

**Paying Employees – Overview**

Individual states control when employees are paid. It is the employer's choice of the method of payments they provide for the employee.

California allows employees to be paid by cash, check, direct deposit, or by pay card. California Education Code determines the timing for when payments to school districts and community college employees must be made. Various California Education Code sections also dictate when the classified and certificated employees are due payment for time worked. In addition, Education Code also provides for alternative payment procedures, including procedures for districts with 100,000 plus Average Daily Attendance, and for the county office of education.

Effective January 1, 2000, payments to K-12 certificated employees under Education Code Section 45048 and 45049 are subject to interest penalties when proper payment timelines are not met. Districts should contact their legal counsel for guidance on this legislation.

Excerpt from California Education Code Section 45048:

(a) Each salary payment for any calendar month may be made on the last working day of the month and shall be paid not earlier than the last working day of the month and not later than the fifth day of the succeeding calendar month except that teachers employed for less than full time in classes for adults, in a day or evening high school, or in a special day or evening class maintained in connection with an elementary school shall be paid on or before the 10th day of the succeeding calendar month for services performed during the preceding calendar month.

(b) If the school district provides for the payment of the salary of employees employed in positions requiring certification qualifications once each two weeks, twice a month, or once each four weeks, pursuant to Section 45038, each salary payment may be made on the last working day of the regular payroll period and shall be made not earlier than the last working day of the regular payroll period and not later than the eighth working day of the following regular payroll period.

(c) If a salary payment is not made timely as required by this section, the amount of the salary payment due shall be increased by an amount of interest on the unpaid amount for each day of delay.

(d) A certificated employee of a school district who qualifies for a salary increase shall be paid the increased salary not later than three regular pay periods or three months, whichever is longer, after the employee files proper documentation where required for the salary increase. The district shall additionally pay the employee daily interest on the amount owed to the employee calculated from the date that the employee was entitled to the salary increase if the school district does not pay the employee his or her salary increase within three regular pay periods or three months, whichever period is longer, after the employee files proper documentation where required for the salary increase. All amounts due the employee resulting from the salary increase and not paid to the employee at the time that the employee actually receives the salary increase shall be paid to the employee within 20 business days of the date that the employee actually received the salary increase. The district shall additionally pay the employee daily interest on the amount owed to the employee calculated from the date that the employee was entitled to the salary increase if the district does not pay the employee all amounts due the employee resulting from the salary increase within 20 business days following the date that the employee actually received the salary increase.

(e) The amount of interest required by subdivisions (c) and (d) shall be determined by the method established in Section 19521 of the Revenue and Taxation Code.

(f) This section shall not prohibit a school district from making a payment of earned salary before the last working day of the month or regular payroll period.

*(Amended by Stats. 1999, Ch. 287, Sec. 1. Effective January 1, 2000.)*

Excerpt from Education Code Section 45049:

(a) When any school district employs a certificated employee to perform teaching or other services in addition to his or her regular teaching duties, or when a school district employs a certificated employee to perform teaching or other services at a summer school maintained by the district, the district shall pay the employee for the services either in one lump sum or at an hourly, daily, biweekly, quadriweekly, or monthly rate of pay. If the pay is in one lump sum, the district shall pay the employee within 10 days after the termination of the services. If the pay is at an hourly, daily, biweekly, quadriweekly or monthly rate, the district shall pay the employee within 10 days after the end of each calendar month or regular pay period during which the services are performed.

(b) If a salary payment is not made timely as required by this section, the amount of the salary payment due shall be increased by an amount of interest on the unpaid amount for each day of delay.

(c) A certificated employee of a school district who qualifies for a salary increase shall be paid the increased salary not later than three regular pay periods or three months, whichever is longer, after the employee files proper documentation where required for the salary increase. The district shall additionally pay the employee daily interest on the amount owed to the employee calculated from the date that the employee was entitled to the salary increase if the school district does not pay the employee his or her salary increase within three regular pay periods or three months, whichever is longer, after the employee files proper documentation where required for the salary increase. All amounts due the employee resulting from the salary increase and not paid to the employee at the time that the employee actually receives the salary increase shall be paid to the employee within 20 business days of the date that the employee actually received the salary increase. The district shall additionally pay the employee daily interest on the amount owed to the employee calculated from the date that the employee was entitled to the salary increase if the district does not pay the employee all amounts due the employee resulting from the salary increase within 20 business days following the date that the employee actually received the salary increase.

(d) The amount of interest required by subdivisions (b) and (c) shall be determined by the method established in Section 19521 of the Revenue and Taxation Code.

*(Amended by Stats. 1999, Ch. 287, Sec. 2. Effective January 1, 2000.)*

## Direct Deposits

A direct deposit or Automatic Clearing House deposit (ACH) is an employee authorization of electronic payments into their bank account. The direct deposit file is transmitted 2 days prior to payday and once the file is created, no changes can be made.

DFS originates the A, B, C, D, M and POD electronic payments through US Bank, known as the Originating Depository Financial Institution (ODFI).

A Receiving Depository Financial Institution (RDFI), the employee's bank, receives the individual transactions and posts the funds to the accounts of employees.

## Authorization Forms

Each LEA is responsible for creating its own direct deposit authorization forms. Direct deposit authorization forms should also include termination procedures and effective dates for implementation. Language should include a statement that indicates the employee understands producers for recovering errors or overpayments into their account (Direct Deposit Reversals, described below).

## Reversals

A direct deposit reversal is only to be utilized when the employee should have received zero wages for the pay period (terminated, unpaid leave, etc.). Reversals can only be initiated within the first five (5) business days from the settlement date of the original direct deposit. Partial wage direct deposit reversals are not available; instead, an abatement should be processed. It is vital that districts inform employees if they intend to initiate a direct deposit reversal.

- Once notification is received from the county treasurer that the funds have been returned, the reversal is approved in Galaxy. This process is done 2 to 3 times each month on scheduled days to coordinate with tax deposits. Returned funds are credited to the employee's prime position and all taxable wages, taxes, and retirement are reversed.
- There may be times that funds do not get reversed/returned due to Non-Sufficient Funds (NSF).
  - Salary abatement will be needed.
  - **DO NOT** reduce the employee's next payroll using a 4xx or 6xx code.

## Returned Items

Financial institutions returned funds due to closed accounts, bank mergers, frozen accounts, accounts that cannot be located, invalid routing numbers, or invalid account numbers.

- **DO NOT** complete a direct deposit reversal form for these situations because the wages/retirement is correct and should remain.
- Funds sent to a closed account will be returned from the County Treasurer to DFS.
- To expedite funds, DFS will transfer the funds to the LEAs holding account through a financial transaction. Payment to the employee can be processed through accounts payable.
- DFS will also remove the employee's erroneous account in Galaxy.
- DFS will notify LEAs by e-mail on returned items.

**Employee Reported Direct Deposit Issues**

If an employee is unable to find their payroll funds in their account on payday, the following steps should be followed:

- Employee should give the bank until the end of the day to post funds.
- Employee should contact the bank directly.
- If the employee has closed their account and reopened a new account in the same bank, have the employee ask the bank to move the funds to the new account.

**Direct Deposit Stubs**

Each employee using direct deposit will receive a payroll stub for all A, B, C, D, M, and PODs. A payroll stub is an explanation of the earnings, deductions and taxes withheld from an employee's payroll for the given period. The payroll stub will also show the direct deposit routing information on the lower section of the form. Stubs will be printed by DFS and be distributed to LEAs by mail or Express mail, or to employees directly via mail.

### **Payroll Warrants and Direct Deposit Stub Delivery**

Pay warrants and pay stubs, including PODs and replacements, are sent directly to employees by way of the USPS. LEAs requesting other accommodations, should contact DFS Payroll.

Payroll reports for all payrolls are available in the View Report Archive.

- Payroll Register
- Direct Deposit Register
- Warrant Register
- Warrant Register by Location
- Voluntary Deduction by District
- Voluntary Deduction by District – Masked SSN
- Alternative FICA Report by Payroll
- Alternative FICA Report by Payroll – Masked SSN
- District Voluntary Deduction Claims
- Planned Voluntary Deductions
- Health and Welfare
- Net Pay Initial Error Listing

### **Limiting Payroll Warrants**

LEAs should encourage employees who are currently receiving their payroll on a paper warrant to sign up for direct deposit. Direct deposit issues are often more easily resolved. Money is often available for use as soon as the funds hit the employee's account, often banks put limits or holds on the amount you can withdraw from a paper warrant. Using direct deposit saves employee time since they don't have to visit an ATM or banking office to deposit a paper warrant.

### **Lost or Destroyed Payroll Warrants**

If an employee requests replacement of a payroll warrant, the LEA completes form 3329AT, Declaration for Replacement of Lost or Destroyed Payroll Warrant. Once completed, the LEA can scan the completed form to DFS. A replacement payroll warrant will be mailed to the employee via USPS if the Declaration for Replacement of Lost or Destroyed Payroll Warrant form is received in our office prior to 9:30 a.m. Replacements warrants are processed on Tuesdays and Thursdays.

A fillable PDF version of the 3329AT is available using the following link:

<https://www.rcoe.us/home/showpublisheddocument/2436/637424945401270000>

A copy of the Declaration for Replacement of Lost or Destroyed Payroll Warrant is shown on the following page:



**Riverside County Office of Education  
District Fiscal Services**

**DECLARATION FOR REPLACEMENT OF  
LOST OR DESTROYED PAYROLL WARRANT  
(GOVERNMENT CODE SECTION 29850)**

I declare that I am the  legal owner (or)  custodian of warrant number \_\_\_\_\_,  
dated \_\_\_\_\_, in the amount of \$ \_\_\_\_\_, payable to  
\_\_\_\_\_, for Payroll \_\_\_\_\_, issued by the County Auditor of  
Riverside County for District number \_\_\_\_\_, which was  lost (or)  destroyed on or about  
\_\_\_\_\_, before payment by the Treasurer and that all material facts relating  
(date)  
to its loss or destruction (including explanation of reason if legal owner or custodian is other than  
payee named in warrant) as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

I declare under penalty of perjury that the foregoing is true and correct. Executed on \_\_\_\_\_,  
(date)  
at \_\_\_\_\_, California.  
(city)

Claimant Signature: \_\_\_\_\_  
Name Printed: \_\_\_\_\_  
Mailing Address: \_\_\_\_\_  
\_\_\_\_\_

**\*\*Requires signature of authorized payroll warrant approver.**

**\*\*Please sign on designated line below.**

\_\_\_\_\_  
Authorized Payroll Warrant Approver  
Date

Form No. 3329AT (Revised 8/10)

**Cancellation of Payroll Warrants**


Payroll warrants that are cancelled will **not** be reissued, the employee is entitled to **zero** compensation. Do **not** cancel a warrant you have not asked an employee to return.

When cancelling a payroll warrant ensure the following is completed:

- All expenditures are reversed in the LEAs financial ledger.
- Payroll deductions to different entities on your employee’s behalf will need to be recouped from the vendor associated with the cancelled warrant.
- LEA completes and attaches the cancelled warrant to Form 3309T – Cancellation of Payroll Warrant and sends to DFS Payroll.
- Do not use this form to cancel a warrant lost by an employee. Instead use the Declaration for Replacement of Lost or Destroyed Payroll Warrant form shown on the previous page.
- If the payroll warrant is unavailable, mark the status as “M” for missing.

A fillable PDF version of the 3333T is available using the following link:

<https://www.rcoe.us/home/showpublisheddocument/2432/637424945394200000>



Division of Administration and Business Services  
District Fiscal Services

**Cancellation of Payroll Warrants**  
*Please print on blue colored paper*

District:

Year	County	District	Date

Issue Date	Warrant No.	Status C or M (See Galaxy Status below)	Employee Name	Amount	Reason for Cancellation (See Galaxy Status below)
Page Total:				\$ 0.00	
Total of all Pages:					

Galaxy Status	
<p>C = Cancel Attach payroll warrant to this form, with signature completely cut out, and explain the reason for cancellation.</p>	<p>M = Missing If payroll warrant is unavailable, please explain the reason for canceling the warrant.</p>

Prepared by:  Phone Number:

Approved by:  Date:

Authorized Payroll Warrant Approver

FORM NO. 3333T (Revised 03/18)
Distribution: Original - DFS, Copy - District



### **Payroll Tax Deposits**

It is DFS' responsibility to make timely and accurate deposits of withheld tax payments made by both the employee and the employer. Due to the large dollar amount of the tax payroll liability, payments are processed the day after pay day for the A/B, M, and all PODs. Funds are transferred from LEAs to pay the tax liability during the Financial Pay Update process. See the District Fiscal Services, Payroll Calendar for the exact date of the financial transaction.

Currently, federal taxes are paid under one Employer Identification Number or EIN (excluding the charter schools on Galaxy). In order to make federal payments timely, our banking institution requires DFS initiate payments two days prior to the settlement date. California withholding taxes are paid under a single account number and DFS is required to follow the federal payment schedule due to the size of the deposits.

### **Payroll Tax Reporting**

On a quarterly basis, per the IRS and California, DFS reconciles tax deposits against actual tax withheld using the Federal 941, and the State DE 9 and DE 9c forms.

#### **Federal Form 941**

- The IRS requires employers complete a quarterly return called the 941. The 941 is a reconciliation of the amount withheld from employee checks and the calculated amount that should be withheld (FICA and Medicare taxes).
- The amounts indicated on the 941 must match the total amount of all W-2s issued on an annual basis.

#### **Federal Form W-2**

- On an annual basis employers are required to issue form W-2 to employees. W-2s are to be post marked by January 31, or the next business day if it falls on a weekend. DFS will print W-2s and use the mail distribution currently in place for pay warrants and pay stubs. Contact DFS Payroll if you prefer a different method.
- Employees on disability such as Workers' Compensation or under a Third Party Provider may receive a revised W-2 following the initial W-2 from the LEA prior to the end of January due to necessary earnings adjustments that are not due to employers until January 15<sup>th</sup>.
- On an annual basis employers are required to send a W-2 file to the Social Security Administration. This file is due on January 31 or the next business day if it falls on a weekend.

#### **Federal Form W-2c**

- When an adjustment to a prior year FICA (Social Security) or Medicare wages or taxes is required, a W-2c is issued. An example of when a W-2c is issued is for abatement payments.
- An administrative error such as a transposition, or when an employee never received (constructive receipt) payment are the only examples of when a W-2c adjustment can be made to earnings (box 1) or withholdings (box 2).

#### **State Form DE 9c and DE 9**

- On a quarterly basis DFS sends a DE 9c that lists all employee earnings for the quarter to the EDD (Employee Development Department).
- On a quarterly basis DFS sends a reconciliation report called a DE 9 that represents the total amount of the quarterly taxable and withholding tax reported on the DE 9c to the EDD.
- These reports are sent to the EDD for all LEAs.

**State SDI (State Disability Insurance)**

- LEAs that subscribe to California’s State Disability Insurance (SDI) are responsible to pay the tax liability on a quarterly basis. Funds withheld from employees paychecks are transferred to the individual LEAs for payment of the SDI liability.
- DFS reports SDI wages and withholdings for those LEAs that subscribe to SDI.
- DFS will prepare the DE 9c reports and request LEAs sign a Quarterly Tax Certification form. Signing the form indicates that the LEA is aware of the information and has reviewed the SDI information.
- LEAs who subscribe are responsible for completing the DE 9 for the SDI account number associated with their LEA. As of January 1, 2017, all EDD payments and reporting must be done electronically. The EDD website can be used to submit form DE 9 electronically as well as payment through EFT (electronic funds transfer).

**State UI (Unemployment Insurance)**

- Currently DFS is responsible for reporting all LEAs SUI (State Unemployment Insurance) to EDD on a quarterly basis. SUI reports are sent to the LEAs once they are filed.
- DFS pays the SUI fees to the EDD on a quarterly basis.
- DFS adjusts SUI withholdings and reportable earnings based on payroll adjustments such as abatements.