

Sonoma County Office of Education  
Business Services

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**EXTERNAL PAYROLL AND FINANCE UPDATES**

**DBUG MEETING: February 27, 2020**

**UPDATES:**

**Certificated RETRO Pay:**

When certificated Retro Pay is not paid to all employees in the Class of Employees employed during the stated time-frame, including terminated employees, it is not creditable to anyone in the Class. CalSTRS legislative team has provided the following determination and direction:

A Class of Employees is set when the employees actually do the work. Accordingly, the district has two options:

1. Pay a Retro to everyone that was in the Class of Employees, thus making it creditable to CalSTRS, or
2. Exclude the employees who weren't employed with the district at the time the retro was paid, thus making it non-creditable for all employees

Non-creditable Retroactive compensation for creditable service affects the employees for whom this would otherwise be one of their highest years for calculating their retirement benefit.

**Classified RETRO Pay:**

Classified Retro Pay is required to be paid to the whole group or Class of Employees employed during the stated time-frame, including terminated employees, in order to be CalPERS creditable.

**Months Working vs Months Compensated for CalSTRS Reporting:**

Salary is paid as earned but, paid as earned can also mean contractually earned. As such, if a member performs creditable service over a 10-month period, but there is a contractual agreement to pay that member over a 12-month period, the employer can report the member's creditable service over the 12-month period, in line with the contractual agreement. However, on the other hand, *for example*, if a Class of Employees contract reads they shall be paid over a 10-month period (August – May), but the employees are working in June, the compensation is creditable for 2%@60, but not creditable for 2% @62. The reason is because the Class of Employees are not being paid in each pay period in which the service is performed.

It is essential to review contracts for next Fiscal Year 2020/2021 and change Pay Cycles accordingly to bring the LEA into compliance.

**CalSTRS Clarifying Leave of Absence (WITHDRAWN):**

Employer Information Circular Volume 36; Issue 02 dated January 23, 2020 Clarifying Leave of Absence has been withdrawn.