

Sonoma County Office of Education  
Business Services

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**EXTERNAL PAYROLL AND FINANCE UPDATES**

**DEBUG MEETING: *January 18, 2024***

**Reminders:**

1099 Reporting

- ❖ 1099s will be electronically submitted by the SCOE IT department on January 31, 2024
- ❖ 1099s will be mailed by SCOE for all LEAs by January 31, 2024

W-2 Reporting

- ❖ W-2s will be electronically submitted by the SCOE IT department on January 31, 2024
- ❖ W-2s will be available for pickup by January 25, 2024
  - W-2s will not be sent through the weekly delivery
  - These need to be picked up and signed out by each individual LEA
  - W-2s must be postmarked or delivered to employees by January 31, 2024

2023 W-2 Manual Corrections

- ❖ I have notified the LEAs that need a few more final corrections for the 2023 W-2s
- ❖ The IT Help desk has to open up the W-2s in Frontline/Escape once they are processed in the system to allow for these final corrections
- ❖ An email will be going out tomorrow asking the Helpdesk to open these LEAs and it will include instructions on how to deal with the 2023 W-2 corrections that are left

4<sup>th</sup> Quarter Tax Filing due by January 31, 2024

- ❖ State Disability Insurance and State Unemployment Insurance
- ❖ Email went out in December that includes detailed information on Quarterly Tax Filings

CalSTRS retirees paid through Accounts Payable

- ❖ Please make sure to fill out the [CalSTRS Retiree Earnings Paid Through Accounts Payable Form](#) anytime you pay a CalSTRS Retiree through AP
- ❖ Contact Alli Britton with questions, [Abritton@scoe.org](mailto:Abritton@scoe.org), 707 524-2651

Fraud

- ❖ If your LEA has a check that was cashed fraudulently please reach out to Christy Arend and Jing Liu as soon as possible
- ❖ There are specific bank affidavits that need to be sent to the employee or vendor
- ❖ These affidavits have to be notarized and SCOE needs the original copy of the notarized affidavit to bring to the bank
- ❖ Timing is important – Once the affidavit is signed, we need to get it to the bank within 3 weeks or a new notarized affidavit will be required

## Updates:

### Business Services hours for check release

- ❖ 8:00AM – 4:30PM
- ❖ If you need to pickup checks outside of these hours, please contact Christy Arend (Carend@scoe.org) or Jing Liu (Jliu@scoe.org)
- ❖ Deposits and other items can still be dropped off up until 5:00PM

### Mileage Rate increased as of January 1, 2024

- ❖ New rate: 67 cents per mile (Formerly 65.5 cents)
- ❖ [IRS notice 2023-239 December 14, 2023](#)

### Minimum Wage increased to \$16.00 per hour of January 1, 2024

- ❖ [Minimum Wage – Department of Industrial Relations](#)

Minimum Wage	Effective Date:	Effective Date:	Exempt	Exempt	Exempt
	> 25 Employees	≤ 25 Employees	Minimum Salary (Weekly)	Minimum Salary (Monthly)	Minimum Salary (Annually)
\$15.50/hour	January 1, 2023		\$1,240	\$5,373	\$64,480
\$16.00/hour	January 1, 2024		\$1,280	\$5,547	\$66,560
\$16.50/hour	January 1, 2025		\$1,320	\$5,720	\$68,640
\$16.90/hour	January 1, 2026		\$1,352	\$5,859	\$70,304
\$17.30/hour	January 1, 2027		\$1,384	\$5,997	\$71,968
\$17.80/hour	January 1, 2028		\$1,424	\$6,171	\$74,048
\$18.30/hour	January 1, 2029		\$1,464	\$6,344	\$76,128

### [Payroll Rates](#) updated January 2024

- ❖ SDI Withholding rate increase, plus wage limit removed
  - The SDI withholding rate for 2024 is 1.1 percent (Formerly .9 percent)
  - Effective January 1, 2024, Senate Bill 951 removes the taxable wage limit and maximum withholdings for each employee subject to SDI contributions
    - The wage limit for SDI for 2023 was \$153,164
  - [EDD website regarding SDI rate changes](#)
- ❖ CalPERS wage limits updated (Calendar year limit, January 2024-December 2024)
  - [Circular Letter 200-001-24](#)
  - Classic Members - \$345,000

- PEPRA Members - \$151,446 (2013 or later)

## Compensation Limits

Classic Members
PEPRA Members

The compensation limit for classic members for the **2024 calendar year is \$345,000**. Employees with membership dates prior to July 1, 1996, are not impacted by these limits.

The compensation limits for classic members during calendar years 2020 through 2023 are:

2023	2022	2021	2020
\$330,000	\$305,000	\$290,000	\$285,000

## Compensation Limits

Classic Members
PEPRA Members

The compensation limit for PEPRA members for the 2024 calendar year is:

Year	Social Security Participants	Non-Social Security Participants
2024	\$151,446	\$181,734

The compensation limits for PEPRA members during calendar years 2020 through 2023 are:

Year	Social Security Participants	Non-Social Security Participants
2023	\$146,042	\$175,250
2022	\$134,974	\$161,969
2021	\$128,059	\$153,671
2020	\$126,291	\$151,549

- ❖ CalSTRS Wage Limits are based on Fiscal Year ([CalSTRS website](#))
  - CalSTRS 2% at 60 members - \$330,000 (July 1, 2023 - June 30, 2024)
  - CalSTRS 2% at 62 members - \$176,614 (July 1, 2023 - June 30, 2024)

## CalPERS Employer Contribution Estimates (Actual for 2023-24)

Fiscal Year	School Employer Contribution Rate <sup>1</sup>
2023-24	26.68%
2024-25	27.80%
2025-26	28.50%
2026-27	28.90%
2027-28	30.30%
2028-29	30.10%

### Important Dates/Information

- ❖ HR/Payroll User Group – February 8<sup>th</sup> – 9:00 AM to 11:00 AM
  - [REGISTER HERE](#)
  - Highly recommend
  - In person only, due this being a user group
  
- ❖ New User HR/Payroll Essentials – February 14<sup>th</sup> 9:00 AM to 11:30 AM
  - [REGISTER HERE](#)
  - Valuable training for new users hired within the last year
  
- ❖ EDD Quarterly Taxes delinquent if not processed by January 31, 2024
  
- ❖ 1099s will be mailed by SCOE by January 31, 2024
  
- ❖ W-2s available for pickup starting January 25, 2024, **Reminder – due to employees by January 31, 2024**

**CALSTRS RETIREE EARNINGS PAID THROUGH ACCOUNTS PAYABLE**

Date: \_\_\_\_\_

To: SCOE Retirement Desk / Alli Britton / [abritton@scoe.org](mailto:abritton@scoe.org)

District/Charter: \_\_\_\_\_ Contact Person: \_\_\_\_\_

Phone Number: \_\_\_\_\_ Email: \_\_\_\_\_

Address: \_\_\_\_\_

CalSTRS Retiree Name: \_\_\_\_\_ Social Security #: \_\_\_\_\_

STRS Retirement Date: \_\_\_\_\_

Amount(s) Paid: \_\_\_\_\_ Period Worked: \_\_\_\_\_

Type of Work Performed: \_\_\_\_\_

Basis of Pay:    Hourly    Daily    Monthly    Annually    (Check One)

**Please attach a copy of the paid invoice(s) to this document.***Please note:*

CalSTRS retirees that perform creditable service and are paid through accounts payable must be reported to CalSTRS. If you have paid a CalSTRS retiree through accounts payable, please fill out this form immediately after processing the payment and send it to the Sonoma County Office of Education, STRS Retirement Desk.

Please make sure the CalSTRS retiree has been informed of the annual earnings limit and is aware that these earnings are being reported to CalSTRS for the time period they have been earned (not necessarily when paid) and will count against the annual earnings limit.



# IRS issues standard mileage rates for 2024; mileage rate increases to 67 cents a mile, up 1.5 cents from 2023

IR-2023-239, Dec. 14, 2023

WASHINGTON — The Internal Revenue Service today issued the 2024 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes.

Beginning on Jan. 1, 2024, the standard mileage rates for the use of a car (also vans, pickups or panel trucks) will be:

- 67 cents per mile driven for business use, up 1.5 cents from 2023.
- 21 cents per mile driven for medical or moving purposes for qualified active-duty members of the Armed Forces, a decrease of 1 cent from 2023.
- 14 cents per mile driven in service of charitable organizations; the rate is set by statute and remains unchanged from 2023.

These rates apply to electric and hybrid-electric automobiles as well as gasoline and diesel-powered vehicles.

The standard mileage rate for business use is based on an annual study of the fixed and variable costs of operating an automobile. The rate for medical and moving purposes is based on the variable costs.

It is important to note that under the Tax Cuts and Jobs Act, taxpayers cannot claim a miscellaneous itemized deduction for unreimbursed employee travel expenses. Taxpayers also cannot claim a deduction for moving expenses, unless they are members of the Armed Forces on active duty moving under orders to a permanent change of station.

For more details see [Moving expenses for members of the armed forces](#).

Taxpayers always have the option of calculating the actual costs of using their vehicle rather than using the standard mileage rates.

Taxpayers can use the standard mileage rate but generally must opt to use it in the first year the car is available for business use. Then, in later years, they can choose either the standard mileage rate or actual expenses. Leased vehicles must use the standard mileage rate method for the entire lease period (including renewals) if the standard mileage rate is chosen.

[Notice 2024-08](#) [PDF](#) contains the optional 2024 standard mileage rates, as well as the maximum automobile cost used to calculate the allowance under a fixed and variable rate (FAVR) plan. In addition, the notice provides the maximum fair market value of employer-provided automobiles first made available to employees for personal use in calendar year 2024 for which employers may use the fleet-average valuation rule in or the vehicle cents-per-mile valuation rule.

*Page Last Reviewed or Updated: 14-Dec-2023*



# Happy Holidays from . . .



## FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

### Fast Food Minimum Wage Fuels Local Salary Demands

✉ [BY DANYEL CONOLLEY](#)

✉ [BY SUZANNE SPECK](#)

✉ [BY TEDDI WENTWORTH](#)

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posted December 7, 2023

As a reminder, California's minimum wage is projected to increase to \$16.00 per hour for all workers effective January 1, 2024, as triggered by inflation. Locally, increases in the minimum wage and its impact on classified labor negotiations is taking a back seat to [Assembly Bill \(AB\) 1228](#) (Holden, Statutes of 2023), a law that implements a \$20.00 minimum wage for national fast food chains in California beginning April 1, 2024, which is already fueling salary demands at local classified bargaining tables. Despite the fact that AB 1228 does not apply to local educational agencies (LEAs), the difficulties in the ability to recruit, hire, and retain classified employees, particularly those serving in the lowest paid classifications, may be intensified by this change. But this is not a new problem, and the challenge of filling classified vacancies remains just as urgent as it was before the passage of AB 1228.

For more than a decade, LEAs have struggled to fill vacancies in various classified pay ranges. Undoubtedly, the causes for classified recruitment difficulties are varied and in LEAs there are certainly differences in the struggle from region to region, between rural and urban LEAs large and small, and between elementary, high school, and unified districts. The trick is discovering your "why," recognizing what you can and cannot change or control, and implementing strategies that strategically address root causes—otherwise you are working to solve a problem that may or may not exist and that problem may or may not be the hourly rate of pay. Implementation of a strategy aimed at solving a nonexistent problem will surely fail.

But we digress. If you are experiencing bargaining pressures to increase the salary schedule in response to the passage of AB 1228, do what you can to work with your classified labor partners to identify root causes and resist a wholesale approach of across-the-board salary increases that you likely cannot afford now and will be unsustainable in the future. We are not suggesting that you not bargain in good faith to provide compensation increases that are affordable, ensure compliance with current state and local minimum wage requirements, and that maintain your effort to the bargaining unit—quite the contrary. But simply increasing salaries to address a problem that has been brewing for more than a decade is unwise.

The minimum wage rate will continue to be adjusted annually for inflation based on the national Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). Because the CPI-W increased by 6.16 % for the period from July 1, 2022, to June 30, 2023, employees will be guaranteed the \$16.00 rate even if they work for small employers—those employers with 25 employees or less ([Labor Code Section 1182.12\(c\)\(3\)\(A-B\)](#))—and the ongoing increase in the future is caused by [Labor Code Section 1182.12\(c\)\(1\)](#).

Below is a table illustrating minimum wage on an hourly, weekly, monthly, and annual basis. Based on inflation, School Services of California Inc. staff project that the minimum wage will continue to increase by the maximum amount allowed by law through 2029.

Minimum Wage	Effective Date: > 25 Employees	Effective Date: ≤ 25 Employees	Exempt	Exempt	Exempt
			Minimum Salary (Weekly)	Minimum Salary (Monthly)	Minimum Salary (Annually)
\$15.50/hour	January 1, 2023		\$1,240	\$5,373	\$64,480
\$16.00/hour	January 1, 2024		\$1,280	\$5,547	\$66,560
\$16.50/hour	January 1, 2025		\$1,320	\$5,720	\$68,640
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\$17.30/hour	January 1, 2027		\$1,384	\$5,997	\$71,968
\$17.80/hour	January 1, 2028		\$1,424	\$6,171	\$74,048
\$18.30/hour	January 1, 2029		\$1,464	\$6,344	\$76,128

Remember that the minimum wage, and any local ordinances, are an obligation of the employer and cannot be waived by any agreement, including collective bargaining agreements. You are not obligated to negotiate the impacts of AB 1228 or conclude that it will exacerbate the hiring challenges of the last decade. Could it? It certainly could, but that story is yet to be told. Now is the time to invest in identifying recruitment and hiring barriers and we strongly encourage that you spend time, in collaboration with your labor partners, collecting any data or information that helps inform the actions that you need to take to successfully tackle this monumental challenge.

# Payroll Rates for 2023-24

Type	Employee Rate	Employer Rate	Effective From	Effective To	Wage Limit
<b>PERS</b>					
Classic Members	7.00%	26.68%	7/1/2023	6/30/2024	
New Members	8.00%	26.68%	7/1/2023	6/30/2024	
Classic Members			1/1/2024	12/31/2024	\$345,000
New Members			1/1/2024	12/31/2024	\$151,446
<i>PERS Retirement Hours Max</i>			7/1/2023	6/30/2024	960 Hours

<b>STRS</b>					
2% @ 60 Members	10.25%	19.10%	7/1/2023	6/30/2024	2% @ 60 \$330,000
2% @ 62 Members	10.205%	19.10%	7/1/2023	6/30/2024	2% @ 62 \$176,614
Reduced Workload	10.25%	19.10%	7/1/2023	6/30/2024	Retirement Base
<i>STRS Retirement Earnings Max</i>			7/1/2023	6/30/2024	\$50,655

<b>FICA</b>					
Tax Rate - Combined	7.65%	7.65%	1/1/2024	12/31/2024	
Social Security (OASDI)	6.20%	6.20%	1/1/2024	12/31/2024	\$168,600
Medicare	1.45%	1.45%	1/1/2024	12/31/2024	
Add'l Medicare Rate on earnings in excess of \$200,000	0.90%	none	1/1/2024	12/31/2024	

<b>State Unemployment Insurance (SUI)</b>	none	0.05%	7/1/2023	6/30/2024	
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<b>State Disability Insurance (SDI)</b>	1.10%	none	1/1/2024	12/31/2024	
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<b>Workers Comp Rates</b>	<i>Set by R.E.S.I.G.</i>		7/1/2023	6/30/2024	
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<b>Other Limits</b>	<b>Annual Max</b>				
Maximum Deferral Under 403(b) and 457 Plans	\$ 23,000		1/1/2024	12/31/2024	
Catch-up Contributions for Individuals Age 50 or Over	\$ 7,500		1/1/2024	12/31/2024	
Flex 125 Dependent Care contribution--flexible spending	\$ 5,000		1/1/2024	12/31/2024	
Flex 125 Medical contribution--flexible spending	\$ 3,200		1/1/2024	12/31/2024	
HSA maximum contribution -- single	\$ 4,150		1/1/2024	12/31/2024	
HSA maximum contribution -- family	\$ 8,300		1/1/2024	12/31/2024	
HSA maximum contribution -- Over age 55 single/family	\$ 1,000	additional	1/1/2024	12/31/2024	

Effective Dates for Retirement and Workers Comp refer to earning period dates; all other effective dates refer to actual pay date.

Updates to these rates are posted in *Escape in SCOE Resources - Payroll Rates*

*Updated 1/1/2024*



# 2024 Compensation Limits for Classic and PEPRA Members

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January 2, 2024

Circular Letter: 200-001-24

**Topic: Payroll**

**To: All CalPERS Employers**

## Purpose

The purpose of this Circular Letter is to inform you of the 2024 compensation limits for classic and Public Employees' Pension Reform Act (PEPRA) members and provide guidelines for how to report payroll when Internal Revenue Code (IRC) or PEPRA limits have been reached in a calendar year. IRC section 401(a)(17) provides an annual compensation limit considered under a qualified retirement plan for some classic members. Government (Gov.) Code section 7522.10 of the PEPRA law provides the authority for the earnings limit for all PEPRA members.

You should notify all classic or PEPRA members who are subject to the compensation limit requirements.

## Compensation Limits

Classic Members

PEPRA Members

The compensation limit for classic members for the **2024 calendar year is \$345,000**. Employees with membership dates prior to July 1, 1996, are not impacted by these limits.

The compensation limits for classic members during calendar years 2020 through 2023 are:

2023	2022	2021	2020
\$330,000	\$305,000	\$290,000	\$285,000

## Reporting Guidelines

Compensation limits for both classic and PEPRA members do not limit the salary an employer can pay; they limit the amount of compensation that can be considered under the defined benefit plan.

For classic members, report compensation earnable to the California Public Employees' Retirement System (CalPERS); for PEPRA members, report pensionable compensation to CalPERS. For classic and PEPRA members, contributions should not be made on compensation that exceeds the limit for each calendar year. All contributions should be reported as earned and **not** when paid<sup>1</sup>. In addition, exclude non-reportable items such as overtime, automobile allowances, and lump-sum payouts from compensation reported to CalPERS.

You are responsible for monitoring when an employee meets or exceeds the limit. Once an employee reaches the compensation limit, you must continue reporting compensation as earned; however, employer and employee contributions should not be reported for the remaining calendar year. myCalPERS will track classic and PEPRA member earnings over multiple CalPERS contracting agencies. Therefore, if a member is hired in the middle of the year from another CalPERS agency, myCalPERS will notify the current employer when the member reaches or exceeds the compensation limit. Monitoring and contribution reporting begin on January 1 of the calendar year. The end date of the payroll earned period determines which calendar year the period falls.

Federal law does not permit CalPERS to refund over-reported contributions to an active CalPERS member. You must report these adjustments and refund the money to the employee once the adjustments have posted.

## Impact on Final Compensation

For classic members, final compensation is the highest average annual compensation earnable for a 12- or 36-consecutive month employment period, depending on your contract.

Classic members' retirement allowances are subject to final compensation limits under IRC section 401(a)(17). The calculation of each 12-month period will be subject to the annual compensation limit in effect for the calendar year in which the 12-month period begins. If final compensation exceeds 12-months, each 12-month period is calculated based on the applicable annual compensation limit for that 12-month period.

For PEPRA members, final compensation is the average annual pensionable compensation for a 36-consecutive month employment period.

PEPRA members' retirement allowances are subject to pensionable compensation limits under Gov. Code section 7522.10. The pensionable compensation limit — used to calculate final compensation — is calculated based on the limit in effect for each calendar year and the number of days per year included in the final compensation period.

## Online Training & Resources

The myCalPERS Reporting Earnings Over the Compensation Limit online class is available for employers. This class provides instruction on how to report payroll information when the compensation limit has been reached. To enroll in the class, log in to your myCalPERS [🔗](#) account and select the **Education** tab.

The Reported Compensation by Calendar Year Cognos reports can be used to identify and track employees nearing the compensation limits.

## Questions

If you have questions, call our CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

Renee Ostrander, Chief  
Employer Account Management Division

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<sup>1</sup>Pursuant to Gov. Code section 20630, when compensation is reported to the board, the employer shall identify the pay period in which the compensation was earned regardless of when reported or paid.

Updated: January 2, 2024

# Happy Holidays from . . .



## FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

### CalPERS Employer Contribution Rate Estimates

✓ BY MICHELLE MCKAY UNDERWOOD

✓ BY TEDDI WENTWORTH

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posted December 6, 2023

The most recent California Public Employees' Retirement System (CalPERS) Schools Pool Actuarial Valuation report, as of June 30, 2022, and released this fall, estimates future employer contribution rates, as follows:

Fiscal Year	School Employer Contribution Rate <sup>1</sup>
2023-24	26.68%
2024-25	27.80%
2025-26	28.50%
2026-27	28.90%
2027-28	30.30%
2028-29	30.10%

<sup>1</sup>Actual for 2023-24 and estimated for future years

The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. That makes this the best estimation at this time, but it is still clearly subject to change by the time the 2024-25 rate is adopted by the CalPERS Board this spring.

CalPERS employer contribution rates will be included in the next version of our School Services of California Inc. Financial Projection Dashboard to be prepared with the 2024-25 Governor's Budget proposal in January 2024. The current California State Teachers' Retirement System (CalSTRS) employer contribution rate of 19.10% is expected to remain the same in fiscal year 2024-25. CalSTRS has not released outyear projections.