



May 26, 2021

TO: Business, Payroll, and Personnel Administrators
HRS District Coordinators
Los Angeles County School and Community College Districts
Charter Schools and Other Local Educational Agencies

FROM: Laura Gutierrez, HRS Coordinator
District Personnel Information Services
Division of School Financial Services

SUBJECT: Fiscal Year 2021-22 Payroll Selections

The Human Resource System (HRS) provides the opportunity for each school district to select schedules for paying employees. HRS offers nine different regular payroll cycles, and a supplemental schedule is available most days for special payments or error corrections. Most districts select three or four regular pay cycles.

Please select your district's 2021-22 payroll cycles based on the chart provided (Attachment No. 3). **Payroll periods and issue dates are fixed in accordance with cycles selected.**

IMPORTANT: Payroll issue dates do not change as a result of local holidays or furlough days. Districts must select pay cycles carefully to accommodate planned district closures. Issue dates apply to all HRS districts on a countywide basis. Occasionally, a district may have a local holiday or district closure on a payroll issue date. **Local administrative decisions, and district collective bargaining commitments contrary to the established countywide payroll schedule do not alter published issue dates.** Districts may mail checks on issue date or coordinate with internal staff to be available for release if employees want to pick up their checks from the district office. Districts should encourage the use of direct deposit, which is a standard feature of HRS.

Important CalSTRS Reporting Requirement: Districts must consider payroll cycle issue dates and the potential for late reporting to CalSTRS when selecting pay cycles. Employee and employer contributions are due to CalSTRS within five (5) working days following the end of the monthly period. Penalties and interest will be incurred if reporting to CalSTRS is delayed beyond the limits established in EC 23002. For additional information regarding CalSTRS reporting requirements, see Attachment No. 1.

District Actions

- Complete the *2021-22 Payroll Selection Sheet* (Attachment No. 5) based on your selection of 2021-22 payroll cycles and have it signed by an authorized district administrator. Follow directions given in the *2021-22 Payroll Selection Instructions* (Attachment No. 2) to verify or change other payroll items on your District Profile Table (Attachment No. 4 will be emailed to your district separately). A *sample* is attached to this Bulletin.
- Be sure that Risk Management staff or other staff responsible for Workers' Compensation administration complete Item No. 2 on the *2021-22 Selection Sheet* (Attachment No. 5).
- Scan the *2021-22 Selection Sheet* (Attachment No. 5) along with the *District Profile Table* (Attachment No. 4) and return the two items by **May 28, 2021**, to Employee Services, via email at SFSEmployeeServices@laoe.edu.
- **Return the completed 2021-22 Selection Sheet and the District Profile Table, even if no changes are necessary.**

Should you have questions about the selection of 2021-22 payrolls, the District Profile Table or this bulletin, please contact the Employee Services Unit via email at SFSEmployeeServices@laoe.edu.

Approved:

Sean Lewis, Assistant Director

School Financial Systems and Services

LG:lt

Attachments

SFS-A53-2020-21

**LOS ANGELES COUNTY OFFICE OF EDUCATION
DIVISION OF SCHOOL FINANCIAL SERVICES**

Rules for CalSTRS Penalties and Interest

Correct Member Status

1. If member is paid as nonmember, LACOE will correct and charge district for employee contributions.
2. If nonmember is paid as a member with no election, LACOE will correct and refund contributions to employee.

Accrual period is defined by CalSTRS and CalPERS as a calendar month.

Ed Code 23002

“Member and employer contributions required by this part are due in the office of the system **five working days immediately following the period covered by the monthly report**. Payments shall be delinquent on the sixth working day thereafter, and *regular interest on delinquent payments shall begin to accrue as of that day*. **The board shall authorize estimated payments of not less than 95 percent of the contributions due**, and, in that case, the balance of contributions payable shall be due in the office of the system **no more than 15 working days following the period covered by the monthly report upon which the contributions are based.**”

Contract Language

1. Bargaining unit contract language must support payment practice.
2. Must pay for each month worked; i.e., 10, 11 or 12 months. If work calendar reflects time worked in August as part of the annual working days, salary payment must be generated with that accrual period.
3. CalSTRS will allow district to pay more months for less months worked if a contract specifically defines practice. Paying 12 months for 11-months worked and 11 months for 10-months worked may be allowed.
4. CalSTRS will **not** allow fewer payments than months worked.

Pay on Time

1. Monthly Pay

- a. If paid by 5th of month following earned period, payroll will be reported as current.
- b. If paid after 5th of month following earned period, payroll will be on next month's reporting and may be subject to penalties and interest on contributions.

2. Part-Time Pay

- a. If paid by 5th of month following earned period, payroll will be reported as current.
- b. If paid after 5th of month following earned period and is first pay for period, payroll will be on next month's reporting and may be subject to penalties and interest on contributions.

- c. If paid after 5th of month following earned period and is **not** first pay for period, payroll will be on next month's reporting and may be subject to penalties and interest on contributions (i.e., additional/extra assignments).

Ed Code 23005

“Monthly reports are due in the office of the system immediately following the month **in which the compensation being reported was earned.**”

Report as Earned

1. Hourly and daily assignments must be paid during the accrual period worked.
2. All extra assignments must be paid hourly or daily, even if negotiated as a lump sum.
3. Semester and some lump sum payments may be paid at the end of semester, end of year, or at another time. *Contract language must support payment practice. If contract language is not specific, then payments must be generated on a monthly basis.*
4. Certificated coaching assignments can be paid at the end of the season *if contract language supports the payment practice.* However, CalSTRS 2% at 62 (PEPRA) member earnings would not be reportable to CalSTRS if the payment is paid at the end of the season.
5. Always pay coaching as a part-time assignment – paid hourly or daily. Contact Retirement Unit for requirements.
6. **Potential audit item, if cited:** District will have to correct back to day one and adjustments will be subject to penalties and interest on contributions for all records and time affected. Audit corrections can result in very large penalties and interest assessments.

Lump Sum Payments

Complete the “Questions To Be Asked For Lump Sum/Bonus Payment” questionnaire (Attachment No. 6) and submit to the STRS Retirement Unit at LACOE. Determination will be made if the pay is reportable to the Defined Benefit (DB) plan, the Defined Benefit Supplement (DBS) plan, if the pay is not reportable to CalSTRS, if the pay can be paid as lump sum or if it should be a part-time assignment.

Adjustments

It's important to pay employees accurately the first time. When adjustments are needed in a prior-pay period (e.g. RX/LX transactions), the adjustments may be subject to penalties and interest on contributions.

Retroactive Pay Based on Bargaining Unit Contract Negotiation

1. Retroactive pay must be **reported** within 90 days of Board approval to avoid penalties and interest; however, retroactive pay must be **paid** within 60 days, because reporting is 30 days after payroll is issued.
2. Negative retroactive adjustments due to furloughs implemented after the beginning of the work year will be allowed without penalties as long as the adjustments are supported by contract negotiations and Board approval.
3. Adjustments to earnings after retroactive pay is applied must be reversed differently than past practice.
 - a. The RTS/RTN transactions must be reversed first,
 - b. Prior pay must be reversed as originally reported, and
 - c. Repay with new earnings (and new rate if changed).

2021-22 Payroll Selection Instructions

Selection and Verification Process

Please review the payroll cycles currently in use by your district and all other payroll information on the *District Profile Table* (Attachment No. 4) and verify against the “Items to be verified” listed below. If any changes for 2021-22 are necessary, enter **in red ink** before scanning the information to be changed on the *District Profile Table* and complete and return the attached *2021-22 Payroll Selection Sheet* (Attachment No. 5).

Please ensure district staff responsible for Workers' Compensation administration supply the Workers' Compensation rates requested on the *2021-22 Payroll Selection Sheet*.

If your district elects to change a payroll cycle, we request that the request accompany the returned *District Profile Table*. Return the *District Profile Table*, and the completed *2021-22 Payroll Selection Sheet*, by May 28, 2021.

Items to be verified on the District Profile Table

Please refer to the **example** *District Profile Table* (Attachment No. 4) for the location of each item. Disregard all other data on the report.

1. **District Number**
2. **District Name**
3. **Address and Phone Number of the District**
4. **Longevity/Seniority:** If your district is interested in using this HRS “seniority” feature, please contact the Employee Services Unit via email at SFSEmployeeServices@laoe.edu.
5. **SDI Coverage:** “Y,” if coverage is provided; “N,” otherwise.
6. **Position Control:** If your district is interested in participating in HRS Position Control, contact the Employee Services Unit via email at SFSEmployeeServices@laoe.edu.
7. **Federal Employer Identification Number (withholding taxes)**
8. **State Employer Identification Number (withholding taxes)**
9. **Unemployment Insurance Reporting Number**
10. **SDI Report(ing) Number:** Used only by districts providing State Disability Insurance coverage.
11. **Valid Cycles:** Cycles to be used must be displayed here. If any changes to payroll cycles are elected, please attach a special letter to the District Profile Table (Attachment No. 4) indicating the change. See the attached Payroll Cycle Chart (Attachment No. 3) for a listing of all cycles. *If you want to request a mass cycle change, check the appropriate space on Attachment No. 5. Allow at least five working days for our office to process the change. There is a nominal fee for a mass cycle change.*

12. **Position Control Copies:** This field should indicate “1” as this report is available in RAD.
13. **EIR(s) Copies:** Number of copies of specified reports produced by HRS.
14. **Change Reg(isters) Copies:** This field should indicate “1” as this report is available in RAD.
15. **Standard Days in Month:** If a monthly employee with a monthly pay rate is absent two days, then two days “DKT” (dock time) in HRS must be reported on the time report. The standard number of days per month is used as a basis for deducting days for **classified** calendar-month, monthly-basis assignments.

Example: If a district elects 21.667 days as the standard number of working days, then an employee with a **classified** calendar-month, monthly-basis assignment (job) who has two days DKT posted to the time report would have the monthly salary reduced by 2, divided by 21.667, multiplied by the monthly pay rate.

Districts have an option to select various standard days to deduct. The most commonly used standard days in HRS are: 21.667, 21.75, or 22. We recommend 21.667 for Classified employees that work 260 calendar days, or 21.75 for Classified employees that work 261 calendar days in a fiscal year. This represents the average number of working days in a month, on an annualized basis.

Districts may elect any other standard of up to three decimal places.

16. **Standard Hours in Month:** Each district must inform our office of the standard number of hours per month to be used to determine an hourly rate for **classified**, monthly-rate employees paid on calendar-month payrolls. This becomes the basis for overtime purposes in HRS.

Example: If a district elects 173.333 hours as the "Standard Hours in Month," then an employee with a monthly rate of \$3,466.66 has an equivalent hourly rate of \$20.00 per hour (\$3,466.66 divided by 173.333). The "Standard Hours in Month" established by the district will be utilized for the purpose of computing an overtime hourly rate used when HRS earnings types OVT, OT1 and OT2 are used to report overtime for classified, monthly-basis jobs.

Commonly used methods are as follows:

- a) 173.333 equals 52 weeks' times 5 working days' times 8 hours divided by 12 months.
- b) 174 equals 261 calendar days times 8 hours per day, divided by 12 months.
- c) 176 equals 22 days' times 8 hours.

Any other number of “Standard Hours in Month” up to three decimals may be selected, but we recommend either 173.333 or 174, based off the number of calendar days the employees work.

17. **Workers' Compensation Rate:** Enter the rate in percent format. For example, if the decimal rate is .015, enter 1.5 as the percentage rate.

18. **Work Experience Factor:** Enter the factor in decimal format.

Be sure that the Workers' Compensation information, Items 17 and 18 are entered on the 2021-22 Payroll Selection Sheet.

19. **District Contact Personnel:** You may request that we load your staff names and telephone numbers.
20. **PBA-HW-Proration (PeopleSoft Health and Welfare Proration):** Entering "A" causes proration of health and welfare fringes across all prime cycle pay. Entering "P" causes proration of fringes based on prime job only.

2021-22 PAYROLL CYCLE CHART

CYCLE Master Calendar		BASIS	PAY PERIOD	ESA	DATES	WARRANT ISSUE Countywide issue dates are not changed due to local holidays.
C1	1	Monthly Hourly/ Daily	Calendar Month	No	July 1, 2021 June 30, 2022	First working day of next calendar month. The first payroll of 2022 will be issued January 3, 2022.
C2	1	Monthly Hourly/ Daily	Calendar Month	No	July 1, 2021 June 30, 2022	Last working day within calendar month.
E1	1	Monthly Hourly/ Daily	Calendar Month	Yes	July 1, 2021 June 30, 2022	ESA on 20 th within pay period. Final pay on 5 th following pay period. If holiday or weekend, issue date will be on preceding workday.
E4	1	Monthly Hourly/ Daily	Calendar Month	Yes	July 1, 2021 June 30, 2022	ESA on 25 th within pay period and final pay on 10 th following pay period. If holiday or weekend, issue date will be on preceding workday.
C3	1	Hourly/ Daily	Calendar Month	No	July 1, 2021 June 30, 2022	Pay on the 10 th after pay period. If holiday or weekend, issue date will be on preceding workday.
C5	1	Hourly/ Daily	Calendar Month	No	July 1, 2021 June 30, 2022	Pay on the 5 th after pay period. If holiday or weekend, issue date will be on preceding workday.
H1	5	Hourly/ Daily	Half-Month	No	July 1, 2021 June 30, 2022	1 st through 15 th paid on the 25 th following 16 th through last day of the month paid on the 10 th after pay period. If holiday or weekend, issue date will be on preceding workday.
V1	V2 6 7	Hourly/ Daily	Summer Session	No	May 16, 2021 Sept. 15, 2021	Various pay periods and issue dates. See <i>Informational Bulletin No. 5370: 2021 Certificated Summer Session Payroll Cycles</i> , dated April 26, 2021.

2021-22 Payroll Selection District Profile Table

Please review all information. If any changes for 2021-22 are necessary, enter the information in red ink to be changed next to the printed information and complete the attached 2021-22 Selection Sheet (Attachment No. 5).

(1) (2)	DIST NAME:	00715 XYZ UNIFIED		
	ADDRESS:	9300 IMPERIAL HWY.		
(3)	CITY:	DOWNEY	ST: CA	ZIP: 90242
	PHONE:	(562) 222-1111	EXT:	

(4)	LONGEVITY/SENIORITY:	N
(5)	SDI COVERAGE:	N
(6)	POSITION CONTROL:	1
(7)	FEDERAL EMPLOYER ID NO.:	950000000
(8)	STATE EMPLOYER ID NO.:	800000000
(9)	UNEMPLOYMENT NO.:	942000000
(10)	SDI REPORTING NO.:	000000000
(20)	PBA HEALTH & WELFARE PRORATION:	A
(11)	VALID PAY CYCLES:	C1 H1 E4 V2 V1 C3
(12)	POSITION CONTROL COPIES:	1
(13)	EIR COPIES:	A
(14)	CHANGE REGISTER COPIES:	A
(15)	STANDARD DAYS IN MONTH:	21.7500
(16)	STANDARD HOURS IN MONTH:	174.000
(17)	WORKMEN'S COMP RATE:	7.890
(18)	WORK EXPERIENCE FACTOR:	1.000

(19)	CONTACT PERSONNEL	TELEPHONE	
PAYROLL NAME:	TED BROWN	(562) 222-1111	EXT. 24211
RETIREMENT NAME:	PAM ANDERSON	(562) 222-1111	EXT. 24223
PERSONNEL NAME:	JOHN SAMPSON	(562) 222-1111	EXT. 24233
POSITION CONTROL NAME:	JOHN SAMPSON	(562) 222-1111	EXT. 24233

Refer to the Payroll Selections Instructions (Attachment No. 2) for more information on Numbers 1-20.

**Los Angeles County Office of Education
2021-22 Payroll Selection Sheet**

TO: Division of School Financial Services
Attention: Employee Services, EC 132
Email Address: SFSEmployeeServices@laoe.edu

FROM: _____
School District Name School District Number

Item No. 1 - District Profile Table Changes:

Please check one:

- ☐ No changes necessary
☐ Changes (entered in red above old item)

Item No. 2 – Workers’ Compensation Rate Change:

Please check one:

- ☐ No changes necessary
☐ New 2021-22 Rate
Workers’ Comp Rate: _____ X Work Experience Factor: _____ = New Composite Rate _____

Note: Enter the Workers’ Comp Rate in percent format: e.g., enter 1.5 if the decimal rate is .015.
Enter the Work Experience Factor in decimal format. New Composite Rate has a maximum of three integers right of the decimal.

Item No. 3 - Pay Cycle Changes:

- ☐ No Pay Cycle Changes
☐ Pay Cycle Changes
Old Pay Cycle: _____ to New Pay Cycle: _____
Old Pay Cycle: _____ to New Pay Cycle: _____

Optional:

☐ I authorize mass cycle changes for the cycles specified above to be effective with payrolls issued after 07/10/2021. I understand that our district will be charged \$100 for each mass cycle change. To coordinate timing of mass change, contact the Employee Services Unit via email at SFSEmployeeServices@laoe.edu.

Item No. 4 - Complete the following for the 2021-22 school year:

First Day of School _____ Last Day of School _____

Administrator Authorization of District Profile Table Changes, Selections, and/or Mass Cycle Changes

Signature _____	Title _____	Date _____
Authorized District Administrator		
Print Name _____	Email Address _____	Phone Number _____
District Contact _____	Email Address _____	Phone Number _____

Complete Items 1-4 and have an authorized administrator sign the form. Return this form along with the District Profile Table and include any changes indicated by May 28, 2021, to SFSEmployeeServices@laoe.edu. New fiscal-year profile changes **will not** appear until **after** the completion of the final payroll of the current fiscal year.

QUESTIONS TO BE ASKED FOR LUMP SUM/BONUS PAYMENT

1. Which entire classes of employees will be affected (Classified/Certificated)?
2. When will the payment be made (*e.g., July 31, 2021*)?
3. Which periods do the payments apply to (*e.g., June 1, 2020 through October 30, 2020*)?
4. What are the terms and conditions of the payments (*reason for payment, percentage, amount, and how many times*)?
5. Are the duties considered normal required duties of the assignment? Are they performed during normal hours of employment?
6. What is the source of the funds?
7. Do you have board approval? (Include the board minutes)
8. Is this assignment available to everyone?
9. Is this a mandatory or a volunteer assignment?

To ensure the appropriate determination is made, please provide any additional information regarding the payment:

Return responses to Ornelas.Talina@laoe.edu (CalSTRS) or Wiggan.Claudette@laoe.edu (CalPERS). Your responses will be forwarded to the appropriate retirement system for a ruling. You will be notified regarding retirement creditability and the appropriate pay method.