

Sonoma County Office of Education
Business Services

EXTERNAL PAYROLL AND FINANCE UPDATES

DBUG MEETING: *September 22, 2022*

Reminders

EDD New Hire Reporting Requirement for EDD (Employment Development Department)

- ❖ 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 state of work date
- ❖ Any employee that is rehired after a separation of at least 60 days would also need to be reported within 20 days of rehire
- ❖ See **attached** documentation regarding this process
 - https://www.scoe.org/files/1_EDD%20New%20Hire%20Employee06%20Report%20and%20Fact%20Sheet.pdf

Domestic Partner Health Insurance Tax

- ❖ Federal law does not recognize domestic partners as having the same standing as a spouse or qualified dependent when it comes to the taxation of an employee's benefits
 - **Federal law** requires the employer compute the fair market value of domestic partner benefits and include this in the gross income of the employee's compensation.
 - This income must be reported in the employee's W-2 and is subject to withholding for Federal Income Tax/State Income Tax/Social Security and Medicare Taxes
 - **If the employee has a registered domestic partner, then this does not apply to State Income Tax.** California recognizes registered domestic partners in the same way they would see a married couple.
- ❖ There is a special add-on in *Employee Management* that needs to be used for both of these situations (Registered and Non-Registered)
 - Please note this add-on needs to be updated each year for changes in rates
- ❖ See **attached** legal update from October 2019 regarding the taxation of domestic partner benefits
- ❖ **It is recommended that an audit be performed for this.** Please be aware that if you find someone who has a domestic partner on their benefits and the taxes were not applied it is required that you correct the taxes for this employee going back 3 calendar years
- ❖ Contact Carend@scoe.org, Jliu@scoe.org or Helpdesk@scoe.org if you have any questions regarding this process

EDD 3rd Quarter Tax Reminder

- ❖ September 30th is the due date for filing 3rd Quarter taxes to EDD
 - Delinquent if not filed by **October 31, 2022**
 - **Please note** – Do not start this process until regular payroll is finalized at the end of September
 - The 3rd Quarter EDD filings need to include the payroll information for regular payroll
 - Recommended to start this process on Monday, September 26th at the earliest

- ❖ Reference the Quarterly Return Process flow chart and documentation through the link below
 - <https://www.scoe.org/pub/htdocs/fiscal-forms.html>
 - Helpful documents under External Payroll section:
 - Quarterly Return Flowchart EDD
 - Quarterly Return Process
 - Examples for Quarterly return filing with negative amounts

CalPERS

Out of Class Reporting – Annual Requirement (Attached Circular)

- ❖ Government code section 20480 requires school employers to track all hours an employee works in out-of-class appointments
 - **Out-of-class** is defined as an appointment to an upgraded position or higher classification by an employer or governing board or body in a vacant position for a limited duration
 - Required to report even if the amount is **zero**
- ❖ Out-of-Class Reporting Student Guide
 - <https://www.calpers.ca.gov/docs/out-of-class-reporting-guide.pdf>

Beware of Fraud

People are getting creative about how they are committing fraud these days. Please note that any address changes/direct deposit changes should be verified by phone with the employee or vendor asking for the change. (**Attached** recommendation to follow for address changes)

Recent fraud attempts:

- ❖ Address Change
- ❖ Direct Deposit Change
- ❖ Altered Checks

County Supplier Request Form

- ❖ In order to process a wire transfer, it is required to check that the vendor is setup with the County
 - Please contact SCOE Business Services for the current vendor listing
- ❖ There is a **Supplier Request Form** that needs to be filled out to request a vendor to be added
 - https://www.scoe.org/files/Supplier_Request_Form-current.pdf
 - This form needs to be **sent directly to the county and please cc' SCOE Business Services** in this request
 - ACTTC-Claims@sonoma-county.org
 - cc': carend@scoe.org, jliu@scoe.org, tpham@scoe.org, jsarsfield@scoe.org
 - The county would like SCOE to be cc'd in this request for us to confirm it is a valid request. There has been fraud related to setting up vendors in the county recently.



CALENDAR YEAR END REMINDERS:

W2 Preparation:

- ❖ Run the Pay31 W2 Errors report after each payroll and address errors now rather than later. There might be prior year payroll tax errors that cannot be corrected through payroll and will require manual edits to the W2. We will work with individual LEAs on these in January.
- ❖ When an incorrect Social Security Number is discovered, email helpdesk@scoe.org, carend@scoe.org, and jliu@scoe.org. Do not send copy of SSN through email
- ❖ Deceased employees – Social security and Medicare need to be reported on the W-2 if the deceased employee's final pay was paid in the same year as death
 - https://www.scoe.org/files/Deceased_Employees_Updated_07.2022.pdf
- ❖ OASDI errors (OASDI wasn't deducted and should have been, or OASDI was deducted and shouldn't have been), requires special handling to correct. Best practice is to run and review the Pay03 by Person Type. This serves as a quick review of employees with OASDI deductions.
 - Generally, classified employees should have OASDI deducted (Unless the classified employee elected to remain in CalSTRS - *must be a qualified position from hire*, or if the classified employee is a CalPERS retiree)
 - Reminder - Certificated employees should have OASDI deducted if they are a non-member of CalSTRS
 - Please refer to the Retirement and Tax Setup sheet as a guide
 - https://www.scoe.org/files/Retirement_and_Tax_Setup_Revised_04.06.22.pdf
- ❖ Remind employees to update their addresses if they have moved

1099 Preparation:

- ❖ Be mindful of the ABC test. Under the ABC test, a worker is considered to be an employee unless the employer can show all three conditions of the ABC test are met
 - A. Freedom from control over how to perform the services
 - B. The worker performs work that is outside the usual course of the hirer's business
 - C. Independently established practitioner of the trade performed

- ❖ Foreign and California Nonresident vendors require special Escape set up and special payment and reporting. For detailed instructions, see Foreign and CA Nonresident Alien Vendors documentation posted on SCOE's website

https://www.scoe.org/files/Foreign_and_CA_Nonresident_Alien_Vendors_and_Wire_Transfers_08.30.22v2.pdf

- ❖ Deceased employee's final pay needs to be reported on form 1099 to the Estate (In special circumstances if a form is filled out this can be made out to the spouse instead). There are different rules for when the payment is made in the same year as death compared to after. Please refer the link below to access the instructions for this.

https://www.scoe.org/files/Deceased_Employees_Updated_07.2022.pdf

Upcoming Training

Escape Payroll Management for CBOs – September 29th 9:00-11:00AM – Oak Room

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

The screenshot shows the 'Request/Report' configuration page for 'Employee06'. The 'Request' section includes:

- Report Number: Employee06
- Description: Monthly Employment Development Department
- Report Sample: Employee06
- Report Favorite ID: EDD New Hire List

The '2 - User Options' section includes:

- Starting Date: 6/1/2017 {BCM}
- Ending Date: 6/30/2017 {ECM}
- Date To Use: Hire/Rehire date

The '3 - Report Options' section includes:

- First Paid? Yes - show the First Paid date column

The 'General' section is partially visible at the bottom.

Create a Favorite and schedule Report to Save Time!

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							
Federal Id# 946002635							
State Id# 8004219-5							
Employee Name, SSN and address			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.



SCHOOL & COLLEGE LEGAL SERVICES OF CALIFORNIA

*A Joint Powers Authority
serving school and college
districts throughout the
state.*

5350 Skylane Boulevard
Santa Rosa, CA 95403

Tel: (707) 524-2690
Fax: (707) 578-0517
santarosa@sclscal.org
www.sclscal.org

General Counsel
Carl D. Corbin

Attorneys
Ellie R. Austin
Monica D. Batanero
Jennifer Henry
Sarah Hirschfeld-Sussman
Nancy L. Klein
Damara L. Moore
Jennifer E. Nix
Steven P. Reiner
Kaitlyn A. Schwendeman
Loren W. Soukup
Erin E. Stagg

Of Counsel
Robert J. Henry
Margaret M. Merchat
Patrick C. Wilson
Frank Zotter, Jr.

LEGAL UPDATE

October 11, 2019

To: Superintendents, Member School Districts (K-12)

From: Kaitlyn Schwendeman, Schools Legal Counsel *KAS*

**Subject: Updated Taxation of Domestic Partner Benefits
Memo No. 26-2019**

Our office is reissuing this Legal Update on the taxation of domestic partner benefits, last issued in 2010 as Legal Update 30-2010, with the current legal status, in response to inquiries for updated guidance in this area. If your district has any questions regarding the taxation of these employees, please do not hesitate to reach out to our office for further guidance.

Federal Law

Federal law does not recognize domestic partners as having the same standing as a spouse or qualified dependent when it comes to the taxation of an employee’s benefits. As such, federal law requires that the employer compute the fair market value of domestic partner benefits and include this in the gross income of the employee as compensation, if the employee elects for their eligible domestic partner to receive benefits through an employer-sponsored plan. This income must be reported in the employee’s W-2 and is subject to withholding for income, Social Security and Medicare taxes. In addition, the income is also considered wages for Federal Insurance Contributions Act (FICA) and Federal Unemployment Tax Act (FUTA).

Exception: A domestic partner may qualify as a “dependent” under Internal Revenue Code (“IRC”) section 105(b). If so, they would be treated as any other qualified dependent and their benefits would not be included in the employee’s gross income. In order for a domestic partner to qualify as a “dependent” under section 105(b), all of the following requirements must be met:

1. Live with the employee for the full taxable year, except for temporary absences such as vacation, military service or education.
2. Is a citizen or legal resident of the United States.
3. Is not a qualifying dependent for anyone else under section 152 of the IRC.
4. Receive more than one half of their support from the employee.¹

¹ IRC section 152.



If your plan offers coverage to the child of an employee's domestic partner, the same dependent analysis would apply. If the domestic partner's child cannot meet all of the above criterion, then the fair market value of the benefits for the child must be computed and included as income for the employee.

Note: Practically speaking, it is unlikely that a domestic partner's child would qualify under the dependent test, as the child would most likely be considered the dependent of the domestic partner (and thus would fail criteria #3). Therefore, it is likely any benefits extended on behalf of the child would be taxable as wages to the employee.

California Law

California law requires that employers provide the same benefits to employees with registered domestic partners as would be provided to spouses of employees.²

California Family Code section 297 defines domestic partners as two adults who have chosen to share one another's lives in an intimate and committed relationship of mutual caring. A registered domestic partnership is created when both persons have filed a Declaration of Domestic Partnership with the Secretary of State, and at the time of filing, all of the following requirements are met:

1. Neither person is married to someone else or is a member of another domestic partnership with someone else that has not been terminated, dissolved, or adjudged a nullity.
2. The two persons are not related by blood in a way that would prevent them from being married to each other in this State.
3. Both persons are at least 18 years of age.³
4. Both persons are capable of consenting to the domestic partnership.

Note: As of July 30, 2019, the requirements to form a domestic partnership have been amended. Previously, domestic partnerships in California could only be formed between same sex partners or opposite sex partners where one or both persons were over 62 years of age. These requirements have been repealed.

Employers are not required to verify an employee's claim of a registered domestic partnership. The Fair Employment and Housing Act protects employees from discrimination on the basis of marital status; if employers do not currently have a policy of seeking documentation of marital status from employees, they should not request documentation of domestic partnership status. Similarly, the California Insurance Equity Act provides that insurance carriers can only require documentation of domestic partnership if they also require proof of marriage.

California Revenue and Tax Code section 17021.7 requires that a registered domestic partner of a taxpayer be treated as a spouse or former spouse of that taxpayer for most purposes. This code section extends tax benefits to registered domestic partners and their partner's dependent's health coverage, and excludes coverage amounts from the employee's gross income.

² Employers are not required by law to provide the same benefits to unregistered domestic partners, though some districts extend such benefits by policy or regulation.

³ There is an exception within the law for domestic partners under the age of 18, if both partners obtain the consent of their parents and a court order granting permission, as well as meet other requirements, set forth in the law. Family Code section 297.1.



Conclusion

In light of the above, qualified domestic partner benefit coverage amounts shall be excluded from California taxation if the employee meets the domestic partnership test and is registered with the State. In that case, the fair market value of the domestic partner's benefits shall only be classified as income for federal tax purposes (except in the rare circumstance where the domestic partner qualifies as a dependent under IRC section 104(b)). However, if the employee does not meet California eligibility, the benefits shall be considered income for both state and federal tax purposes.

Fair Market Value of Benefits

If it is determined that the domestic partner's benefits must be classified as taxable income to the employee, the employer must determine the fair market value of the benefits. The IRS does not provide any official guidance on how to determine the fair market value, however, there are two generally accepted methods:

- **Tiered Rates**: The difference between the amount the employer would contribute for the employee alone and the amount the employer would contribute for coverage of an employee and a spouse and/or dependents (as applicable).
- **Composite Rates**: If the employer pays a composite rate for employees, it must use the computed fair market value percentage formulas as determined by the coverage carrier. The employer will have to contact its carrier for this information.

Examples of Tiered Rate:

- **Employee + 1**: An employee has no children, but does have a registered domestic partner. The medical plan they are enrolled in has an Employee + 1 rate of \$450.00/mo. The Employee Only rate is \$300.00/mo. The difference is \$150.00/mo. Thus, the increase in taxable income to the employee would be \$150.00 per month plus any applicable Social Security and Medicare taxes.
- **Employee + 2 (One Dependent of Domestic Partner)**: An employee has a domestic partner and the domestic partner has one child (who is not a dependent of the employee). The medical plan they are enrolled in has an Employee + 2 rate of \$550.00/mo. The Employee rate is \$300.00. The difference is \$250.00/mo. Since the employer must tax the fair market value of both the domestic partner and the child's benefits, the increase in taxable income to the employee would be \$250.00 per month plus any applicable Social Security and Medicare taxes.

Please contact our office with questions regarding this Legal Update or any other matter.

The information in this Legal Update is provided as a summary of law and is not intended as legal advice. Application of the law may vary depending on the particular facts and circumstances at issue. We, therefore, recommend that you consult legal counsel to advise you on how the law applies to your specific situation.

© 2019 School and College Legal Services of California

All rights reserved. However, SCLS grants permission to any current SCLS client to use, reproduce, and distribute this Legal Update in its entirety for the client's own non-commercial purposes.



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

June 15, 2021

Circular Letter: 200-029-21

Distribution: VI, XII, XVI

To: All Public Agency and School Employers
Subject: Reporting Out-of-Class Hours Worked

Purpose

The purpose of this Circular Letter is to remind you of your responsibility to report Out-of-Class hours worked in accordance with Government (Gov.) Code section 20480 and the myCalPERS functionality designed to report Out-of-Class hours. Gov. Code section 20480 prohibits an Out-of-Class appointment by a contracting agency or school employer, with employees serving a limited term appointment in a vacant position, from exceeding 960 hours worked within each fiscal year.

Public Agencies and School Employers' Responsibilities

Employers must track the hours worked by an employee serving in an out-of-class appointment and report these appointments each fiscal year, regardless if an employee has violated the 960-hour limit.

1. Certify and report all hours when an employee worked in an out-of-class appointment.
2. If you have no out-of-class appointment hours to report during the past fiscal year, you must certify there are no hours to report to the California Public Employees' Retirement System (CalPERS).
3. myCalPERS provides functionality for employers to self-verify if there are hours or no hours to report.
4. Report Out-Of-Class hours for the 2018-19 or 2019-20 fiscal years if you have not reported the hours.

Prior Communication

On June 7, 2019, CalPERS published [Circular Letter #200-18-19 \(PDF\)](#) to inform public agency and school employers of new myCalPERS functionality designed to report Out-of-Class hours worked in accordance with Gov. Code section 20480.

Letters to Employers

CalPERS will mail up to two notification letters to each employer's preferred address on file, as identified in myCalPERS.

Letter	When	What
Annual Notice	During the month of June	The notice informs employers to report all Out-of-Class appointments in myCalPERS by July 30 for the prior fiscal year.
Failure to Comply Notice	During the month of August	The notice informs non-compliant employers that CalPERS has yet to receive required information and that penalties and/or administrative fees may be assessed.

Gov. Code section 20480

Gov. Code section 20480 of the Public Employees' Retirement Law (PERL) defines an Out-of-Class appointment to mean an appointment to an upgraded position or higher classification by an employer or governing board or body due to a vacancy for a limited duration.

For purposes of this section, a "vacant position" refers to a position that is vacant during a recruitment for a permanent appointment. A vacant position does not refer to a position that is temporarily available due to another employee's leave of absence.

Penalties

Employers who violate this provision must make payments to CalPERS equal to three times the employee and employer contributions for the entire period the employee works in an Out-of-Class appointment. These payments would be calculated using the difference between the compensation paid for the Out-of-Class appointment and the compensation that otherwise

would have been reported for the employee's permanent position in accordance with a publicly available pay schedule. In addition, the employer will be responsible for a fee of \$200 to cover administrative expenses.

Penalties paid to CalPERS are not normal contributions or additional contributions that would normally be credited to an employee's individual CalPERS account. The employee shall bear no liability, obligation, or expense because of the unlawful actions of the employer.

Additional Resources

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

- [myCalPERS Out-of-Class Reporting Student Guide \(PDF\)](#) provides detailed steps on how to use the new employer verification pages.
- [Data Element Definitions: Out-of-Class Validation Reporting \(PDF\)](#) is a myCalPERS technical resource that provides electronic file data element definitions found within an Out-of-Class record.
- [Out-of-Class Reporting Frequently Asked Questions \(PDF\)](#) provides a list of the most asked questions submitted by public agency and school employers.

View Gov. Code section 20480 in its entirety at [California Legislative Information](#).

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

Address Change Policy

There has recently been fraud in regards to address changes. It is important to make sure address change notifications are coming from a reliable source.

Recommendations:

- 1) W-9 required for most address changes
 - a. It is important to make sure the vendor is set up correctly in the system for 1099 purposes
 - i. If the vendor changed their federal tax classification, it may be required to create a new vendor in the system (Box 3 on W-9)
 - Example: Changing from Sole Proprietor to a Corporation requires a new vendor in the system for tax purposes
 - b. If only the remittance address is changing, then you would not necessarily need a new W-9 but you would need to verify that the request is coming from a reliable source
 - i. A letter is usually sent to inform of remittance address changes
- 2) A phone call to the business to verify the address change is legitimate
 - a. Due to fraud risk, the vendor's contact information should be gathered from existing internal sources
 - i. Example: Prior invoice
 - b. Do not use contact information received from an email
- 3) Do not email to confirm the address change. Make a phone call to an authorized representative of the business to confirm the request is valid



COUNTY OF SONOMA

SUPPLIER REQUEST FORM

EFS SUPPLIER # _____ (only fill this in if you are requesting a change to a supplier already in the system; otherwise, a supplier # will be assigned)

Complete the Supplier section, attach required forms and submit to the Supplier Desk. Email: ACTTC-Claims@sonoma-county.org. Fax to: 707-565-2702. Mail or in person delivery to: Auditor-Controller Treasurer-Tax Collector, 585 Fiscal Drive, Suite 100, Santa Rosa, CA 95403-2819.

Supplier must submit:

- Completed Supplier Request Form
- California Form 587 or 590 (Out of State Supplier**)
- ACH Supplier/Payee Payment Enrollment Form(Optional)
- W-9 or Payee Data Record

****Out of state suppliers must submit one of these forms to determine if nonresident withholding of 7% (due to CA FTB) applies. Exception may be granted if registration with CA SOS can be confirmed: <https://businesssearch.sos.ca.gov/>**

LEGAL NAME

Same as line 1 on Form W-9 _____

BUSINESS NAME – (DBA)

REMIT ADDRESS

CITY, STATE AND ZIP CODE

SUPPLIER CONTACT PHONE

BUSINESS EMAIL ADDRESS

SOCIAL SECURITY NUMBER

_____ AND/OR

EMPLOYER TAX IDENTIFICATION NUMBER

Individual/Sole Proprietor Corporation Other _____

Type of Supplier Service:

Medical Attorney Rents Other, Please Specify: _____

Nature of Payment: Refund Reimbursement Other, Please Specify _____

Please check all applicable boxes:

New Supplier Change to existing Supplier

Supplier Persistence Type:

Regular One-Time Employee

Date: _____ **Name:** _____ **Phone:** _____