but it's highly recommended to ensure the money is deposited to the correct account.
  - If the notification is successful and no errors are detected, then the following payroll will be directly deposited.
  - The employee will receive a pay stub and notification of deposit.
    - Most districts have the ACH notifications sent by email.
  - If a pre-note or a direct deposit is returned, the treasury or bank will provide a report with an explanation of the return.
    - The pre-note will need to be corrected and submitted again as a pre-note.

# **Healthy Workplace Healthy Family Act of 2014**

## **Assembly Bill 1522**

- The **Healthy Workplace, Healthy Families Act of 2014** provides, among other things, that an employee who, on or after July 1, 2015, works in California for 30 or more days within a year from the commencement of employment is entitled to paid sick days for prescribed purposes, to be accrued at a rate of no less than one hour for every 30 hours worked.
- This bill would require that the employee do that work for the same employer in order to qualify for accrued sick leave under these provisions.
  - Excludes a CalPERS retired annuitant of a public entity
- The bill would authorize an employer to provide for employee sick leave accrual on a basis other than one hour for each 30 hours worked, provided that the accrual is on a regular basis and the employee will have 24 hours of accrued sick leave available by the 120th calendar day of employment.
- An employer may limit the amount of paid sick leave an employee can use in one year to 24 hours or three days. Accrued paid sick leave may be carried over to the next year, but it may be capped at 48 hours or six days.

### **Usage**

- An employee may use accrued paid sick days beginning on the 90th day of employment.
- An employee may request paid sick days in writing or verbally. An employee cannot be required to find a replacement as a condition for using paid sick days.
- An employee can take paid leave for employee's own or a family member for the diagnosis, care or treatment of an existing health condition or preventive care or for specified purposes for an employee who is a victim of domestic violence, sexual assault or stalking.

### **Employers**

There are several things employers must do to comply with the Healthy Workplace Healthy Family Act of 2014 (AB 1522).

- Display poster where employees can read it easily.
- Provide written notice to employees with sick leave rights at the time of hire.
- Provide for accrual of one hour for every 30 hours worked and allow use of at least 24 hours or 3 days or provide at least 24 hours or 3 days at the beginning of a 12 month period of paid sick leave for each eligible employee to use per year.
- Allow eligible employees to use accrued paid sick leave upon reasonable request.
- Show how many days of sick leave an employee has available. This must be on a pay stub or a document issued the same day as a paycheck.
- Keep records showing how many hours have been earned and used for three years.

## **2021 COVID-19 Supplemental Paid Sick Leave SB95**

Existing law, the Healthy Workplaces, Healthy Families Act of 2014, entitles an employee who works in California for the same employer for 30 or more days within a year from the commencement of employment to paid sick days. Under existing law, an employee accrues paid sick days at a rate of not less than one hour per every 30 hours worked, subject to certain use, accrual, and yearly carryover limitations. Existing law requires the Labor Commissioner to enforce the act and provides for procedures, including investigation and hearing, and for remedies and penalties.

Existing law, until December 31, 2020, provided for COVID-19 food sector supplemental paid sick leave for food sector workers and required a hiring entity to provide COVID-19 food sector supplemental paid sick leave, as described, to each food sector worker unable to work due to specified reasons relating to COVID-19. Existing law also established, until December 31, 2020, COVID-19 supplemental paid sick leave for covered workers, including certain persons employed by private businesses of 500 or more employees or persons employed as certain types of health care providers or emergency responders by public or private entities.

This bill would provide for COVID-19 supplemental paid sick leave for covered employees, as defined, who are unable to work or telework due to certain reasons related to COVID-19, including that the employee has been advised by a health care provider to self-quarantine due to concerns related to COVID-19. The bill would entitle a covered employee to 80 hours of COVID-19 supplemental paid sick leave if that employee either works full time or was scheduled to work, on average, at least 40 hours per week for the employer in the 2 weeks preceding the date the covered employee took COVID-19 supplemental paid sick leave. The bill would provide a different calculation for supplemental paid sick leave for a covered employee who is a firefighter subject to certain work schedule requirements and for a covered employee working fewer or variable hours, as specified. The bill would provide that the total number of hours of COVID-19 supplemental paid sick leave to which a covered employee is entitled to under these provisions is in addition to any paid sick leave available under the act, as specified.

This bill would set the compensation rate for a nonexempt covered employee at the highest of the covered employee's regular rate of pay for the pay period in which the supplemental paid sick leave is taken, the state minimum wage, or the local minimum wage to which the covered employee is entitled, up to certain daily and aggregate total maximum payment limits and subject to specified federal law increases. The bill would prohibit an employer from requiring a covered employee to use other paid or unpaid leave, paid time off, or vacation time provided by the employer to the covered employee before that employee uses COVID-19 supplemental paid leave or in lieu thereof, except in certain circumstances in which the employer provides another supplemental benefit for leave for COVID-19, as prescribed. The bill would require the Labor Commissioner to enforce these COVID-19 supplemental paid sick leave provisions, as provided. The bill would also require the Labor Commissioner to make publicly available a model notice relating to COVID-19 supplemental paid sick leave.

[https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=202120220SB95](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220SB95)