

Business Services

EXTERNAL PAYROLL AND FINANCE UPDATES

DBUG MEETING: May 16, 2024

New/Updated Forms

Forms page on SCOE website

- ❖ [New](#) county form for adding Suppliers (For wire transfers)
 - Ignore section 1
 - Sections 2 and 3 are the only sections applicable

ACH Reversals

Issues with ACH reversals failing

- ❖ Most likely due to banks giving direct deposits early
- ❖ Highly suggest each LEA take a look at the direct deposit form they are using
 - [Example of form](#)
 - **Important** to include language similar to the below:
 - “If funds to which I am not entitled are deposited, I hereby authorize the *Sonoma County Office of Education* either to direct the financial institution to return such funds, or to request a “stop payment” of the Direct Deposit and to issue a warrant for the correct amount.”
 - Employees can reject an ACH reversal without this verbiage

Cash Transfer Deadline on SCOE Calendar

Stores, Work Order and Position Account Retro Journals

- ❖ If these entries are between funds, it is vital to adhere to the cash transfer deadline
- ❖ If entries are done (between funds) after the cash deadline, there is a high chance these will need to be reversed and re-entered with the next month’s date

Classified School Summer Assistance Program

Revised Estimated State Match for 2023-24 School Year: **\$0.96**

- ❖ See [attached](#) Revised Estimated State Match letter for 2023-24

Estimated State Match for 2024-25 School Year: **\$0.64**

- ❖ See [attached](#) Estimated State Match letter for 2024-25

Medicare or OASDI Tax Refunds

Reminder – if employee is receiving a tax refund, they need to sign a written statement

- ❖ [Example of written statement](#)
- ❖ This statement confirms that they will not request a refund as they will have already received it

Retirement

CalPERS Employer Rate for 2024-25

- ❖ Rate: 27.05% - [link to circular letter 200-021-24](#)

CalPERS interpretation for working after retirement has changed

- ❖ [School Services of CA update](#)
 - Schools are not considered a contracting agency and therefore a retiree would not be eligible to work after retirement in an interim vacant position
- ❖ CalPERS retirees should only be working in extra help capacity
 - Cannot be hired as substitutes or coverage for an employee unless there is no one else to fill the role
- ❖ Retirement Guide – Retired Annuitant Employment Section
 - [Employment After Retirement Guide](#)
- ❖ If you hire a CalPERS retiree, it's important there is adequate proof that this retired annuitant is being hired to fulfill a need to prevent the stoppage of business
 - There has to be an attempt to use a regular/non-retired person first to fill this need
- ❖ CalPERS circular letter coming out soon on this

CalPERS Unused Sick Leave at Retirement

- ❖ [Government Code section 20963.5](#) requires that sick leave be reported within four months of separation from employment
- ❖ Only report days that were accrued by the member during the normal course of work
- ❖ Sick leave can be transferred from one school employer to the next pursuant to sections 44979, 45202, 87783, or 88202 of the Education codes
- ❖ [CalPERS Circular letter 200-033-22](#)

CalSTRS Unused Sick Leave at Retirement

- ❖ [Express Benefit Report](#) must be turned into CalSTRS by employer with sick leave information within 30 days of retirement (Page 11 at below link)
 - [CalSTRS Retirement Guide](#)

Dates to Remember

- ✓ *SCOE closed 05/27/2024 – Memorial Day*
- ✓ *Last AP run for May 2024 – Due 05/28/2024 by noon*
- ✓ *Deposits due 05/23/2024 in order to guarantee posting for May*
- ✓ *Year End Closing Workshop scheduled for 06/06/2024, 9AM – 12:00 PM, Redwood C*

This is an internal form, used to request new or changes to a supplier record. Department must check boxes that apply on page 1, complete applicable section on page 2-3, gather all required forms from the supplier, and submit complete package to ACTTC-Claims@sonoma-county.org.

The County of Sonoma promotes practices that help preserve local businesses. Refer to local preference policies for [goods](#) and [services](#) before selecting out of state or foreign suppliers.

NEW EMPLOYEE/CHANGE TO EXISTING EMPLOYEE – COMPLETE SECTION 1

Required Forms:

Completed Supplier Request Form

Optional Forms:

ACH Supplier/Payee Payment Enrollment Form

NEW SUPPLIER – COMPLETE SECTION 2

Required Forms:

Completed Supplier Request Form

Federal Form W-9 (1) (2)

California Form 587 or 590, if supplier's address is not in California (3)

Optional Forms:

ACH Supplier/Payee Payment Enrollment Form

Payment Plus Enrollment Form

CHANGE TO EXISTING SUPPLIER - COMPLETE SECTION 3

Required Forms:

Completed Supplier Request Form

For address change only – memo/invoice/etc. from supplier noting new address

For legal name change/TIN change refer to New Supplier required forms above

Optional Forms:

ACH Supplier/Payee Payment Enrollment Form

Payment Plus Enrollment Form

NOTES:

(1) Preferred form, if necessary a State of California Payee Data Record (PDR) form will be accepted.

(2) If supplier is a foreign individual or company, Federal Forms W-8 apply instead. It is the responsibility of the foreign individual or company to determine which Form W-8 applies to them. A U.S. TIN must be provided to set up in EFS. If documentation is not sufficient, the request will be denied.

(3) It is the responsibility of the individual/business to review both forms and determine if they qualify for a withholding exemption. If none apply and/or these forms are not provided, 7% will be withheld from payments and remitted to CA FTB.

Requesting Department Information:

Department: _____
Employee Name: _____
Phone extension: _____
Date: _____

SECTION 1 (New/Change to Employee):

EMPLOYEE NAME: _____

EMPLOYEE DEPT: C/O _____

SECTION 2 (New Supplier):

BIDDER ID: _____ (Bidder number awarded the Contract)

REMIT TO ADDRESS: Same as W9? Yes No, complete below and provide copy of invoice,
contract, etc. as support

SUPPLIER NAME: _____

ADDRESS: _____

CITY, STATE AND ZIP CODE: _____

SPECIAL INSTRUCTIONS? (4) _____

SUPPLIER CONTACT INFORMATION: PHONE # _____ EMAIL ADDRESS: _____

What is the supplier being paid for? Select all that apply:

- Rents
- Services (non-employee)
- Medical or health care services
- Gross proceeds paid to attorney
- Interest
- Sale or exchange of real estate
- Grant proceeds
- Other payment, please describe _____

SUPPLIER REQUEST FORM

SECTION 3 (Change to Existing Supplier):

SUPPLIER # _____

(A) ADDRESS CHANGE ONLY (5):

Should an existing address in EFS be deactivated? Yes, Seq # to deactivate: _____ , or
 No, complete below and provide copy of invoice, contract, etc. as support

SUPPLIER NAME: _____

NEW ADDRESS: _____

CITY, STATE AND ZIP CODE: _____

SPECIAL INSTRUCTIONS? (4) _____

SUPPLIER CONTACT INFORMATION: PHONE # _____ EMAIL ADDRESS: _____

(B) SUPPLIER LEGAL NAME AND/OR TIN CHANGE (6):

REMIT TO ADDRESS: Same as W9? Yes No, complete below and provide copy of invoice,
contract, etc. as support

SUPPLIER NAME: _____

ADDRESS: _____

CITY, STATE AND ZIP CODE: _____

SPECIAL INSTRUCTIONS? (4) _____

SUPPLIER CONTACT INFORMATION: PHONE # _____ EMAIL ADDRESS: _____

What is the supplier being paid for? Select all that apply:

- Rents
- Services (non-employee)
- Medical or health care services
- Gross proceeds paid to attorney
- Interest
- Sale or exchange of real estate
- Grant proceeds
- Other payment, please describe _____

NOTES:

- (4) Special instructions should tell us if there are requirements to have a check include additional printed information, such as C/O, additional named payees, etc.
- (5) Please note, supplier records transferred from the prior financial system may not be complete, you may be required to provide missing documentation before we can make the requested change.
- (6) Department will be notified if existing Supplier number is updated or will be provided with the new Supplier number if a new record is required.

Frequently Asked Questions

When will my pay be deposited?

With Direct Deposit, your pay is **available to you on payday** at the bank where your account is held. Your Advice of Deposit is your verification of deposit.

Can I discontinue Direct Deposit any time?

Yes. To discontinue Direct Deposit, please contact your payroll department and complete the cancellation request no later than the 10th of the month in which you wish to stop Direct Deposit.

What happens when I change my accounts?

If you intend to change or close your account(s) or change banks, visit your payroll department and complete the appropriate forms in a timely manner.

Is there a charge for Direct Deposit?

No. Direct Deposit is provided **free of charge** to the employee. In fact, the district saves money when employees choose to use Direct Deposit.

By choosing Direct Deposit and receiving your paystub by email, we save thousands of dollars for paper, printing, folding, etc. It's good for the environment, too!

How do I sign up for Direct Deposit?

Complete and sign the Direct Deposit Authorization form. Only one signature is required for joint accounts.

Return the authorization form to your district's payroll department, along with a "voided" pre-printed personal check for checking accounts; and/or a notice from your bank with your account number on it for deposits to savings accounts.

Your payroll department will advise you of the date when your Direct Deposit will begin. Your accounts will be "pre-noted" the first month and then your deposit will be automatic on the next payroll.



Why Wait?



Sign up for Direct Deposit Today!

- Direct Deposit is **fast, reliable, and safe.**
- Save time—studies have shown that the average worker spends anywhere from 8.5 to 24 hours a year cashing payroll checks.
- Save money—you won't be tempted to make a withdrawal simply because you're already at the bank to make a deposit.
- You don't have to make special arrangements if you're out sick or on vacation on payday.
- Since there's no paperwork, your paycheck can't get lost or stolen.
- Help Us **Go Green!** Receiving Direct Deposit by email uses less paper and it's better for the environment!
- **If you are not on Direct Deposit — signing up is easy. Contact your payroll technician for a Direct Deposit Authorization Form. You can split your paycheck among up to 4 accounts. It's good for the environment!**



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Santa Rosa, CA 95403-8246
707-524-2600 • www.scoe.org

SONOMA COUNTY OFFICE OF EDUCATION

DIRECT DEPOSIT AUTHORIZATION AGREEMENT

I, _____ employee of
(Print Employee Name)

_____ hereby authorize the Sonoma County Office of Education
(District Name and Number)

and the financial institution(s) shown below, to directly deposit the amount I have indicated into my account(s). I understand that all advices of deposit will be sent to my work email address unless I request a printed copy. If funds to which I am not entitled are deposited, I hereby authorize the Sonoma County Office of Education either to direct the financial institution to return such funds, or to request a "stop payment" of the Direct Deposit and to issue a warrant for the correct amount. **The authority will remain in effect until I have signed the CANCELLATION section below, or have terminated from the district.**

(Employee's Signature)

(Employee ID No.)

(Date)

Bank Name	Name on Account	Account #	Amount or Percent	(C)hecking or (S)avings
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

ATTACH INFORMATION HERE

For deposits to checking accounts, ATTACH A VOIDED PREPRINTED CHECK, and/or for deposits to savings accounts, ATTACH A NOTICE OF YOUR ACCOUNT NUMBER from your financial institution.

DIRECT DEPOSIT CANCELLATION

I, _____ employee of
(Print Employee Name)

_____ hereby request that Direct Deposits to my accounts(s) previously
(District Name and Number)

authorized by the Direct Deposit Authorization Agreement be discontinued effective one pay period after receipt of this request by the above-mentioned school district.

(Employee's Signature)

(Employee ID No.)

(Date)

(Date Processed by District)

Written Statement for OASDI and/or Medicare Tax Adjustments

- I understand that I have been repaid by the Sonoma County Office of Education for the OASDI and/or Medicare tax that was deducted from my paycheck in calendar year _____. Therefore, I will not seek or claim a refund from the IRS for this money.
- I give consent to the Sonoma County Office of Education to file a Tax Refund Claim on my behalf so they can be reimbursed for the OASDI and/or Medicare tax they paid back to me.

In order to process the refund of overpaid OASDI and/or Medicare please sign below in the space provided, acknowledging that you have not claimed and will not claim any refund or credit for taxes as indicated above from the Internal Revenue Services.

Employee Printed Name: _____

Employee Signature: _____

Date: _____



FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

CalPERS Approves 2024-25 Employer Contribution Rate

 **BY MICHELLE MCKAY UNDERWOOD**

 **BY TEDDI WENTWORTH**

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posted April 19, 2024

This week, the California Public Employees' Retirement System (CalPERS) Board adopted the 2024-25 schools employer contribution rate at 27.05% and projects out-year rates as follows:

Fiscal Year	2025-26	2026-27	2027-28	2028-29	2029-30
Projected Rates	27.60%	28.00%	29.20%	29.00%	28.80%

The 2024-25 employer contribution rate is an increase from the current-year rate of 26.68% although coming in lower than previously projected in the June 30, 2022, annual valuation report.

The out-year projections will fluctuate based on actual future investment returns and other demographic changes. The 2024-25 rate will not change from here, and the next anticipated update to out-year estimates is expected fall 2024, after the release of the 2023-24 valuation report this summer. As such, school employers (including community colleges) should utilize these rates as they update their multiyear projections.

The CalPERS contribution rate for members subject to Public Employees' Pension Reform Act (PEPRA) will remain at 8% for 2024-25, and the contribution rate for CalPERS members not subject to PEPRA (i.e., classic members) is set by statute and is currently 7% of salary. As of June 30, 2023, PEPRA members represented 62% of the total active population of the Schools Pool.

These new projected rates will be included in the May Revision edition of the School Services of California Inc. Financial Projection Dartboard.



FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Are the Retired CalPERS Annuitant Rules Changing?



BY [MICHELLE MCKAY UNDERWOOD](#)

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posted April 16, 2024

Ask SSC . . . Can California Public Employees' Retirement System (CalPERS) retirees work in a substitute capacity for an employee out on a long-term leave or in a vacant classified position? Did this rule recently change?

Thank you for your question—the answer to your question of whether this rule recently changed is both yes and no. No, because the law governing these placements in local educational agencies (LEAs) has not been recently altered; and yes, because CalPERS has revised its interpretation of existing law in a way that affects LEAs.

There are two types of retired annuitant employment: “extra help” and interim/acting “vacant position” employment. “[A Guide to CalPERS Employment After Retirement](#)” explains the distinction between these appointments and the related rules. With respect to “vacant positions,” Government Code Section (GC §) 21221(h) permits a CalPERS contracting agency to appoint a retired annuitant to an interim vacant position during the recruitment for a permanent position. It is important to note that a vacant position appointment under GC §21221(h) is limited to a “contracting agency.” It is the interpretation of a “contracting agency” that has recently changed.

A “contracting agency” includes “any county office of education, school district, or community college district that has elected to have . . . its employees participate in a risk pool and that has contracted with the board for that purpose.” Most LEAs do not meet that criteria and are therefore not considered a “contracting agency” for purposes of the Public Employees' Retirement Law. Consequently, GC § 21221(h) does not generally apply to LEAs, and retirees would not be eligible to work after retirement in interim vacant positions.

For the past decade, CalPERS has been allowing LEAs to utilize the GC § 21221(h) process to appoint a retired annuitant to an interim vacant position during recruitment but has begun to deny LEAs the ability to use this process. Instead, LEAs will be advised by CalPERS to utilize GC §21224 to fill in for extra help positions. The concept is to fill a vacancy with an existing employee and utilize a retired annuitant as “extra help” to support that individual.

As of this writing, there are no legislative proposals to amend GC § 21221(h) to conform the last decade's practice with law. CalPERS is in the process of documenting this changed interpretation in an employer circular to be released in the next several months. Until then, CalPERS is not actively auditing for retired annuitant placements that erroneously utilized the GC §21221(h) process. However, if an LEA seeks CalPERS approval of such an interim placement, it will be denied and the LEA will receive counsel from CalPERS to fill the position in other ways.



California Public Employees' Retirement System
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888 CalPERS (or 888-225-7377) | TTY: (877) 249-7442
www.calpers.ca.gov

Retirement Benefits

Circular Letter

June 1, 2022

Circular Letter: 200-033-22

Distribution: VI, XII, XVI

To: All CalPERS Public Agency and School Employers
Subject: Common Issues Reporting Unused Sick Leave Days at Separation

Purpose

The purpose of this Circular Letter is to provide information and increase awareness of the proper way to report unused sick leave when members separate employment. This information is to ensure stakeholder understanding of relevant government codes pursuant to the California Public Employees' Retirement Law (PERL), reporting is in accordance with a Memorandum of Understanding (MOU) and/or Labor Agreement, and the timely and accurate payment of retirement benefits.

Defining Unused Sick Leave

Unused Sick Leave – School Member, School Safety Member, or Local Member
(As Specified)

Pursuant to Government (Gov.) Code section 20963.5, on or after January 1, 2020, a school member, a school safety member, or a local member employed by a contracting agency that is a school district, county office of education, or community college district, whose effective date of retirement is within four months of separation from employment with the employer subject to this section that granted the sick leave credit, shall be credited at the member's retirement with 0.004 year of service credit for each unused day of sick leave certified to the board by the employer.

Gov. Code section 20963.5 further specifies that only those days of unused sick leave that were accrued by the member during the normal course of the member's employment should be reported to the board and shall not include any additional days of sick leave for the purpose of increasing the member's retirement benefit. For purposes of this subdivision, sick leave shall include sick leave granted by the employer subject to this section and any sick leave transferred to that employer pursuant to section 44979, 45202, 88783, or 88202 of the Education Code.

Unused Sick Leave – Local Members

Pursuant to Gov. Code section 20965, a local miscellaneous and a local safety member whose effective date of retirement is within four months of separation from employment with the employer that granted the sick leave credit shall be credited at the member's retirement with 0.004 year of service credit for each unused day of sick leave certified to the board by the employer.

Gov. Code section 20965 further specifies that the certification shall report only those days of unused sick leave that were accrued by the member during the normal course of the member's employment and shall not include any additional days of sick leave reported for the purpose of increasing the member's retirement benefit.

Gov. Code section 20965 further clarifies that this section shall not apply to any contracting agency nor to the employees of a contracting agency until the agency elects to be subject to this section by contract or by amendment to its contract made in the manner prescribed for approval of contracts, except that an election amount the employees is not required, or, in the case of contracts made after September 26, 1974, by express provisions in the contract making the contracting agency subject to this section. This section applies only to members who retire after the effective date of the contract amendments.

Additional Information

Conversion of Sick Leave Credits

Pursuant to Gov. Code section 20962, employees earn one year of service credit:

- Daily employee = 215 days to earn one year of service credit
- Hourly employee = 1,720 hours to earn one year of service credit
- Monthly employee = 10.000 months to earn one year of service credit

All employees, regardless of their work schedule (6.6 hours, 10/4/40, 9/8/80, 56 hours, etc.), shall have the reported hours of unused sick leave, for the purpose of converting to service credit, divided by **eight** to determine the number of days reported to CalPERS.

The divisor of an eight-hour day is derived by Gov. Code section 20962 where the number of full-time hours divided by full time days for service credit is equal to eight hours ($1,720 \div 215 = 8$).

The accrual of sick leave credits must be consistent for members of the same group or class who work like or similar hours pursuant to Gov. Code section 20630. Service credit which was not earned through the accrual of a sick leave policy may not be credited on an individual basis for the purpose of enhancing the retirement benefit. Unused sick leave for which a member receives compensation (cash out or transfer to health saving plan) should not be reported to CalPERS. Unused sick leave days remaining after a cash out can still be reported to CalPERS pursuant to an employer's MOU or Labor Agreement.

Common Reporting Errors

- When reporting unused sick leave to CalPERS for the purpose of converting unused sick leave days to service credit, you must divide the total reportable hours by eight and report total number of days to CalPERS.

For example, a member has 480 hours of accrued unused sick leave at time of separation. The employer must report a value of 60 days when separating the member's appointment ($480 \div 8 = 60$). Reporting a value of 480 will place the employer out of compliance when audited and the retirement benefits may be adjusted where improper reporting is found.

- You must certify to CalPERS and report only those days of unused sick leave that were accrued by the member during the normal course of employment. Additional hours of unused sick leave granted by a member's employer for the purpose of increasing a retirement benefit is prohibited. Additional hours that are not reportable include, but are not limited to, bonus hours granted at time of hire, incentive sick leave hours beyond the normal accrued amount, other leave balance types (vacation, annual leave, etc.), or COVID-19¹ supplemental sick leave hours.

For example, at time of retirement, a member had 320 hours of accrued unused sick leave. In addition, they received an additional 12 hours of sick leave credit for not calling in sick during a fiscal year, 250 hours of accrued vacation leave, and 80 hours of unused COVID-19 supplemental sick leave. At time of separation, the employer may only report 40 days ($320 \div 8 = 40$) of unused sick leave to CalPERS.

- Individuals who elect to be compensated for unused sick leave may not have those same hours reported to CalPERS for the purpose of increasing their retirement benefit. Only hours that are not cashed out and meet the criteria of Gov. Code section 20963.5 or 20965 may be reported to CalPERS.

For example, a member has 1,800 hours of accrued unused sick leave at time of retirement. They elect to cash out 1,000 hours. Pursuant to a contracting agency's MOU, up to 100 days of unused sick leave (800 hours) may be reported to CalPERS.

¹ Circular Letter 200-023-21 provides information regarding COVID-19 supplemental paid sick leave under the existing Healthy Workplaces, Healthy Families Act of 2014 and Senate Bill 95 chaptered March 19, 2021.

- Pursuant to Education (Ed.) Code section 44979, 45202, 87783, or 88202, any certificated or classified employee of a school district, county superintendent of schools, or community college district may transfer their unused sick leave from one school district, county superintendent of schools, or community college district to another. Unused sick leave may not be transferred between a school district, county superintendent of schools, or community college district and a separate joint powers authority (JPA) as defined by Education Code section 41980. In addition, unused sick leave credits may not be transferred to another state (i.e., CSU) or contracting public agency.

For example, a member was first hired by a JPA affiliated with a school district in Northern California and accrued 120 hours of sick leave. They later transferred to a school district in Southern California. At time of separation, the member accumulated 480 hours of sick leave with the Southern California district. When submitting the separation, the school district may report 60 days of unused sick leave (480 hours) not the 120 hours from the school district in Northern California.

Impacts for Employers & Members

Unused sick leave is one of the factors that may be used to calculate a member's retirement benefit. Therefore, misreported unused sick leave may result in overpaid retirement benefits to the member. This overpayment must be paid by the member and/or the respective employer to accurately account for funding contributions and benefits, ensure compliance with the law, and reduce risk to the pension fund.

Questions

It is your responsibility to comply with all terms and conditions set forth in your contract with CalPERS and to ensure all reportable information is compliant with the PERL.

For questions or concerns, contact the CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

Kimberlee Pulido, Chief
Retirement Benefit Services Division