

Federal Calendar Year Rates - 2025**Medicare**

Maximum taxable earnings	No Limit
Employee/employer tax rate	1.45%
Additional Medicare tax withholding on wages >\$200,000	0.9%

FICA (Social Security)

Maximum taxable earnings	\$176,100
Employee/employer tax rate	6.2%

Supplemental Wage/Bonus Rate

Flat rate withholding method	22%
Pay over \$1 million	37% (on amount over 1M)

Health Savings Accounts

Self-only contribution limit (employee and employer)	\$4,300
Family contribution limit (employee and employer)	\$8,550
Catch-up contribution limit (employee and employer) – age 55 and older	\$1,000 (projected)

Flexible Spending Accounts (FSA)

Health FSA maximum election	\$3,300 (projected)
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IRS Standard Business Mileage

67.0 cents per mile

Retirement Plans

Employee contribution limit – 403(b) and 457(b)**	\$23,500
Catch-up contribution limit – 403(b) and 457(b) age 50 and older**	\$8,000
Limit on annual additions (combination of all employer and employee elective deferrals to all 403 (b))	\$70,000
Employee contribution limit – 403(b) Roth	\$23,500 \$8,000 (catch up)

Dependent Care Spending Accounts

Dependent care maximum election	\$5,000
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Qualified Transportation Fringe Benefits

Qualified parking, transit passes or commuter highway vehicle	\$325/month
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Annual Lease Value – Control Employee Compensation Limits Government Employer

Elected officer (only Board members and COE Superintendents)	Refer to IRS Pub 15-B
Employee, Federal Executive Level V	Refer to IRS Pub 15-B

Maximum Vehicle Values for Personal Use of District Vehicle, Cents per Mile

Passenger	\$62,000 (2024)
Truck or van	\$62,000 (2024)

****403(b) and 457(b) plans have employer contributions provisions; contact your benefit advisor for limitations.**

California Calendar Year Rates - 2025**Minimum Wage**

Minimum wage	\$16.50
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Unemployment Insurance – School Employees Fund

Employer rate	0.05%
Local experience charge 0%-15% per quarter. New School Employees Fund (SEF) participants subject to 10% LEC for the first three fiscal years.	2024-25 FY

California Supplemental Wage/Bonus Rate, Not Paid with Regular Wages

Bonuses	10.23%
All other supplemental wages	6.6%

California State Disability Insurance (CASDI)

Maximum taxable earnings	No contribution limit
Employee deduction rate	1.20% (projected)
Employee maximum withholding	None

NOTE:

Student workers for districts are not exempt from the new state minimum wage.

Fiscal Year 2024-2025 California School Employer Rates**STRS Employer Contribution Rates**

2% at 60 Members	Employer Rate	Maximum Wage Limit (fiscal year)
Defined Benefit	19.10%	\$345,000, STRS member on or after 7/1/1996
Defined Benefit Supplement	8.25%	
Reduced Workload	19.10%	
2% at 62 Members (PEPRA)	Employer Rate	Maximum Wage Limit (fiscal year)
Defined Benefit	19.10%	\$182,266
Defined Benefit Supplement	8.25%	

PERS Employer Contribution Rates

Classic Members	Employer Rate	Maximum Wage Limit (calendar year)
	27.05%	\$345,000, PERS member on or after 7/1/1996
New Members (PEPRA)	Employer Rate	Maximum Wage Limit (calendar year)
OASDI Employee	27.05%	\$151,446
Non-OASDI Employee	27.05%	\$181,734

DFS: PAYROLL & RETIREMENT – CONTACT INFORMATION
 (951) 826-6538/[951] 826-6961- FAX
FOR DISTRICT STAFF USE ONLY. PLEASE DO NOT SHARE WITH EMPLOYEES

FOR QUESTIONS RELATED TO ANY OF THE FOLLOWING:	Contact:	Email
New Employee Authorization Transmittal (NEAT):		DFS-NEATS@rcoe.us
PERS Access/Password Reset:	Erika Burton	erikaburton@rcoe.us
STRS Access/Password Reset:	Melisa Wadley	mwadley@rcoe.us
Certification of Signatures	Anabel Gonzalez	agonzalez@rcoe.us
For link to Instructions:		How to Complete Form 3350
For link to Form 3350:		Certification of Signatures Form

PAYROLL QUESTIONS RELATED TO:	Contact:	Email
Payroll Deduction Payments:		DFSPayroll@rcoe.us
Alt FICA		
403(b), Roth 403(b), 457(b), Roth 457(b)		
Insurance, 125 Plans, Union Dues, Misc.		
New Voluntary Deduction Codes		
H&W Employee Contribution Vendor Codes		
Garnishments:		DFSPayroll@rcoe.us
Payroll Warrants & Direct Deposits:		DFSPayroll@rcoe.us
Cancels/Stops/Reissues of Payroll Warrants		
Copies of Paid Payroll Warrants		
Direct Deposit Reversals		
Salary Abatements:		DFSPayroll@rcoe.us
Payroll on Demand (POD):		DFSPayroll@rcoe.us
EDD Unemployment Tax Quarterly Filing, Deposits (SEF):		DFSPayroll@rcoe.us
Payroll Taxes, W2 Corrections, Employee Voluntary Deduction Errors, Health & Welfare Deduction Errors:		DFSPayroll@rcoe.us
Payroll Questions & Corrections:		DFSPayroll@rcoe.us
Legacy (pre-Galaxy) Copies of W2s/Earning Reports:	Toni Martinez	tmartinez@rcoe.us
Galaxy Technical Payroll Questions:	Service Desk	servicedesk@rcoe.us

RETIREMENT QUESTIONS RELATED TO:	Contact:	Email
PERS Reporting:		DFSPERS@rcoe.us
PERS Questions:		DFSPERS@rcoe.us
MARs Appointments, Separations, etc.		
PERS Redeposits		
PERS Questions and Fixed Charges		
STRS Reporting:		DFSSTRS@rcoe.us
STRS Questions:		DFSSTRS@rcoe.us
STRS Redeposits, Service Discrepancies, Mandatory Qualifications, Fixed Charges, STRS Forms, Penalties & Interest Questions		
All Other STRS Questions		
ES 372:		ES372@rcoe.us
Galaxy Technical Retirement Questions:	Service Desk	servicedesk@rcoe.us

PAYROLL & RETIREMENT SUPERVISORS	Name	Email
Administrator:	Ana M. Lambert	alambert@rcoe.us
Coordinator:	Yadira Rike	yrike@rcoe.us
Payroll Manager:	Julie Portillo	jportillo@rcoe.us
Retirement Manager (PERS):	Erika Burton	erikaburton@rcoe.us
Retirement Manager (STRS):	Melisa Wadley	mwadley@rcoe.us

GoAnywhere: Secure file submission to DFS Payroll and Retirement is available via [GoAnywhere](#) and should be used to securely upload New Employee Authorization Transmittal (NEAT) reports and retirement forms that contain sensitive employee information. The secured file submission process is the only acceptable avenue to submit requests to RCOE for new employee approvals.

The Payroll and Retirement Unit in District Fiscal Services (DFS) primarily distributes information via e-mail. The e-mails may be addressed to different contacts depending on the subject matter.

Please note: E-mail servers are not secure. Confidential information should not be e-mailed to our office. Please only fax documents that contain confidential information. Social security numbers should never be included in an e-mail or an e-mail attachment. Please fax DFS if a social security number must be included in any correspondence.

GoAnywhere: Secure file submission to DFS Payroll and Retirement is available via GoAnywhere, and should be used to securely upload New Employee Authorization Transmittal (NEAT) reports and retirement forms that contain sensitive employee information. The secured file submission process is the only acceptable avenue to submit requests to RCOE for new employee approvals.

DFS Notify E-mails

DFS Notify e-mails are used by all units in District Fiscal Services (DFS). The subject matter of the e-mail will always identify which unit the e-mail is being sent from:

- DFS Notify AB1200
- DFS Notify Accounting
- DFS Notify Payroll
- DFS Notify PERS
- DFS Notify STRS
- DFS Notify Retirement (if it affects both PERS and STRS)

The Payroll and Retirement Unit uses DFS Notify e-mails to distribute information that is not district or employee specific but affects all districts, community colleges and charters in general. Examples of information distributed via DFS Notify:

- Workshop notifications
- Taxing changes
- Payroll rate changes
- Changes in procedures
- Updates on pending matters
- District surveys
- District Fiscal Services staff updates
- New legislation

The primary recipients of DFS Notify e-mails are FMAC and quarterly community college members, supervisors at charter schools that use Galaxy, and independent district and charters, if applicable.

RCOE Website

DFS has started the process of moving DFS manuals to the RCOE website for easier access to updates. Notifications will be sent district as manuals are approved for publication to the website.

New Employee Authorization Transmittal (NEAT) Form

After the NEAT has been completed and approved by the LEA, it is submitted via the GoAnywhere [link](#) to the DFS Payroll and Retirement units. If you are submitting a new hire packet, it should include the NEAT launched from Galaxy, a valid government-issued I.D. (i.e., driver's license, passport), and a copy of a social security card (if available). Additionally, the signature on the NEAT must be the signature that is on column III of the Certification of Signatures.

For Payroll purposes, the NEAT form provides DFS with a notification that a new employee has been hired at a district. The employee must have a correct Social Security Number that matches the name, per the Social Security Administration for W-2 reporting purposes.

For retirement purposes, the NEAT form is DFS' notification that a new employee has been hired at the district and a CalSTRS (S-code), CalPERS (P-code), or Alt-FICA (A-code) account may need to be established.

After the NEAT has been approved for payroll purposes, it is distributed to the STRS or PERS units who review the employee profile in Galaxy to verify the employee retirement plan code, membership type boxes, and position type. This information will help the retirement unit correctly set up an employee's account with CalSTRS or CalPERS.

NOTE: LEAs must launch an electronic version of the form from the first tab of the *Add/Modify Employee Information* screen. A sample of the form is on the following page.

BEST PRACTICE: Be sure to have a process in place for supervisory review. Use the Notice Change of Employment Report located in MicroStrategy to verify NEATs entered and approved on a daily basis.

Galaxy Direct Reporting > Shared Reports > Personnel > Employees > **Notice Change of Employment**

Galaxy Reporting

NEAT

SAMPLE

RIVERSIDE COUNTY OFFICE OF EDUCATION

New Employee Authorization Transmittal

District Nbr	Emp Nbr	Soc Sec Nbr	Retirement Code	Pay Freq	Pay Type	Retirement Account
99	987654	123-45-6789	A1	24	X	0 - NONE

Employee Last Name	Employee First Name	Employee Middle Name	Hire Date
JOHNSON	MARY	NICOLE	10/31/23

CalPERS ID # (if applicable): _____ CalSTRS ID # (if applicable): _____ PEPPRA? (if applicable):

Date Of Birth	Gender	Employee Phone Number	Employee Email
01/01/1977	M	(951) 555-1212	

Address Street	Address City	State	Zip Code
1234 MAIN STREET	ANYTOWN	CA	91030-0000

Position Held	Schedule	Contract

Prime Job	Type	Title	Seq	FTE	Type	Rate	Days	Amount	Position Start Date	Description
*	2	006	020	1.0000	H	17.00			10/31/23	INTERN, ORCSS

This section is auto-filled by information input in Galaxy.

Must Accompany Retirement Forms

Photocopy of Social Security Card (must be legible)

Photocopy of government-issued ID identifying birthdate (such as state issued driver's license or state issued ID)

Log into both, the MyCalPERS and CalSTRS websites and complete information for employee, regardless of the position:

In the MyCalPERS website, employee is a:

Member Retired Annuitant N/A

In the CalSTRS Website, employee is a:

2% at 60 member 2% at 60 non-member (Refunded) Retired Annuitant (SR,DR)

2% at 62 member 2% at 62 non-member (Refunded) N/A

IF ELIGIBLE, RETIREMENT SYSTEM FORMS

CalPERS Member Reciprocal Self-Certification Form (PERS-EAMD-801)

CalSTRS Permissive Membership Form (ES350)

CalSTRS/CalPERS Retirement System Election Form (ES372)

Member Action Request (MAR); Complete section below if employee qualifies for PERS membership

Basis for CalPERS Membership Qualification : _____ **Effective date of CalPERS appointment:** _____

Full Time > 6 months Indeterminate; at least 20 hours a week for 1 year or more

Part Time >or = 20 hours for 1 year or more Person is already a PERS member

N/A

Form Completed By: _____ Email: _____

Authorized Signature: _____

Authorizer Name and Title: _____

Information in this section must be complete by LEA prior to submitting to DFS.

NEATs are not required for existing employees taking a new position. In these situations, the STRS or PERS units are not able to verify the employee's profile. As a result, the retirement coding cannot be verified.

When the Retirement Unit is unable to validate an employee's retirement status, it may cause district charges/refunds due to incorrect membership status or member retirement formula at the time payroll was processed. These charges/refunds are completed via the fixed charge process and logged in the control sheets e-mailed to districts on a monthly basis.

Modifying Gender or Birthdate after NEAT Approval

Employee gender and birthdate are important data fields to report to CalSTRS and CalPERS. The retirement systems use this information to forecast the future expected cost to provide benefits to current and future retirees and actuarial studies are then used to adjust the employee and employer contribution rates accordingly.

DFS Retirement works with the districts on correcting these fields in Galaxy when necessary. The birthdate and gender field have been locked to prevent district changes after DFS has reviewed and approved a new employee in Galaxy.

Districts will no longer be able to make corrections to either of these fields. Once the NEAT is approved by DFS and the gender/birthdate information is verified by a DFS staff member, those fields will be locked. If a district later discovers an error has been made or there has been a gender change, an authorized signer will need to send a request to DFS to update the field(s). Proper supporting documentation, such as government issued identification, must be provided in order for DFS to make the update. Once DFS receives documentation and verifies the data, a request will be sent to the Service Desk for the update.

If verification documentation is not available, the district should complete and submit to DFS the Birthdate/Gender Verification Form. See the Galaxy Notification and Birthday/Gender Verification Form on the following page.



Division of Administration and Business Services

District Fiscal Services

Birthdate/Gender Verification Form

This form is to be submitted to the County Office with the New Employer Authorization Transmittal (NEAT) form when a Driver License is not available or a correction is needed for an employee already approved in Galaxy.

District Name: _____ District Number: _____

Employee Name: _____ Employee Number: _____

A Driver License for the above employee is not available for birthdate or gender verification. By signing below, I certify the information below is accurate:

Birthdate: _____
Gender: [] Female [] Male [] Non-binary

I have verified the information with (select one):

I9: []
Birth Certificate: []
Other: [] Please identify the form used to verify: _____

Name of Authorized Agent Phone #

Date

Form must be signed by an authorized signer. Please refer to Column III of the Certification of Signatures.

REV. 08/02/2022

NEAT Processing Timeline

NEATs are required by both the Payroll and Retirement Units of DFS. In order to ensure the accurate and timely payment to employees as well as establishing their retirement eligibility, it is vital that districts adhere to the following timelines when processing NEATs.

- NEATs should be received by DFS for approval prior to Gross Pay.
 - Exceptions may only be made for classified new hires after the gross payroll runs.
 - New hire certificated employees must run through Gross Payroll for a credential check except for community college employees.

Restrictions on Retirees Returning to Work

Employees who retired on or after January 1, 2013 must wait 180 days before they can return to work as retirees. If a retiree is employed within 180 days of their retirement day:

- PERS may reinstate the retiree as an active member.
- STRS will reduce the employee's benefit dollar-per-dollar by an amount equal to the retiree's earnings up to the benefit payable during that period.

Hiring CalPERS Retirees

A CalPERS retiree cannot return to work on a classified position for at least 180 days after retirement unless the following conditions are met:

- The employee did not receive a Golden Handshake or any other employer incentive related to retirement.
- The employer certifies that the appointment is necessary to fill a **critically** needed position before 180 days have passed.
- The appointment has been approved by the governing body of the employer in a public meeting; the appointment cannot be placed on a consent calendar.
- The employment shall be limited to 960 hours per fiscal year.
- The compensation paid to retirees cannot be less than the minimum nor exceed the maximum monthly base salary paid to other employees performing comparable duties, divided by the 173.333 to equal the hourly rate.
- The employee will not receive any other benefit, incentive, or compensation in lieu of benefit or other form of compensation in addition to this hourly pay rate.

Please refer to the PERS or STRS manuals for more detailed information regarding hiring CalPERS retirees or contact DFS.

NEAT Retirement Status

It is critical that the retirement status section of the NEAT is completed correctly. The retirement status determines the employee’s PERS/STRS contribution rates and will change the employee’s taxable wages and FICA deductions. District staff should be checking membership status with the CalPERS and CalSTRS systems for all new hires and employee’s changing classifications. Remember, an employee who does not meet the minimum requirements for membership at your district may still be required to be set up as a member if the employee has established PERS/STRS membership at another district.

If you are unsure about what coding to use for an employee, contact DFS for additional guidance.

The following codes are available:

CODE	DESCRIPTION	TAX DEFERRED*	FICA	MC	SURVIVOR BENEFIT	O/T SAME DISTRICT FICA	O/T SAME DISTRICT MC
<u>STRS - EMPLOYEE PAYS RETIREMENT</u>							
S1	MEMBER PAYS RETIREMENT	Y	N	Y		N	Y
S3	MEMBER HIRED PRIOR TO 4/1/86	Y	N	N		N	N
<u>STRS - EMPLOYER PAYS EMPLOYEES' RETIREMENT</u>							
S4	EMPLOYER PAYS MEMBER CONTRIBUTIONS	Y	N	Y		N	Y
S5	EMPLOYER PAYS MEMBER CONTRIBUTIONS-HIRED PRIOR TO 4/1/86	Y	N	N		N	N
S6	EMPLOYER PAYS PORTION OF EMPLOYEE CONTRIBUTIONS	Y	N	Y		N	Y
S7	EMPLOYER PAYS PORTION OF EMPLOYEE CONTRIBUTIONS-HIRED PRIOR TO 4/1/86	Y	N	N		N	N
<u>PERS - EMPLOYEE PAYS RETIREMENT</u>							
P1	PERS EMPLOYER PU- FICA & MEDICARE	Y	Y	Y		Y	Y
P2	PERS EMPLOYER PU- NO FICA NO MEDICARE	Y	N	N	Y	N	N
<u>PERS - EMPLOYER PAYS EMPLOYEE'S RETIREMENT</u>							
P3	PERS EMPLOYER PD - FICA & MEDICARE	N	Y	Y		Y	Y
P4	PERS EMPLOYER PD - NO FICA & NO MEDICARE	N	N	N	Y	N	N
<u>PERS - EMPLOYEE PAYS RETIREMENT</u>							
P5	PERS - EMPLOYEE PD - FICA & MEDICARE	N	Y	Y		Y	Y
P6	PERS - EMPLOYEE PD - NO FICA & MEDICARE	N	N	N	Y	N	N
P8	EMPLOYER PAYS PORTION OF EMPLOYEE PICKUP	N	Y	Y		Y	Y
<u>PERS - EMPLOYEE PAYS RETIREMENT</u>							
P7	MEMBER WORKING OT AT THIS DISTRICT WHILE FULL TIME AT ANOTHER - DOES NOT PAY PERS CONTRIBUTIONS	N	Y	Y		Y	Y
<u>ALT FICA</u>							
A1	ALTERNATE TO A RETIREMENT PLAN	Y	N	Y		N/A	Y
<u>NON MEMBER</u>							
N1	HAS NOT QUALIFIED FOR PERS MEMBERSHIP	N	Y	Y		Y	Y
N2	HAS NOT ELECTED TO BECOME STRS MEMBER	N	Y	Y		Y	Y
N3	NOT ELIGIBLE DEDUCT NO FICA NO MEDICARE	N	N	N		N	N
N4	NOT ELIGIBLE DEDUCT FICA & MEDICARE	N	Y	Y		Y	Y
N5	NOT ELIGIBLE DEDUCT FICA & MEDICARE (STUDENTS)	N	Y	Y		Y	Y
N7	NONE (FOR BANNING USE ONLY- PAYING RETIREMENT ANNUITY TO 17 Ees)						
<u>RETIREE</u>							
R1	RETIREE DRAWING BENEFIT FROM PERS	N	N	Y		N	Y
R2	RETIREE DRAWING BENEFIT FROM STRS	N	N	Y		N	Y

* Note: The tax deferred flag for P8 is set by Employee Group, not the Retirement Plan Code

Remember: An employee who does not meet the minimum requirements for membership at your district may still be required to be set up as a member if the employee has established PERS/STRS membership at another district.

Once a member, always a member.

RETIREMENT PLAN CODE	RETIREMENT PLAN CODE DESCRIPTION	RETIREMENT ACCOUNT CODE	ACCOUNT CODE DESCRIPTION
	<u>PERS RETIREMENT CODES</u>		
P1	PERS - EMPLOYER PU - FICA & MEDICARE	60004	FICA/MEDICARE DEDUCTED
P2	PERS - EMPLOYER PU - NO FICA & MEDICARE	60001	NO FICA/MEDICARE DEDUCTED
P3	PERS - EMPLOYER PD - FICA & MEDICARE	60004	FICA/MEDICARE DEDUCTED
P4	PERS - EMPLOYER PD - NO FICA OR MEDICARE	60001	NO FICA/MEDICARE DEDUCTED
P5	PERS-EMPLOYEE PD - FICA & MEDICARE	60004	FICA/MEDICARE DEDUCTED
P6	PERS - EMPLOYEE PD - NO FICA OR MEDICARE	60001	NO FICA/MEDICARE DEDUCTED
P7	MEMBER WORKING OVERTIME AT THIS DISTRICT WHILE FULL TIME AT ANOTHER	NONE	FICA/MEDICARE DEDUCTED
P8	EMPLOYER PAYS PORTION OF EMPLOYER PICKUP	NONE	FICA/MEDICARE DEDUCTED
A1	ALTERNATE TO RETIREMENT PLAN	NONE	NO FICA - MEDICARE ONLY
N1	HAS NOT QUALIFIED FOR PERS MEMBERSHIP	NONE	FICA/MEDICARE DEDUCTED
N3	STUDENT WORKER	NONE	NO FICA/MEDICARE
N4	NOT ELIGIBLE - BOARD MEMBERS	NONE	FICA/MEDICARE DEDUCTED
N5	NOT ELIGIBLE - WORKABILITY STUDENTS	NONE	FICA/MEDICARE DEDUCTED
R1	RETIREE DRAWING BENEFIT FROM PERS	NONE	NO FICA - MEDICARE ONLY

New Hire Reporting

It is the employer's responsibility to inform the California Employment Development Department (EDD) of all new hires. The new hire reporting process helps child support agencies issue income withholding orders quickly. Employers must report newly hired employees using the form DE-34, Report of New Employee(s), shortly after the date of hire. The Office of Child Support Enforcement (OCSE) and other states throughout the nation match new hire reports against child support records to locate parents who owe child support. The following is done during the new hire or rehire process:

- DFS reports new hires and rehires to the Employment Development Department.
 - Filed electronically – two times a month, (1st and 16th).
- Provides employee's name, home address, social security number, and start of work date.
- Due to EDD within 20 days of hiring

Overview of Payroll Process

LEAs can participate in five payroll runs each month. They are the A, B, C, D and M Payrolls. The A, B, C, D and M payroll deadlines are outlined on the DFS Payroll Processing Calendar. To accommodate charters to comply with Labor Code, we added semi-monthly C&D payrolls. The new pay types for C&D payrolls were added on the Add/Modify Employee Information screen and Add/Modify Position Information Screen. “Y” for semi-monthly C&D and “C” for monthly C (should not be used by K12 and CCs). Please select the pay type carefully to make sure that the right pay type for your LEA is selected. Contact DFS to discuss your LEA’s needs. Details about the mechanics of running a payroll can be found in the Galaxy Payroll Manual on the RCOE Extranet. Contact the Service Desk to get access to the Galaxy Extranet.

PODs (Payroll on Demand) are processed every Tuesday and paid every Thursday, except for holidays and Galaxy downtimes. All PODs are paid via direct deposit. Please e-mail DFSPayroll@rcoe.us the morning a POD is scheduled, to be included on a POD run. See Section 425-1 POD Processing Timeline for more information.

Multiday PODs run during the month of July to allow the LEA time to enter summer school employees within the time allowed by Ed. Code 45048 (Ed. Code 85260 for community colleges).

Payroll Types

- “A” Payroll: Semi-monthly payroll that starts on the 26th of the previous month and runs through the 10th. Pay date is the 10th calendar day after the pay period ends, or the 20th of the month. If the 20th falls on a weekend or an RCOE declared holiday, pay date is moved to the working day prior.
- “B” Payroll: Semi-monthly payroll that starts on the 11th of the month and runs through the 25th. Pay date is the 10th calendar day after the pay period ends. If the pay date falls on a weekend or an RCOE declared holiday, pay date is moved to the working day prior.
- “C” Payroll: Semi-monthly payroll that starts on the 1st and runs through the 15th. Pay date is the 25th calendar day of the month. If the 25th falls on a weekend or an RCOE declared holiday, pay date is moved to the working day prior.
- “D” Payroll: Semi-monthly payroll that starts on the 15th and runs through the end of the month. The pay date is the 10th of the month if the pay date falls on a weekend or a RCOE declared holiday, pay date is moved to the working day prior.
- “M” Payroll: Monthly payroll that starts on the 1st of the month, ends on the last day of the month and pays employees on the last day of the month or the working day prior, if the last day of the month falls on a weekend or on a RCOE holiday.
- POD: Payroll on Demand or POD payrolls run every Tuesday with a Thursday payday, except holidays and Galaxy downtimes. POD payrolls are used by the LEA’s payroll unit to pay employees due to late time sheets, etc. POD payrolls will not run on RCOE declared holidays or the last two weeks of December (see *Section 1000* for instructions on paying an employee during the last two weeks of December). POD payday will not be moved up due to RCOE declared holiday. Instead, the payday will be moved to the working day after any RCOE declared holiday.

The Payroll and Retirement Unit in District Fiscal Services will be restructuring the Extra Pay and the Payroll Adjustment Codes in Galaxy to better fit CalPERS and CalSTRS reporting. A district committee will be formed to assist with this process.

A list of the current Extra Pay Codes may be found in Galaxy's Personnel Module, Personnel/Position Control System/View Personnel/View Extra Pay Codes.

View Extra Pay Codes

Search Extra Pay Code Information							
County: 33 - RIVERSIDE COUNTY							
Total Rows: 125							
Extra Pay Code	Extra Pay Code Description	Employee Position	Affects Actual Pay Rate	Cash Option Flag	Uniform Allowance Flag	Adjustment Code (STRS)	Adjustment Code (PERS)

Extra Pay Codes

Extra Pay Codes are set up in the personnel module to process earnings in addition to salary schedule wages. Extra Pay Codes can be attached to an employee or to a position. The Extra Pay Codes are used for wages that are scheduled to be recurring on an employee’s check and are set up on the Employee Information screen under tab “5. Extra Pay/Leave Info.” This tab has two tabs within it, “Employee Extra Pay” and “Position/Employee Extra Pay”.

Each Extra Pay Code is associated with a Payroll Adjustment Code. The Payroll Adjustment Codes control how the earnings are paid and reported to retirement. For example, if a STRS employee were to be eligible to receive a BILINGUAL STIPEND/ORAL, Extra Pay Code 70, the payment of that stipend would follow the business rules under Payroll Adjustment Code 620.

The example below is an Extra Pay Code that was set up as an Employee Extra Pay:

Menu **Add / Modify Employee Information**

Start | 1. Personal | 2. Education/Experience | 3. Employee Information | 4. Payroll Information | 5. Extra Pay / Leave Info | 6. Positions | 7. Requirements

SSN: [] SEID: [] Employee Name: [] District: [] Employee Number: []

Employee Extra Pay | Position / Employee Extra Pay

Extra Pay

Prime Position Information: Pay Rate: [] Pay Freq: [] Pay Type: [] Schedule ID: [] Column: [] Row: []

Extra Pay Code	Description	Amount Per Payroll	Percent Per Payroll	Starting Payroll Cycle	Starting Payroll Type	Ending Payroll Cycle	Ending Payroll Type	Start Date	End Date	Lifetime Cycles Allowed	Maximum Amount Per Payroll	Maximum Amount Per Fiscal Year	Exclude on POD?
0031	LONGEVITY	[]	[]	5	A	5	A	11/10/2010	[]	[]	[]	[]	N

+ Add | Add Acct. | Add Fav. | Dup | Delete

Extra pay will be charged to prime job funding lines unless funding lines are added here.

If a stipend is only payable over a certain period of time or has a maximum lifetime cap, it will be indicated on this screen.

The second tab on this screen, Position/Employee Extra Pay is view only and shows all the Extra Pay Codes an employee has for both Position and Employee.

Moving over to the tab labeled “6. Positions, Extra Pay” codes can be added for a position in tab “4. Position Extra Pay”. The specific start and end dates as well as a lifetime maximum or maximum per fiscal year can be added to this screen. See the example on the following page:

Menu **Add / Modify Employee Information**

Start | 1. Personal | 2. Education/Experience | 3. Employee Information | 4. Payroll Information | 5. Extra Pay / Leave Info | 6. Positions | 7. Requirements

SSN: [] SEID: [] Employee Name: [] District: [] Employee Number: []

Employee Positions

Type	Title	Seq	Description
[]	[]	[]	[]

Find | Unassign | *Unassign Date: []

Assign to Position

* Type: [] | Assign | * Title: [] | * Position Start Date: [] | * Sequence: []

1. Information | 2. Salary/Retirement | 3. Funding Lines | 4. Position Extra Pay | 5. Evaluations | 6. Reporting | Prime Position

Extra Pay

Position Information: Pay Rate: [] Pay Freq: [] Pay Type: [] Schedule ID: [] Column: [] Row: []

Extra Pay Code	Description	Amount Per Payroll	Actual Payroll Amount	Percent Per Payroll	Starting Payroll Cycle	Starting Payroll Type	Ending Payroll Cycle	Ending Payroll Type	Start Date	End Date	Lifetime Cycles Allowed	Maximum Amount Per Payroll	Maximum Amount Per Fiscal Year
0004	SUPERVISORY	[]	[]	[]	[]	[]	[]	[]	06/06/2011	[]	[]	90.00	[]

+ Add | Add Acct. | Add Fav. | Dup | Delete

Extra pay will be charged to prime job funding lines unless funding lines are added here.

Payroll Adjustment Codes

Payroll adjustment codes can be used for the payment of overtime, one-time stipends, as well as retroactive payments. To comply with CalPERS and CalSTRS retirement requirements, notify DFS Retirement Unit before making any retroactive payments.

Some payroll adjustment codes can have customized descriptions assigned by LEAs to appear on an employee’s paycheck. If your LEA has any questions concerning how the use of payroll adjustment codes affects an employee's compensation, please contact DFS.

The Adjustment Code table can be accessed in the View Payroll Information module, Payroll System/View Payroll Information/View Adjustment Codes. Contact the Service Desk or DFS for more information on how to utilize the codes.

View Adjustment Codes

Search		Details						
County: 33 - RIVERSIDE COUNTY		District: 98 - RIVERSIDE COUNTY SUPERINTENDENT OF SCHOOL						
Total Rows: 599								
Adjustment Code	Adjustment Description (Default)	District Descriptor Override	District Description (Override)	Active	Multiplier	Current Period Earnings	Overtime	Adjustment to Salary

Payroll Calendar

Each Fiscal Year, DFS publishes and distributes to the LEAs via DFS-NOTIFY and the RCOE website, the Payroll Calendar that includes the deadlines related to payroll processing for the A,B,C,D and M payrolls.

The current and previous fiscal year calendars are published on the RCOE Website.

Payroll Calendar Entries

The processes below run overnight the evening of the process entry on the Payroll Calendar.

GROSS PAY – Preliminary Payroll Calculation: This process runs at 7:00 p.m. on the date indicated on the Payroll Calendar. This process accumulates all preliminary wages including salary, overtime, stipends, differentials, etc.

PRELIMINARY REPORT: This report is available to LEAs and DFS the morning after the GROSS PAY. The PRELIMINARY REPORT includes all gross wages for each employee including all payroll adjustments done with payroll adjustment codes. LEAs can use this report to make adjustments to gross pay.

Additional employees should not be added after the PRELIMINARY REPORT. The PRELIMINARY REPORT is used for credential checks and garnishment processing. Contact DFS if you make changes to an employee's gross in case adjustments are needed for garnishment processing.

NET PAY: NET PAY is the amount an employee directly receives from a given payroll, via warrant or direct deposit. Net pay is the amount of compensation due an employee after all deductions are taken. The gross to net pay process is the automated task in the Payroll Processing Cycle that performs complete calculations for an employee. The Final Payroll Calculation includes Gross Earnings, Gross-to-Net, and all associated LEA payroll costs. LEAs are to approve payrolls prior to the 7:00 p.m. cutoff. However, if an approval is not done by the LEAs, Galaxy will automatically approve the payroll. For good internal controls, it is recommended that LEAs approve payrolls before the deadline so no other adjustments can be made. Please contact the Service Desk or DFS if you have any questions about the approval process.

FIN UPDATE: The Galaxy Payroll system calculates the financial update amounts that are forwarded to the Galaxy Financial system. The Galaxy Financial module maintains all of the payroll encumbering and expenditure information. After this process is complete, LEAs can see the payroll charges on any given payroll in the Galaxy Financial system.

SIGNED PRELIM: LEAs must email the signed Approve Final Payroll Form to DFS prior to finalizing any payroll. The signer on the report must be on the authorized Certification of Signatures list for the LEA. The signatory is certifying that the dollars being paid on any particular payroll are accurate. The Approve Final Payroll Form must be in our office prior to releasing a payroll.

PAY DATE: The PAY DATE is the liability date of any given payroll and the date the net pay is available for employees either via direct deposit or paper warrant. The Payroll Calendar shows this date with bold numbers at the bottom of the pay date.

12P PODs: During the month of July, special multiday PODs are pre-scheduled for LEAs that need to make payments for June summer sessions. The 12P PODs will mean financial transactions related to these payrolls will fall into the “previous fiscal year”. Do not update salary schedules prior to running a 12P POD. Updating the salary schedules prior to running a 12P POD will produce incorrect retirement reporting and attach a higher pay rate to earnings for the previous fiscal year. Use caution when updating salary schedules during the month of July.

Payroll Reports

Payroll reports may be viewed in the View Report Archive screen in the Systems Utilities module. Please contact the Service Desk for access to this screen if needed.

View Report Archive

Search Selected Reports				
Folder1	Folder2	Folder3	Report Name	Date Created
MicroStrategy	PER-PAY	C33	2024 04B NET C33 - Alt-FICA Report by Payroll - County (Masked SSN) 2023-10-	10/31/2023
MicroStrategy	PER-PAY	C33	2024 04B NET C33 - Alt-FICA Report by Payroll - County 2023-10-31 19.25.24.483	10/31/2023
MicroStrategy	PER-PAY	C33	2024 04B NET C33 - Direct Deposit Register - County 2023-10-31 19.25.34.345.pdf	10/31/2023
MicroStrategy	PER-PAY	C33	2024 04B NET C33 - Direct Deposit Register by Location - County 2023-10-31 19.2	10/31/2023
MicroStrategy	PER-PAY	C33	2024 04B NET C33 - Direct Deposit and Warrant Totals - County 2023-10-31 19.25	10/31/2023
MicroStrategy	PER-PAY	C33	2024 04B NET C33 - Garnishment 2023-10-31 19.25.25.758.pdf	10/31/2023
MicroStrategy	PER-PAY	C33	2024 04B NET C33 - Health Welfare Deductions By Fund - County 2023-10-31 19.	10/31/2023
MicroStrategy	PER-PAY	C33	2024 04B NET C33 - Net Pay Computation Totals 2023-10-31 19.26.00.082.pdf	10/31/2023
MicroStrategy	PER-PAY	C33	2024 04B NET C33 - Net Pay Error Listing 2023-10-31 19.25.23.118.pdf	10/31/2023
MicroStrategy	PER-PAY	C33	2024 04B NET C33 - Payroll Warrant Register - County 2023-10-31 19.25.18.745.p	10/31/2023
MicroStrategy	PER-PAY	C33	2024 04B NET C33 - Payroll Warrant Register by Location - County 2023-10-31 19	10/31/2023
MicroStrategy	PER-PAY	C33	2024 04B NET C33 - Voluntary Deductions by District - County (Masked SSN) 202	10/31/2023
MicroStrategy	PER-PAY	C33	2024 04B NET C33 - Voluntary Deductions by District - County 2023-10-31 19.25.4	10/31/2023

POD (Payroll-On-Demand) Processing

PODs are processed every Tuesday and paid every Thursday, except holidays and Galaxy downtimes. It is critical that the LEA adhere to the processing timelines, so all downstream activities can be completed in a timely manner.

Prior to the LEA participating in a POD, be sure that authorized personnel are available to approve the POD.

Additionally, all PODs are paid via direct deposit. It is critical that LEAs have a review/validation process in place to avoid erroneous payments to employees. In instances where a paper warrant is needed, the LEA can suspend the direct deposit payment in the Add/Modify Employee Information screen in Galaxy by checking the “Suspend Deposit” checkbox. The box will need to be unchecked before the employee’s next payroll payment.

Direct Deposit Information

Total Rows: 1

Delete	Financial Institution	Account Type	Routing Number	Account Number	Amount	Deposit Balance	Suspend Deposit
<input type="checkbox"/>		C			0.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

DFS Contact List

Below is the list of employees and their phone number if you wish to open a POD. Please be aware that timelines are in place to expedite the processing of Payroll on Demand (POD). Preferred method of contact is via e-mail. Make sure you send an e-mail to DFSPayroll@rcoe.us. If you have any questions or issues regarding PODs please contact anyone from the list below:

DFS – PODs Contact List

Julie Portillo	jportillo@rcoe.us	(951) 826-6538
Brenda Franklin	bfranklin@rcoe.us	(951) 826-6428
Corrina Valencia	cvalencia@rcoe.us	(951) 826-6273
Amy Sanders	asanders@rcoe.us	(951) 826-6424
Yadira Rike	yrike@rcoe.us	(951) 826-6538

POD deadlines are in place to ensure direct deposit payments are made to employee accounts in a timely manner, and to adhere to IRS/EDD tax deposit requirements, **PODs are only processed on Tuesday mornings.**

POD Processing Timeline

- **9:00 a.m.** –LEAs must notify District Fiscal Services (DFS) Payroll by **e-mail** 9:00 a.m. before they enter a POD. Direct the message to DFSPayroll@rcoe.us. Please only phone if the LEA’s e-mail servers are down.

** Please note, LEAs may begin entering payroll adjustments any time the morning of the POD.*

- **10:00 a.m.** – Payroll adjustments stop. DFS will initiate a preliminary payroll calculation for

all LEAs participating in that morning's POD at 10:00 a.m. LEAs do not need to email DFS Payroll to request their prelim be initiated.

The Preliminary Payroll Report will be available in Galaxy under **View Report Archive**. LEAs are to review the POD error report and coordinate with RCOE Credentials to clear credential errors prior to 11:00 a.m.

- **11:00 a.m.** –LEA's authorized personnel are to approve final payroll in Galaxy. LEA must e-mail a copy of the signed Approved Final Payroll Form to DFS Payroll. Additional time cannot be given beyond 11:00 a.m.
- **11:01 a.m.** – RCOE Credentials and Garnishment Review. E-mail DFSPayroll@rcoe.us when an employee's gross pay is over \$20,000 providing an explanation.
- **Noon** – RCOE Credential check is complete, and DFS will begin the POD approval process. This process will generate the Net Pay and the Fin Update for the POD.
- **12:45 p.m.** – POD approval is completed by the DFS Payroll Unit.
- **1:00 p.m.** – DFS Payroll will coordinate with the Service Desk to process the direct deposit file. The direct deposit file is due to US Bank two business days prior to the pay day, which is Thursday, unless Thursday is a holiday.
- DFS Payroll continues reconciliation of wages and the tax deposit for the day. The payroll tax payment is due to the IRS and EDD one business day after the liability date (i.e. the payroll payday). The payment must be processed by DFS Payroll by **2:00 p.m.** the day before payday to reach the IRS and EDD in a timely manner.

Replacement Warrants

- Replacement warrants are processed Tuesdays and Thursdays.
- LEA must submit request to DFS Payroll no later than 9:30 a.m.
- Replacement warrants are printed and mailed to employees the same day.

NOTES:

- Retroactive salary increases are strongly discouraged from being processed on a POD. Processing retroactive payments on a POD may require LEA's help to assist with retirement corrections.

Classified Employees

By statute, a legal holiday for a classified employee is a paid day of service (Education Code section 45203).

Certificated Employees

Certificated employees are not paid for holidays (Education Code Section 37220 and 27ops.Cal.Atty. Gen 281 and 27ops.Cal.Atty.Gen 36). Holidays are days on which schools must be closed. There is no requirement for compensation. Therefore, holidays are non-work days for certificated employees.

Classified-Certificated Employees

Due to the different holiday handling for certificated and classified employees, two full-time 12 month employees with the same annual salary, one classified and one certificated will have a different legal daily rate of pay.

Net Pay Deductions

A net pay deduction is an amount that is withheld from an employee's "take home" pay either as mandatory, pre-tax mandatory, or voluntary deduction.

Mandatory Deductions

These *must* be deducted from employees' salaries and wages pursuant to federal or state law. Mandatory deductions include but are not limited to the following:

- Federal & State Income Tax, determined by employee's W-4 and DE 4.
- Medicare*
- Social Security*
- High Earner Medicare*
- Riverside County Schools is recognized as one employer. The Social Security and Medicare deductions are cumulative when moving from one LEA to another. Exception: fiscally independent Riverside County LEAs and charters. They are not recognized by the IRS as the "same employer."
- Garnishments.
**Refer to Section 105 of the Payroll and W-2 Manual for the most current rates and wage limits, if any.*

Pre-Tax Mandatory Deductions

The deductions listed below reduce net pay and may not be subject to federal or state income tax.

- State Retirement Systems: The employee's paid share contributions to CalPERS or CalSTRS (Not subject to federal or state income tax. CalPERS deductions are subject to FICA and Medicare, CalSTRS deductions are only subject to Medicare).
- Alt. FICA-The FICA Alternative Plan: A defined contribution plan authorized under Section 401(a) of the Internal Revenue Code. Employees in certain temporary or part-time positions are mandated to participate in lieu of earning credit for social security, not subject to federal or state income tax, but subject to Medicare.
- Employee Health & Welfare Contributions: May not be subject to federal or state income tax, FICA or Medicare, if employee chooses to participate in 125 plans.

Voluntary Deductions

Voluntary deductions are done as a "courtesy" for employees. Voluntary deductions are 100% employee paid – no employer contribution. These amounts reduce the employee's net pay, not gross pay. Some may be pre-taxed, if eligible, and the employee so chooses. These "voluntary deductions" are permitted by law but require an employee's written request to authorize the payroll deduction or salary reduction. DFS has the discretion to approve or deny requests for new types of voluntary deductions.

The following list provides some examples of currently provided voluntary deductions:

- Parking Fees
- Membership Dues for Professional Organizations
- Funds Maintained by Labor or Employee Organizations
- Life Insurance
- Disability Insurance
- Accident Insurance
- Charitable Contributions
- District Repays
- 403b
- 457b
- Roth 403b
- Roth 457b
- Dependent Care
- Medical Flex Spending Plan
- Union dues, when applicable

Note: *Do not use voluntary deductions for Health and Welfare (H&W) premiums.* All H&W deductions are part of the required ACA (Affordable Care Act) reporting on form 1095c and W-2, box 12DD and should be processed using the H&W module. Use the H&W module for both the employee and employer contribution. When H&W deductions are processed correctly using the H&W module, IRS reporting is correct. H&W deduction incorrectly processed using a voluntary deduction, will not be reported on either the 1095c or the W-2.

Reductions

Reductions in an employee's gross wages should be made with caution. Reductions are only to be made if an employee did not work those hours. If you are contemplating a reduction for any other reason, please contact DFS for assistance.

When an employee's gross earnings are reduced, all deductions that are based on an employee's gross payroll are affected, including retirement.

REMEMBER: *Reductions* affect gross income, deductions do not.

When to use Reductions:

Payroll reductions to reduce the gross wages can be made by using the 4xx and 6xx Payroll adjustment codes. Some examples of when it is acceptable to use a reductions code are:

- Late starts
- Excessive leave
- Current month salary reductions

When not to use Reductions (4xx, 6xx) :

- Collecting money owed (due to abatements, if an employee breaks something, etc.)
- To collect for a missed health & welfare deduction
- Overpaid travel advance

Requests for Voluntary Payroll Deduction Codes

Voluntary Deductions are done as a “courtesy” for employees. Voluntary deductions are 100% employee paid – no employer contribution. These amounts reduce the employee’s net pay, not gross pay.

LEA’s

- Before requesting a new code, please check to see if one already exists by following the path, Payroll System/View Payroll Information/View Voluntary Deduction Codes.
- To request a new payroll voluntary deduction code:
 - Send e-mail to DFSPayroll@rcoe.us
 - Include the following
 1. Vendor name
 2. Vendor address
 3. Warrant payable to:___(insert payee & account no. if required)___
 4. Pre- or post-tax
 5. 125 plan, 125 FSA Dependent Care, 403b or 457b, HSA, 125 FSA Medical
 - Payroll Voluntary Deduction Codes – County Only:
 - Garnishments 9XXX
 - PERS arrears contributions or redeposit 84XX
 - STRS arrears contributions or redeposit 83XX
 - Negative voluntary deduction codes 8XXX

View Voluntary Deduction Codes

Help

Search Details

County: 33-RIVERSIDE COUNTY

Total Rows: 1138

Code	Description	County Only	Restricted	TSA	125 Plan	125 Plan State Taxable	FSA Dependent Care	FSA Medical	Deferred Buyback	Other Pre-Tax
▶ 0002	TSA FRINGE BENEFIT CONSORTIUM (F	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>					
▶ 0003	TSA VOYA FINANCIAL PLAN NUMBER V	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>					
▶ 0004	TSA VOYA FINANCIAL, INC., PLAN NUM	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>					
▶ 0005	TSA A G EDWARDS	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>					
▶ 0006	TSA MERRILL LYNCH	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>					
▶ 0007	TSA CTA RETIREMENTSAVINGS PLAN	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>					
▶ 0008	TSA 403B CALSTRS PENSION 2	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>					
▶ 0010	CTA VOLUNTARY RETIREMENT PLAN F	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>					

Excel Print

Voluntary Deductions can have multiple addresses for a single vendor. When requesting a new Voluntary Deduction code, check to see if one is already available and specify the address for your LEA.

Modify Voluntary Deduction Codes (County Only)

Help

Search Details

County: 33-RIVERSIDE COUNTY

Total Rows: 1138

Delete	Code	Description	County Only	Restricted	TSA	125 Plan	125 Plan State Taxable	FSA Dependent Care	FSA Medical	Deferred Buyback	Other Pre-Tax	Plan 457b
<input type="checkbox"/>	1014	3PSP GRP SPOUSE CRITICALL MUTU	<input type="checkbox"/>									
<input type="checkbox"/>	1015	KAISER FOUNDATION	<input type="checkbox"/>									
District	District Name	Payee	Address Line 1									
18	BEAUMONT UNIFIED SCHOOL DISTRICT	KAISER FOUNDATION HEALTH PLAN	FILE 5915									
10	ALVORD UNIFIED SCHOOL DISTRICT	KAISER FOUNDATION HEALTH PLAN	WORLDWAY POSTAL CENTER									
07	RIVERSIDE COMMUNITY COLLEGE DISTRICT	KAISER FOUNDATION HEALTH PLAN, INC	PO BOX 741562									
39	HEMET UNIFIED SCHOOL DISTRICT	KAISER PERMANENTE - CERTIFICATED	P.O. BOX 80204									
56	MURRIETA VALLEY UNIFIED SCHOOL DISTRICT	KAISER FOUNDATION HEALTH PLAN INC	FILE 5915									
40	SANTA ROSAACADEMY, INC.	SANTA ROSAACADEMY	27587 LA PIEDRA ROAD									
74	RIVERSIDE UNIFIED SCHOOL DISTRICT	KAISER PERMANENTE	WORLDWAY POSTAL CENTER									
98	RIVERSIDE COUNTY SUPERINTENDENT OF SCHOOLS	KAISER FOUNDATION HEALTH PLAN INC	FILE 5915									

Add Dup Excel Print

Save

How to Refund a Voluntary Deduction Taken in Error

If a deduction is taken in error, please analyze the type of voluntary deduction taken and use the appropriate method for refund based on the payment type. Some examples are listed below. Contact your DFS district contact for more information or questions. (*See Section 200 Communication*)

Post-Tax Deductions

- Refund employee with a commercial warrant from your district
- Refund employee with revolving cash

Pre-tax Deductions

- Contact the DFS Payroll Manager, each pre-tax situation is unique

Never Refund a Deduction to an Employee with the Following:

- A payroll adjustment code, such as a 006, 001 or a 9xx code on a future payroll
- DO NOT repay the deduction with a POD
- Never refund a pre-tax deduction without contacting DFS for assistance

Refunding Health Insurance Premiums

Refunding pre-taxed earnings requires adjusting taxable wages and adjustments may also be required to Box 12 DD of the employee's W-2 form (cost of employer-sponsored healthcare). There are a number of ways to handle this eventuality depending on the situation:

1. If the amount of the health and welfare refund is less than the employee's normal health and welfare deduction for the pay period, use the Modify Employee Benefits screen in Galaxy to enter the employee refund. The employee will receive the refund on the next pay period and Box 12DD will be updated if necessary. Please contact the Service Desk for specific instructions on the use of this screen.
2. If there are a large number of employees that require refunds, contact DFS. DFS will send the LEA a spreadsheet template to complete. Email the completed spreadsheet to DFS and send a warrant to DFS for the total amount of the refund. DFS will work with the Service Desk to upload negative voluntary deductions to refund the employees. Please note, the warrant must be received and deposited by DFS before the negative voluntary deductions can be uploaded to Galaxy. This option will not update Box 12 DD.
3. Employees close to retirement may have health and welfare as an after tax deduction. If this is the case, the LEA can issue refunds directly to the employee via accounts payable since there is no impact to the taxable earnings. After tax health insurance refunds should not be processed via payroll as this increases the taxable earnings for the employee. This option will not update Box 12 DD.

If the total cost of the employer-sponsored healthcare does not change, no changes to Box 12 DD are required. However, an increase or decrease to the total cost would require an adjustment to Box 12 DD. Adjustments can be made using the Health and Welfare screens. Please contact the Service Desk for instructions on the use of this screen.

Processing Refunds Using Negative Voluntary Payroll Deductions

DFS processes refunds of all pre-tax deductions with a Negative Voluntary Deduction code.

Galaxy makes the taxation corrections when using a Negative Voluntary Deduction to refund a pre-tax deduction so there is no longer a need to complete the end of year worksheets to adjust taxes when refunds are processed in this manner.

Post-tax deductions are to be refunded by the district since no adjustment is required to the employee’s taxable income.

Pre-tax deductions that are done by districts will require a spreadsheet to indicate the tax type for reporting purposes. If the LEA requires a large number of refunds to be processed, please contact the Service Desk.

The following page shows a screen shot of what you can expect to see when a Negative Voluntary Deduction is processed for an employee:

View Employee Voluntary Deductions Help

Search **Voluntary Deductions**

Employee Number: [Redacted] Pay Frequency: 10 Prime Position: 1 203 101
 Social Security Number: [Redacted] Pay Type: M Employee Group: 04
 Employee Name: [Redacted] FTE: 1.0000

Total Rows: 4

Voluntary Deduction Code	Voluntary Deduction Description	10-Month Billing	County Only	Fiscal Year Freq Max	Life Time Freq Max	Payroll Cycle Amt	Payroll Cycle Percent	Payroll Cycle Monthly Max	Payroll Cycle Annual Max	Payroll Cycle Lifetime Max	Include Overtime	St	Pl	C
0541	TSA NEW YORK LIFE	<input type="checkbox"/>	<input type="checkbox"/>	0	0	300.00	0.0000%	0.00	22,500.00	0.00	<input checked="" type="checkbox"/>			
3461	AMERICAN FIDELITY - DISABILITY (3PSP-POS)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	0	0	44.16	0.0000%	0.00	0.00	0.00	<input type="checkbox"/>			
4540	RIVERSIDE CITY TEACHERS ASSN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	0	0	129.60	0.0000%	0.00	0.00	0.00	<input checked="" type="checkbox"/>			
8941	(REFUND- TSA 403 (B))	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1	1	-300.00	0.0000%	0.00	0.00	0.00	<input checked="" type="checkbox"/>			

Excel Print

Note the outlined deduction. This deduction was processed by the DFS payroll unit. This negative deduction is set up for one time (Fiscal Year/Life Time Freq Max). In other words, once the \$300.00 is returned to the employee, the deduction stops.

Scrolling to the far right hand side of the slide bar, there is a start date. If the employee is not in receipt of pay during the first payroll run, the system will continue to attempt to give the money back to the employee over that period of time. Once the employee receives payroll earnings, the refund is processed and no further action is taken. Note the “Number of Times Deducted” shows the number 1.

View Employee Voluntary Deductions Help

Search **Voluntary Deductions**

Employee Number: [Redacted] Pay Frequency: 10 Prime Position: 1 203 101
 Social Security Number: [Redacted] Pay Type: M Employee Group: 04
 Employee Name: [Redacted] FTE: 1.0000

Total Rows: 4

Payroll Cycle Percent	Payroll Cycle Monthly Max	Payroll Cycle Annual Max	Payroll Cycle Lifetime Max	Include Overtime	Starting Payroll Cycle	Starting Payroll Type	Ending Payroll Cycle	Ending Payroll Type	Start Date	End Date	Exclude On POD	Number of Times Deducted	Total to Date	Mandatory Deduction
0.0000%	0.00	22,500.00	0.00	<input checked="" type="checkbox"/>					08/18/2023		<input type="checkbox"/>	3	900.00	<input type="checkbox"/>
0.0000%	0.00	0.00	0.00	<input type="checkbox"/>					09/01/2023		<input type="checkbox"/>	2	88.32	<input type="checkbox"/>
0.0000%	0.00	0.00	0.00	<input checked="" type="checkbox"/>					08/01/2023		<input type="checkbox"/>	3	388.80	<input type="checkbox"/>
0.0000%	0.00	0.00	0.00	<input checked="" type="checkbox"/>					09/28/2023	11/30/2023	<input type="checkbox"/>	1	-300.00	<input checked="" type="checkbox"/>

Excel Print

If DFS is unable to return the money to the employee, the funds will be transferred to the LEA for distribution to the employee.

The SECURE 2.0 Act of 2022 enacts a variety of changes to retirement plans. Please consult with your third-party plan administrators for more information.

According to Section 603 of the SECURE 2.0 Act of 2022, as of January 1, 2026, employees whose wages exceed \$145,000 (indexed for inflation) in the prior tax year, may only contribute catch-up contributions (for those who are 50 or older) to 403(b) and/or 457(b) plans as *Roth contributions* (post-tax). Currently, catch-up contributions for employees, regardless of the amount of their prior year earnings, could be contributed to a traditional pretax 403(b) and/or 457(b). It should be noted that Section 603 states that this provision takes effect beginning after December 31, 2023. However, the first two taxable years (2024 and 2025) are regarded as an administrative transition period. The provisions of this section will be in effect beginning January 1, 2026.

Additional resources in the links below.

[Secure 2.0 Act of 2022](#)

[IRS Notice 2023-62](#) Guidance on Section 603 of the SECURE 2.0 Act with Respect to Catch-Up Contributions

[IRS Notice 2024-2](#) Miscellaneous Changes Under the Secure 2.0 Act of 2022

Tax Shelter Annuity 403(b)

A 403(b) plan (also called a tax-sheltered annuity or TSA plan) is a retirement plan offered by public schools and certain 501(c) (3) tax-exempt organizations. Employees save for retirement by contributing to individual accounts. Employers can also contribute to employee's accounts.

- The IRS sets annual limits.
- 403(b) reporting in Box 12 code E on W-2

Board members are not eligible to participate in a TSA, they are not considered employees, they are instead, elected officials.

“Catch-Up” Contribution Plans

Employees with at least 15 years of service may be eligible to make additional contributions to a 403(b) plan in addition to the regular catch-up for participants who are age 50 or over. Contact your third-party administrator for eligibility.

403(b) Roth

A 403(b) Roth is a tax-sheltered account developed by the IRS to encourage employees of educational institutions and certain non-profit organizations, to save post-tax dollars for retirement.

Contributions to a Roth 403(b) are deducted after-taxes so they are subject to all applicable wage-withholding requirements. The contributions made to a Roth 403(b) are combined with the 403(b) contributions for the annual limit.

- IRS sets annual limits.
- 403(b) Roth reporting in Box 12 code BB on W-2

The age 50 and special 15+ years of service catch-up are eligible for participants who contribute to the Roth 403(b).

Roth accounts are not eligible for employer contributions. If the employer offers matching contributions and the participant is contributing to a Roth 403(b), the employer contributions must be posted to a pre-tax 403(b) account.

A qualified distribution is a distribution taken after a 5-taxable-year period of participation. This means that the participant can take a distribution consisting of contributions and earnings tax-free. The participant must have maintained the account for five full tax years and meet one of the following criteria:

Withdrawal of Funds

403(b) and 403(b) Roth funds may be withdrawn in these events.

- Separation of Service/Retire
- Attainment of Age 59 ½
- Hardship
- Permanent & total disability
- Death

Deferred Compensation 457(b)

The 457(b) plan is a type of nonqualified, tax advantaged deferred-compensation retirement plan that is available for governmental and certain non-governmental employers in the United States. These plans allow employees to defer compensation on a pre-tax basis. Board members can participate in 457(b) plans.

- The IRS sets annual limits.
- 457(b) reporting in Box 12 code G on W-2

“Catch-Up” Contribution Plans

Employees with at least 15 years of service may be eligible to make additional contributions to a 457(b) plan in addition to the regular catch-up for participants who are age 50 or over. Contact your third-party administrator for eligibility.

457(b) Roth

A Roth 457(b) is a type of retirement plan that allows employees to make after-tax contributions to a 457(b) plan. The contributions are not taxed when the assets are withdrawn, and earnings may also be withdrawn tax-free if certain criteria are met.

- IRS sets annual limits.
- 457(b) Roth reporting in Box 12 code EE on W-2

Eligibility

- 457(b) plans are available to employees of state and local governments, as well as certain non-profit organizations and educational institutions.

Taxation

- Contributions to a Roth 457(b) are included in the employee's gross income and are subject to wage-withholding requirements.

Withdrawal of Funds

457(b) and 457(b) Roth funds may be withdrawn in these events.

- Separation of Service/Retire
- Attainment of Age 59 ½
- Unforeseeable Emergency
- Death
-

Annual Notice

LEAs must provide written notice to employees regarding their right to participate in these plans and their right to change their contributions.

Retirement Contribution Refunds

Employee refunds of PERS and STRS contributions are no longer being processed via commercial warrants which required manual earnings corrections. Refunds are now processed via payroll through the use of negative voluntary deductions. District Fiscal Services sends the negative voluntary deductions to the IT department for upload into Galaxy.

An employee in active status will receive the refund the next time they receive their payroll earnings. Employees in 700 status will never be refunded through this process since no future payroll will be processed. The refunds that are due to employees in 700 status are refunded to the former employer and on the View Employee Voluntary Deductions screen in Galaxy the “Start Date” and “End Date” of the voluntary deduction code will be the same date.

The negative voluntary deductions that were uploaded in Galaxy, but were not processed before the effective ending date assigned to the negative voluntary deduction code, will be refunded to the district and on the View Employee Voluntary Deductions screen in Galaxy the “Number of Times Deducted” and the “Total to Date” of the voluntary deduction code will have zero in both columns.

Please see pages 530-3 for instructions and report samples for the Employee Contribution Refund Process for PERS and STRS.

Monthly Audit Refunds – Employee Contributions

Through the normal monthly audit process of the retirement records, DFS Retirement staff identifies the employees requiring a refund. These adjustments require monetary changes, which are recorded in each district’s Control Sheet. Following the completion of each retirement report audit, Control Sheets are submitted to the affected districts with the financial transaction for the PERS or STRS Fixed Charges.

CalSTRS Return of Excess Contributions DB vs DBS – Process Started in October of 2015

With the passage of the CalSTRS 2014 Full Funding Plan, enacted in AB 1469, contribution rates for the Defined Benefit Program are now greater than contribution rates for the Defined Benefit Supplement Program. As a result, when contributions on compensation that is earned for service in excess of one school year (excess service credit) are transferred to the Defined Benefit Supplement Program, the contributions that exceed the required amount are deemed to be excess contributions and by law must be returned.

Excess contributions for both members and employers will be returned to the employer that remitted the contributions associated with the excess service credit. It is the responsibility of employers to return excess member contributions to employees. Returned pre-tax contributions will be considered taxable income in the year employees receive them regardless of when the contributions were initially paid.

Any excess contributions accumulated for members who refund, retire, receive a disability benefit or die will be returned to the employer following the end of each quarter. Excess contributions for active members will be returned annually in October. Interest is not paid on excess contributions as CalSTRS has no legal requirement or authority to pay interest on the return of excess contributions.

CalSTRS is currently reviewing on a monthly basis and issuing a refund when the excess contributions countywide are in excess of \$10



Return of Excess Contributions

2014 Funding Plan AB 1469

(6/15)

2014 Funding Plan Contribution Rates

The following table shows the increased contribution rate for the Defined Benefit Program, the unchanged rate for Defined Benefit Supplement compensation and the difference between the two that results in excess contributions on compensation earned for service in excess of one school year. CalSTRS will return excess member and employer contributions to the employer that remitted the contributions associated with the excess service credit. Employers are responsible for returning excess member contributions to employees.

Effective Date	2% at 60 Members			2% at 62 Members ¹			Employers		
	DB	DBS	Excess	DB	DBS	Excess	DB	DBS ²	Excess
7/1/2014	8.150%	8.000%	0.150%	8.150%	8.000%	0.150%	8.880%	8.250%	0.630%
7/1/2015	9.200%	8.000%	1.200%	8.560%	8.000%	0.560%	10.730%	8.250%	2.480%
7/1/2016	10.250%	8.000%	2.250%	9.205%	8.000%	1.205%	12.580%	8.250%	4.330%
7/1/2017	10.250%	8.000%	2.250%	9.205%	8.000%	1.205%	14.430%	8.250%	6.180%
7/1/2018	10.250%	8.000%	2.250%	9.205%	8.000%	1.205%	16.280%	8.250%	8.030%
7/1/2019	10.250%	8.000%	2.250%	9.205%	8.000%	1.205%	18.130%	8.250%	9.880%
7/1/2020	10.250%	8.000%	2.250%	9.205%	8.000%	1.205%	19.100%	8.250%	10.850%
7/1/2021	10.250%	8.000%	2.250%	9.205%	8.000%	1.205%	19.100% ³	8.250%	10.850%

1. Pursuant to the Public Employees' Pension Reform Act of 2013, the base 2% at 62 member contribution rate is approximately one half of the normal cost of benefits for the Defined Benefit Program and is required to be adjusted if the normal cost changes by more than 1 percent from the time of the last contribution adjustment in 2013. These contribution rates assume no change is required.
2. The Defined Benefit Supplement contribution rate includes 0.25 percent to pay for the cost of service credit in the Defined Benefit program for unused sick leave. The remaining 8 percent employer contribution is credited to member accounts.
3. Beginning in the 2021-22 school year, the Teachers' Retirement Board is required to adjust the employer contribution rate by no more than 1 percent per year up to 20.25 percent to eliminate the remaining unfunded liability by June 30, 2046, for service credit earned prior to July 1, 2014. These contribution rates assume no adjustment is required.

Employee Contribution Refund Process

1. The Retirement Unit will work directly with the IT Department to mass upload the negative voluntary deductions (refunds) to Galaxy.
 - Employees in 700 status are immediately identified after the negative voluntary deductions are processed.
2. A financial transaction will be processed to transfer the funds to the district for employees in 700 status. *See DFS-Notify on page 530-6.*
3. The negative voluntary deductions are uploaded to Galaxy monthly, for all refunds that were identified during the prior month's retirement auditing process.
 - The negative voluntary deduction will automatically be transacted the next time the employee gets paid in their normal pay frequency, A/B/M; no refunds will be processed on PODs due to tax issues.
4. Negative voluntary deductions that were uploaded to Galaxy, but were not processed by the effective ending date assigned to the negative voluntary deduction code, will be refunded to the district.
5. The employee's retirement contributions were originally taken pre-tax. The refunds of retirement contributions are now taxable wages and should be processed as such when the district issues the refunds to employees.
6. For the funds received for employees in 700 status or the negative voluntary deductions that were not processed, districts should issue claims through accounts payable by December 14th.
7. Refunds for former employees are processed through commercial claims and must be coded as Tax Type 9. For the refund of retirement contributions to correctly reflect an increase in taxable wages for former employees (paid on a commercial warrant):
 - Set-up each employee as a vendor; include the employee's social security number in the vendor's profile.
 - Check the commercial claim as Tax Type 9.
 - Please note, the mass claim upload process with vendor number "0" will not create the proper record to generate a W-2 entry.
8. Refunds to a deceased employee's beneficiary are also processed through commercial claims and must be coded as Tax Type 2. This tax type may generate a 1099 MISC to the beneficiary if the refund is above the \$600 reporting limit for Box 3 (Other Income) in the calendar year that the commercial warrant was issued.
 - Set-up the beneficiary of record as a vendor.
 - Check the commercial claim as Tax Type 2.
9. Employer refunds are processed through the monthly "fixed charges" for retirement adjustments.

Negative Voluntary Deduction Codes for Retirement Contribution Refunds

Negative Voluntary Deduction Codes for the refund of PERS and STRS Employee Contributions Due to Monthly Normal Retirement Audit					
CalSTRS			CalPERS		
CODE	DESCRIPTION	RESOURCE	CODE	DESCRIPTION	RESOURCE
8350	<REFUND-STRS CONTRIB JAN>	9818	8450	<REFUND-PERS CONTRIB JAN>	9818
8351	<REFUND-STRS CONTRIB FEB>	9818	8451	<REFUND-PERS CONTRIB FEB>	9818
8352	<REFUND-STRS CONTRIB MAR>	9818	8452	<REFUND-PERS CONTRIB MAR>	9818
8353	<REFUND-STRS CONTRIB APR>	9818	8453	<REFUND-PERS CONTRIB APR>	9818
8354	<REFUND-STRS CONTRIB MAY>	9818	8454	<REFUND-PERS CONTRIB MAY>	9818
8355	<REFUND-STRS CONTRIB JUN>	9818	8455	<REFUND-PERS CONTRIB JUN>	9818
8356	<REFUND-STRS CONTRIB JUL>	9818	8456	<REFUND-PERS CONTRIB JUL>	9818
8357	<REFUND-STRS CONTRIB AUG>	9818	8457	<REFUND-PERS CONTRIB AUG>	9818
8358	<REFUND-STRS CONTRIB SEP>	9818	8458	<REFUND-PERS CONTRIB SEP>	9818
8359	<REFUND-STRS CONTRIB OCT>	9818	8459	<REFUND-PERS CONTRIB OCT>	9818
8360	<REFUND-STRS CONTRIB NOV>	9818	8460	<REFUND-PERS CONTRIB NOV>	9818
8361	<REFUND-STRS CONTRIB DEC>	9818	8461	<REFUND-PERS CONTRIB DEC>	9818
The month refers to the month when the refund was processed (uploaded to Galaxy)					

Effective Ending Date of Negative Voluntary Deductions for Retirement Contribution Refunds

The negative voluntary deduction codes have two ending dates which were set-up to coincide with the calendar and fiscal year end dates.

Deduction Codes with May through December descriptions have an effective ending date of November 30th (8354–8361 for STRS and 8454–8461 for PERS). Deduction Codes with January through April descriptions have an effective ending date of May 31st (8350–8353 for STRS and 8450–8453 for PERS).

Negative Voluntary Deduction Codes for Excess Contribution Refunds- DB vs. DBS

Negative Voluntary Deduction Codes for the refund of Excess STRS Employee Contributions – DB vs DBS		
CalSTRS		
CODE	DESCRIPTION	RESOURCE
8981	<REFUND-STRS DB VS DBS>	9819

The negative voluntary deduction code **8981 “Refund-STRS DB vs DBS”** is for the ongoing Employee Refunds for Excess Contributions from CalSTRS which are processed throughout the year. The excess contributions for employees who refund, retire or die are processed on a monthly basis; the excess contribution refunds for active members are processed in September and returned to the county office in late September or October.

Effective Ending Date of Negative Voluntary Deductions – DB vs DBS

The negative voluntary deduction code for the Excess Contributions for active members that are returned in September/October have an effective date of October 1st through November 30th.

The negative voluntary deduction code for the Excess Contributions that are returned any other time during the fiscal year will have an effective date of two months and will be returned to the appropriate district if the employee does not receive payroll earnings within two month. These Excess Contributions are being returned because the employee has refunded, retired, received disability benefits or died, therefore the district will most likely not process any future payrolls for the employee.

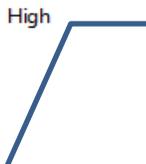


From: DFS-NOTIFY
Sent: Monday, November 09, 2015 10:58 AM
To: jeff.hinshaw@alvord.k12.ca.us; beth.davis@alvord.k12.ca.us; cbagnara@banning.k12.ca.us; choff@banning.k12.ca.us; cmeza@beaumontusd.k12.ca.us; msalcedo@cvusd.us; suescott@eaglemtnschool.com; tammiedye@eaglemtnschool.com; karen.stone@desertsands.us; carol.cole@leusd.k12.ca.us; lynne.fargo@leusd.k12.ca.us; trevor.johnson@leusd.k12.ca.us; pbuckhou@hemetusd.org; Afogerty@hemetusd.org; krussell@jusd.k12.ca.us; cgarcia@jusd.k12.ca.us; pgillette@menifeeusd.org; rhanson@menifeeusd.org; dcherry@murrieta.k12.ca.us; smatusek@murrieta.k12.ca.us; jsimmons@nuview.k12.ca.us; cfreeburg@nuview.k12.ca.us; ehernandez@psusd.us; vbraden@pvusd.us; sbarnes@pvusd.us; tdaigneault@perris.k12.ca.us; spelerine@perris.k12.ca.us; chris.rabing@puhsd.org; jcollier@rusd.k12.ca.us; dgadelmawla@rusd.k12.ca.us; smeekins@rusd.k12.ca.us; hmurrallo@romoland.net; kowen@romoland.net; sheeren@sanjacinto.k12.ca.us; rkurylowicz@sanjacinto.k12.ca.us; satiyota@sanjacinto.k12.ca.us; jbenenson@tvusd.k12.ca.us; rhensley@tvusd.k12.ca.us; nlash@tvusd.k12.ca.us; kmerritt@valverde.edu; jmgarcia@valverde.edu; Melinda Gluckmar; Philip Kornblum; Mike Stribling; Bill Spires; Sue Valles; Paula Prieto; Ellen Yufa; Ivalkenburg@collegeofthedesert.edu; jramont@collegeofthedesert.edu; tjerabek@msjc.edu; jvenable@msjc.edu; gjensen@msjc.edu; russi.egan@paloverde.edu; Bill.bogle@rccd.edu; majd.askar@rccd.edu; khaled.khalil@rccd.edu; lbadillo@sra.mn; dgraves@sra.mn; Miguel.contreras@rcc.edu; michael.wright@rcc.edu; brandon.dahl@imagineschools.com; blanca.kabeary@imagineschools.com; debbie.dejong@riverspringscharter.org; amy.podratz@riverspringscharter.org; Sue Valles

Cc: Lisa Coleman; Ana Lambert; Nancy Sheets; Suzanne Tanenbaum; Yara Pacheco; Reyna Philp; Nicole Gunkel; Lindsay Whitelaw; Julie Portillo; Brenda Frankin; Shabana Berket; Maricela Bermudez; Parul Bhakta; debbie.dejong@riverspringscharter.org; Lisa Hopkins; Frances Davenport; Kathy Rhodes; Amal Qaqish

Subject: Retirement: Employee Retirement Contribution Refunds
Attachments: Retirement Refund Sample.pdf

Importance:



Employee contribution refunds are transferred to the districts when an employee is in termed status or does not receive payroll earnings during the active period of the Negative Voluntary Deduction Code

Information Only

Good Afternoon:

As of Monday November 2, 2015, the Retirement Unit in District Fiscal Services started processing retirement contribution refunds to the districts' holding account. These refunds are for employee contributions only; supporting documentation will be sent to each district via regular mail with a cover letter explaining what the refund is for:

1. PERS employee contribution refunds due to the monthly audit of retirement records
2. STRS employee contribution refunds due to the monthly audit of retirement records
3. STRS excess contribution refunds – DB vs DBS

Attached is a sample of the information that will be sent via regular mail. Documentation will be sent to the primary contact in the FMAC list, charter school payroll supervisors and community colleges accounting managers. Please distribute the information to the appropriate departments in your district.

If you have any questions regarding these refunds, please contact Frances Davenport at (951) 826-6426 for PERS and Lisa Hopkins at (951) 826-6294 for STRS questions.

Thank you,

Ana M. Lambert, Administrator I
 District Fiscal Services/Payroll & Retirement
 Division of Administration and Business Services
 Riverside County Office of Education
 (951) 826-6538
 (951) 826-6961 Fax
alambert@rcoe.us

AML:df
Attachment

DFS Notify – Refund Process

Riverside County Office of Education
District Fiscal Services Payroll and Retirement
Retirement Refunds

DATE: 07/11/2016
DISTRICT: Riverside County Office of Education
 PERS Refund- Monthly Audit of Retirement Records
 STRS Refund- Monthly Audit of Retirement Records
 STRS Excess Contribution DB vs DBS

Notification transferring funds to districts for employees in termed status

X Terminated Employees. The employee is no longer in active status. DFS has processed a transfer to refund the contribution to the district’s holding program (see below). The MD# is 002 dated 07/07/2016. Attached are the employees that will need to be issued a commercial warrant from the district before December 31st and W-2 the claim as a tax type “9” Refunds – No Longer a District Employee. A W-2 will be issued for the refund. For deceased employees, issue a commercial warrant to the beneficiary of record and 1099 the claim as a tax type “2” Other. This tax type may generate a 1099MISC to the beneficiary if the refund is above the \$600 reporting limit for Box 3 (Other Income).

- Districts/Santa Rosa Academy 03-900-0999-0-0000-7200-3999
- Temecula 01-900-0999-0-0000-7200-3999
- Community Colleges 11-900-0999-0-0000-0000-3999
- Charters in Fund 62 62-900-0999-0-0000-7200-3999

Remaining Balance. The employee was to receive a refund as a negative voluntary deduction through the payroll process. The employee was not paid on a regular scheduled payroll before the end of the specific time frame (May for fiscal year-end and November for calendar year-end). DFS has processed a transfer to refund the contribution to the district’s holding program (see below). The MD# is _____ dated _____. Attached are the employees that will need to be issued a commercial warrant from the district before December 31st and W-2 the claim as a tax type “9” Refunds – No Longer a District Employee. A W-2 will be issued for the refund. For deceased employees, issue a commercial warrant to the beneficiary of record and 1099 the claim as a tax type “2” Other. This tax type may generate a 1099MISC to the beneficiary if the refund is above the \$600 reporting limit for Box 3 (Other Income).

- Districts/Santa Rosa Academy 03-900-0999-0-0000-7200-3999
- Temecula 01-900-0999-0-0000-7200-3999
- Community Colleges 11-900-0999-0-0000-0000-3999
- Charters in Fund 62 62-900-0999-0-0000-7200-3999

If you have any questions regarding these refunds, please contact Frances Davenport for PERS or Lisa Hopkins for STRS related questions.

SCHOOL DISTRICT UNIFIED **Negative Voluntary Deductions - No Longer in Active Status** September 1, 2016
 Deduction Code: 8981 (REFUND-STRS DB VS DBS)
 Start Date: 10/09/2015
 End Date: 10/09/2015

Note: The deduction amount is negative because the employee was to receive a refund as a negative voluntary deduction through the payroll process.

District Instructions: The employee is no longer in active status for the district. DFS will refund the contribution to the district. Please issue a commercial warrant before December 31st to the former employee and W-2 the claim as a tax type "9" Refunds - No Longer a District Employee. A W-2 will be issued for the refund in the calendar year that the commercial warrant was issued.

District Instructions for Deceased Employees: DFS will refund the contribution to the district. Please issue a commercial warrant before December 31st to the beneficiary of record and 1099 the claim as a tax type "2" Other. This tax type may generate a 1099 MISC to the beneficiary if the refund is above the \$600 reporting limit for Box 3 (Other Income) in the calendar year that the commercial warrant was issued.

Fund 78 WARRANT PASS THROUGH-STRS

Employee Number	Employee Name	Deduction Amount
2481		-1.06
0608		-0.58
1103		-6.24
1068		-2.40
0890		-3.23
0723		-0.74
1942		-0.15
2310		-0.05
2337		-7.97
2402		-4.85
2482		-2.95
0480		-11.17
1536		-0.65
2196		-0.89

Employee Count: 14 Total District Deductions: -42.93

DISTRICT UNIFIED SCHOOL **Negative Voluntary Deductions - Employees with Remaining Balance** September 1, 2016
 Deduction Code: 8981 (REFUND-STRS DB VS DBS)
 Start Date: 10/09/2015
 End Date: 11/30/2015

Note: The deduction amount is negative because the employee was to receive a refund as a negative voluntary deduction through the payroll process.

District Instructions: The employee was not paid on a regular scheduled payroll before the end of the specific time frame (May for fiscal year-end and November for calendar year-end). DFS will refund the contribution to the district. Please issue a commercial warrant before December 31st to the employee and W-2 the claim as a tax type "9" Refunds - No Longer a District Employee. The refund will be included in the W2 issued.

District Instructions for Deceased Employees: DFS will refund the contribution to the district. Please issue a commercial warrant before December 31st to the beneficiary of record and 1099 the claim as a tax type "2" Other. This tax type may generate a 1099 MISC to the beneficiary if the refund is above the \$600 reporting limit for Box 3 (Other Income) in the calendar year that the commercial warrant was issued.

Fund 78 WARRANT PASS THROUGH-STRS

Employee Number	Employee Name	Deduction Amount
247		-0.31
183		-26.90
064		-0.36
056		-0.07
024		-24.29
177		-4.61
204		-0.41
060		-0.05
231		-0.36
064		-0.09
142		-0.23
006		-3.37

Employee Count: 12 Total District Deductions: -61.05

DFS Notify- Remaining Balance

From: DFS-NOTIFY
Sent: Wednesday, November 25, 2015 3:24 PM
To: jeff.hinshaw@alvord.k12.ca.us; beth.davis@alvord.k12.ca.us; cbagnara@banning.k12.ca.us; choff@banning.k12.ca.us; cmeza@beaumontusd.k12.ca.us; msalcedo@cvusd.us; suescott@eaglemtnschool.com; tammiedye@eaglemtnschool.com; karen.stone@desertsands.us; carol.cole@leusd.k12.ca.us; lynne.fargo@leusd.k12.ca.us; trevor.johnson@leusd.k12.ca.us; pbuckhou@hemetusd.org; Afogerty@hemetusd.org; krussell@jusd.k12.ca.us; cgarcia@jusd.k12.ca.us; pgillette@menifeeusd.org; rhanson@menifeeusd.org; dcherry@murrieta.k12.ca.us; smatusek@murrieta.k12.ca.us; jsimmons@nuview.k12.ca.us; cfreeburg@nuview.k12.ca.us; ehernandez@psusd.us; vbraden@pvusd.us; sbarnes@pvusd.us; tdaigneault@perris.k12.ca.us; spelerine@perris.k12.ca.us; chris.rabing@puhsd.org; jcollier@rusd.k12.ca.us; dgadelmawla@rusd.k12.ca.us; smeekins@rusd.k12.ca.us; hmurallo@romoland.net; kowen@romoland.net; sheeren@sanjacinto.k12.ca.us; rkurylowicz@sanjacinto.k12.ca.us; satiyota@sanjacinto.k12.ca.us; jbenson@tvusd.k12.ca.us; rhensley@tvusd.k12.ca.us; nlash@tvusd.k12.ca.us; kmerritt@valverde.edu; jmgarcia@valverde.edu; Melinda Gluckman; Philip Kornblum; Mike Stribling; Bill Spires; Sue Valles; Paula Prieto; Ellen Yufa; Ivalkenburg@collegeofthedesert.edu; jramont@collegeofthedesert.edu; tjerabek@msjc.edu; jvenable@msjc.edu; gjensen@msjc.edu; russi.egan@paloverde.edu; Bill.bogle@rccd.edu; majd.askar@rccd.edu; khaled.khalil@rccd.edu; lbadillo@sra.mn; dgraves@sra.mn; Miguel.contreras@rcc.edu; michael.wright@rcc.edu; brandon.dahl@imagineschools.com; blanca.kabeary@imagineschools.com; debbie.dejong@riverspringscharter.org; amy.podratz@riverspringscharter.org; Sue Valles

Cc: Lisa Coleman; Ana Lambert; Nancy Sheets; Suzanne Tanenbaum; Yara Pacheco; Reyna Philp; Nicole Gunkel; Lindsay Whitelaw; Julie Portillo; Brenda Frankin; Shabana Berket; Maricela Bermudez; Parul Bhakta; debbie.dejong@riverspringscharter.org; Lisa Hopkins; Frances Davenport; Kathy Rhodes; Amal Qaqish; Anabel Gonzalez

Subject: Retirement: Employee Retirement Contribution Refunds-Remaining Balances

Importance: High

Information Only

Good Afternoon:

Notification transferring funds to districts for employees who did not receive payroll during the active period of the negative voluntary deduction

On November 25, 2015, the Retirement Unit in District Fiscal Services processed the last financial transactions for the calendar year related to retirement contribution refunds. These refunds are for employee contributions only and are being refunded to the districts' holding account. Supporting documentation will be sent on Monday to each district via regular mail with a cover letter explaining what the refund is for:

1. PERS employee contribution refunds due to the monthly audit of retirement records
2. STRS employee contribution refunds due to the monthly audit of retirement records
3. STRS excess contribution refunds – DB vs DBS

Documentation will be sent to the primary contact in the FMAC list, charter school payroll supervisors and community colleges accounting managers. Please distribute the information to the appropriate departments in your district.

If you have any questions regarding these refunds, please contact Frances Davenport at (951) 826-6426 for PERS and Lisa Hopkins at (951) 826-6294 for STRS questions.

Thank you,

Ana M. Lambert, Administrator I
 District Fiscal Services/Payroll & Retirement
 Division of Administration and Business Services
 Riverside County Office of Education
 (951) 826-6538
 (951) 826-6961 Fax
alambert@rcoe.us

Health and Welfare Vendors

The Health and Welfare (H&W) module is used for more than just health plans, often LEAs agree to share the costs of benefits with the employees. When benefit costs are shared by the employee and employer and the LEAs need to request a new employee premium contribution vendor number:

- Send email to DFSPayroll@rcoe.us
- Include the following:
 1. Vendor name & vendor address
 2. Warrant payable to: (insert payee & account no. if required)
 3. No need for pre-tax or post-tax information to DFS; there is an indicator you must click on the Health and Welfare (H&W) screen for each employee to identify the taxing option for the plan.
- Employee Health & Welfare deductions are processed via the Galaxy Health and Welfare System, they are NOT voluntary deductions. Only deductions that are 100% employee paid (zero employer contributions) should be placed on the Galaxy voluntary deduction screens.
- The Employer Paid Contribution for Health & Welfare is a different vendor. The vendor should be obtained from the LEAs purchasing or accounts payable department, not RCOE DFS.
- The H&W module is also used for HSAs, TSAs, 403(b), and 457(b) when there is an employer contribution involved.

Processing of Garnishments and Withholding Orders

The Payroll Unit in District Fiscal Services processes garnishments and withholding orders for all LEAs participating in Galaxy. LEAs have a responsibility to timely respond to any notice received for an employee wage garnishment, or financial loss could result to the LEA from a failure to comply. Following the basic steps outlined below will help ensure that both DFS and LEAs remain in legal compliance with all employee wage attachment orders.

Types of Garnishments which Require Timely Action

Please immediately forward the following to the Payroll Unit in District Fiscal Services:

1. Wage Assignments
 - Child Support
 - Spousal Support
2. Earnings Withholding Orders
 - Franchise Tax Board
 - Sheriff
 - Student Loans
 - Employment Development Department
 - Board of Equalization
3. Internal Revenue Service (IRS) Levies
4. Bankruptcies

Exceptions

The National Medical Support Notice (NMSN) is the only garnishment document that should be completed by the LEA.

Employment Confirmation/Verification Requests from authorized agencies are not garnishments. They are simply requests for employee information, usually for a loan, rental agreement, etc. Complete these requests and return them directly to the requesting agency. Contact the DFS Payroll Unit if you have questions regarding completion of the document.

Confidentiality

- Garnishment information is confidential.
- Please do not discuss employee garnishment issues with other staff.
- All wage order information and documents must be handled in this manner.

LEA Action

1. Original garnishment documents and correspondence, in their entirety, should be forwarded immediately to the Payroll Unit in DFS.
 - Documents should be sent via US Mail to RCOE DFS-Payroll:
Riverside County Office of Education
District Fiscal Services-Payroll
PO Box 307
Riverside, CA 92502-0307
 - Documents should be forwarded the same day they are received due to legal timelines which must be observed.
 - Failure to respond promptly to items could result in a valid garnishment not being processed against one or more payrolls.

- Complications could result when documents are delayed or when employees call the DFS Payroll Unit before a copy of the garnishment is received.
 - Please do not e-mail documents containing social security numbers to DFS. Most e-mail messages can be read over servers during transmission.
 - Modifications, Releases, and/or Terminations of Garnishments should be faxed immediately to:
 [951] 826-6961
 Attention: Payroll Unit
 - DFS Payroll will send the employee’s copy of garnishment documents directly to the employee.
2. LEAs must accept service of the garnishment orders when served in person and must forward them to the DFS Payroll Unit.
 3. Documents should only be accepted from originating agencies not from employees.
 - Documents handled by the employee could be altered.
 - Contact the DFS Payroll Unit with questions about document sources.
 4. Documents should not be given directly to the employee.
 - Direct inquiries regarding garnishments to the DFS Payroll Unit.
 - Do not attempt to answer inquiries regarding garnishments.
 - Employees seeking modifications or releases should be directed to the originating agency and should be given the DFS Payroll Unit’s facsimile (FAX) number below.
 - Refer calls from employees, creditors, or tax agencies to the DFS Payroll Unit.

<i>DFS Payroll Contact Information</i>	
Phone number	951-826-6538
Fax number	951-826-6961
Email	DFSPayroll@rcoe.us

5. Due to privacy laws, the DFS Payroll Unit staff cannot discuss garnishment matters with anyone other than the employee. If the employee wishes to have LEA personnel involved in the discussion, the LEA staff person(s) must be present and the employee must personally inform the DFS Payroll Unit staff member that they wish to have the LEA staff person(s) involved in the discussion of their garnishment.
6. Garnishments are calculated and entered by the Payroll Unit in DFS after the Gross/Preliminary process for the A, B, C, D, and M payrolls. LEA adjustments to employee preliminary wages after the prelim report has printed may prevent an employee’s wages from being garnished properly.
7. PODs: After the 11:00 a.m. LEA approval, the garnishments are calculated and entered prior to the net running at 12:00 p.m.

Questions specifically related to the garnishments and amount of withholdings, and all phone calls, e-mails, and faxes regarding claims against an employee’s salary should be directed to the DFS Payroll Unit. Please do not share garnishment information with any other members of your staff.

Payroll Tax Types

The term “payroll tax” is used to describe two different types of similar taxes. The first type, known as withholding tax, is withheld from an employee’s wages by their employer. The employer then sends the withheld amount to the appropriate taxing authority. It is also referred to as a “pay-as-you-go” tax. The second type of payroll tax is paid by the employer, from his/her own funds. The amount of payroll tax that an employer owes depends on the jurisdiction and may be fixed or a percentage of the employee’s salary.

Employers withhold payroll taxes (and income taxes) from their employees’ wages. Payroll taxes are then collected by both federal and state taxing authorities, which use the revenues to fund programs such as Social Security, Medicare, unemployment compensation, and worker’s compensation.

Calculating Taxable Income

Most tax withholdings are calculated against taxable earnings not necessarily the gross amount an employee earns. Special provisions in the Internal Revenue Code dictate what income an employee receives is taxable and which deductions can reduce the taxable amount an employee earns. For the most part, the state of California follows the same guidelines for calculating taxable income.

Below is a chart that shows the type of payment or deduction and how they affect taxable income:

Type of Payment	Federal Taxable Reduction	State Taxable Reduction	Social Security/Medicare Reduction
CalSTRS	Yes	Yes	No
CalPERS	Yes	Yes	No
Alt FICA	Yes	Yes	No
403b/457	Yes	Yes	No
125 IRC*	Yes	Yes	Yes
Ride Share	No	Yes	No
Workers’ Compensation	Yes	Yes	Yes
HSA 125 (withholding)	Yes	No	Yes
Domestic Partner (125 H&W)	No	Yes	No

Most earnings an employee receives in their paycheck will be part of the gross pay for withholding purposes unless they are reimbursements such as mileage or business expenses from an accountable plan.

Income Tax Withholding

Employers are required to subtract taxes from an employee’s pay and employers are required to pay those withholdings to federal and state taxing agencies on behalf of the employee. Both the state and federal withholding programs are based on the “pay-as-you-go” principle and tax tables are set up using this premise. At the end of each calendar year, employees use a federal Form 1040 and the CA 540 form to calculate their annual liability and claim the amount of the withheld taxes reported annually on the form W-2 as a credit against their annual liability.

Withholding tax (also known as “payroll withholding”) is essentially income tax that is withheld from wages and sent directly to the IRS. In other words, it’s similar to a credit against the income taxes liability that employees must pay for the year.

Flat Tax Method

Flat tax withholding, or supplemental withholding, is required when an employee is getting an additional amount over and above their normal salary. For example, if an employee is being paid a retroactive payment on a POD that one-time payment, per the IRS, should be taxed a flat or supplemental rate.

- Federal Supplemental (Flat Tax) = 22%
- California Supplemental (Flat Tax) = 6.6%

To use the flat tax on a POD, make sure the flat tax check box is marked; otherwise Galaxy will use the employees Form W-4 to calculate withholdings. The employee could be over or under withheld depending on the employee’s tax liability. Form W-4 withholding method assumes the employee is receiving the same amount every pay period therefore, payments received over and above an employee’s normal salary are supplemental and should be taxed at the flat tax rate.

Employee Information

Employee Number: [] Prime Pos Retirement Code: S1 Gross Amt.: 0.00 Payroll Nbr.: 10P
 Soc. Sec. Number: [] Retirement Account: 57 Extra Pay Amt.: 0.00 P.O.D.: 0330201601
 Employee Status: 104 Pay Freq.: 11 Payroll Type: M Exclude Vol. Deductions Exclude Cash Option Flat Tax
 Exclude Health & Welfare Exclude Regular Extra Pay
 Exclude Deferred Pay Exclude Additional W/H

Position	Fund Line	Adj. Code	Unit	Amount	Actual Adj. Amount	Begin Date to Adj.	End Date to Adj.	Adj. Multiplier	AB 1522 Hours Worked
[Empty Table]									

Position	Position Description	FTE	Sched. Rate	Per Payroll Salary Amount
1-804-002	INSTRUCTOR, AUTO MECHANI	1.0000	57,758.000	5,250.727
Total		1.0000	57,758.000	5,250.727

Buttons: + Add, Dup, Delete, Print, Save, Cancel

Federal - Form W-4

When you hire an employee, you are required to have the employee complete a Form W-4, Employee's Withholding Allowance Certificate. If an employee fails to give you a properly completed Form W-4, you must withhold federal income taxes from the employee's wages as if they were single and claiming no withholding allowances. Be sure to not give employees any tax advice when they are completing this form. Instead, refer them to the information listed on the form and their personal tax professional.

Using the Form W-4 Prior to 2020

The IRS overhauled the W-4 form in 2020. The IRS did not require employees to turn in a 2020 Form W-4. Instead, they allowed employees to continue to use the previous withholding allowances if they **did not** wish to change their withholding status. (A sample of the 2019 Form W-4, prior to the changes to the form in 2020, is located on the following pages.) However, if an employee wishes to change their filing status, employers will be required to issue them the most recent version of Form W-4.

An employee may want to change their filing status on Form W-4 for any number of reasons, such as a change in marital status, number of dependents, or a change in the amount of itemized deductions or tax credits anticipated for the tax year. Per the IRS, *"If you receive a revised Form W-4 from an employee, you must put it into effect no later than the start of the first payroll period ending on or after the 30th day from the date you received the revised Form W-4. You must honor the request unless the [Form W-4 is invalid] and Lock-in Letters apply."* The IRS gives employers a great deal of time to process the Form W-4, but best practice is to update the employee's records as soon as possible.

Declaring Exempt from Tax Withholding

The IRS requires employees complete a new Form W-4 when they are renewing their **EXEMPT** status or changing withholdings. An employee may claim exempt from withholding using the most recent Form W-4 by writing the word **EXEMPT** under line 4(c) of the W-4. If an employee marks that they are exempt from withholding, the Form W-4 is only valid for the calendar year for which it was received. A new Form W-4 must be completed and submitted by the employee by the 15th of February of the following year or the employer is obligated to change the employee to single "without a check box".

Note: An employee who wishes to claim exempt from California withholding, must also claim exempt from Federal withholding. The employee must check the box on line 3 (Exemption from Withholding) of the DE-4.

The most recent W-4 form is available on both the IRS and RCOE websites.

<https://www.irs.gov/pub/irs-pdf/fw4.pdf>

Using the Form W-4 Prior to 2020

Below is an example of the Galaxy screen for those employees who remain under the version of the W-4 prior to 2020. As noted earlier, if an employee wishes to change their filing status, employers will be required to issue them the most recent version of Form W-4.

When an employee turns in a current version of Form W-4, the LEA must check the box marked “Use TCJA W-4” to allow entry into the TCJA Federal Tax section. Once the “Use TCJA W-4” is checked, the box will not be available for updating. For those employees that do not wish to make changes to their withholdings, the withholding allowance entered on this screen will continue to be used to calculate employee withholding.

Galaxy Screen for Form W-4 Prior to 2020

Add / Modify Employee Information

Start 1. Personal 2. Education/Experience 3. Employee Information 4. Payroll Information 5. Extra Pay / Leave Info 6. Positions 7. Requirements

County: 33 - RIVERSIDE COUNTY District: [REDACTED]
SSN: [REDACTED]

Payment Information
Pay Location: [REDACTED] ...
Paycheck / Stub Disposition: N - None
 Credentials Check
 Direct Deposit Date Updated: [REDACTED]

Employee Status
Status Code: 112 - ACTIVE - MANAGEMENT / CL ...
Status Change Code:
004 - SALARY OR STIPEND ADJUSTMENT
Status Change Date: 07/01/2023
Term Date: Risk Billing: [REDACTED]

Direct Deposit Information
Total Rows: 2

Delete	Financial Institution	Account Type	Routing Number	Account Number	Amount	Deposit Balance	Suspend Deposit
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Add Dup

Federal Tax Prior
 Federal Tax-Exempt
Filing Status: 2 - Married filing [REDACTED]
Withholding Allowances: 0
Additional Withholding Amount: 0.00
Earned Income Credit: [REDACTED]
Nonresident Alien Status: [REDACTED]
Date Updated: 12/18/2015
 Federal Restrictions

State Tax
 State Tax-Exempt
Filing Status: 2 - Married (one [REDACTED])
Withholding Allowances: 0
Additional Withholding Amount: 0.00
 SDI
Date Updated: 12/18/2015
 State Restrictions

Use TCJA W-4

Check this box to update withholding information for employees previously using the version of the W-4 form prior to 2020.

Calculating the W-4 Taxes Withheld (FOR W-4s SUBMITTED PRIOR TO January 1, 2020)

Several factors are taken into consideration when calculating the amount an employee should have withheld for federal income tax withholding. Marital status, number of withholding allowances, the amount of the gross earnings as well as deductions for CalPERS, CalSTRS, IRC 125 plans, 457bs, and 403bs. In addition, annual changes are made by the IRS to the dollar amount of the exemptions, the tax brackets, and the percentage to withhold. The Galaxy system uses the Percentage Method to calculate the correct amount to withhold from an employee’s paycheck.

For more information regarding how federal withholding taxes are calculated, please refer to Publication 15, (Circular E), Employer’s Tax Guide. This guide documents how withholdings are calculated using the Percentage Method of income tax withholding.

Most recent version of Form W-4

Below is the Galaxy screen that aligns with the most recent version of Form W-4.

Add / Modify Employee Information

Start	1. Personal	2. Education/Experience	3. Employee Information	4. Payroll Information	5. Extra Pay / Leave Info	6. Positions	7. Requirements																
County: 33 - RIVERSIDE COUNTY																							
SSN: [REDACTED]		SEID: [REDACTED]		Employee Name: [REDACTED]																			
Payment Information Pay Location: [REDACTED] ... Paycheck / Stub Disposition: N - None <input type="checkbox"/> Credentials Check <input checked="" type="checkbox"/> Direct Deposit Date Updated: 09/21/2022				Direct Deposit Information Total Rows: 1 <table border="1"> <thead> <tr> <th>Delete</th> <th>Financial Institution</th> <th>Account Type</th> <th>Routing Number</th> <th>Account Number</th> <th>Amount</th> <th>Deposit Balance</th> <th>Suspend Deposit</th> </tr> </thead> <tbody> <tr> <td colspan="8">[REDACTED]</td> </tr> </tbody> </table> Add Dup				Delete	Financial Institution	Account Type	Routing Number	Account Number	Amount	Deposit Balance	Suspend Deposit	[REDACTED]							
Delete	Financial Institution	Account Type	Routing Number	Account Number	Amount	Deposit Balance	Suspend Deposit																
[REDACTED]																							
Employee Status Status Code: 112 - ACTIVE - MANAGEMENT / CL ... Status Change Code: 001 - EMPLOYMENT Status Change Date: 09/07/2023 Term Date: Risk Billing: 0 - None <input type="checkbox"/> Not Eligible for Rehire Termination Cause: [REDACTED] ... Termination Note: [REDACTED]				TCJA Federal Tax <input type="checkbox"/> Federal Tax-Exempt 1. Filing Status: 2 - Married filing jointly or Qualif <input type="checkbox"/> 2. Multiple Jobs or Spouse Works 3. Claim Dependents: 0.00 4a. Other Income: 0.00 4b. Deductions: 0.00 4c. Extra Withholding: 0.00 Nonresident Alien Status: 0 - N/A Date Updated: 11/06/2023 <input type="checkbox"/> Federal Restrictions		State Tax <input type="checkbox"/> State Tax-Exempt Filing Status: 1 - Single or Mar Withholding Allowances: 1 Additional Withholding Amount: 0.00 <input type="checkbox"/> SDI Date Updated: 09/22/2022 <input type="checkbox"/> State Restrictions																	

Complete the entry of the information directly from the Form W-4 you receive from the employee. If on Step 3 of the form, the employee does not have any entries or the two amounts do not add together, you can ask the employee for clarification, if the employee fails to make the change take the amount entered on line 3 regardless of the two amounts entered in Step 3.

The following pages show a copy of the 2023 Form W-4. Previous version of the Form W-4 allowed for writing on the form above the dotted line, this new version is a full page. The only employer identified space is located on the bottom of the form in a box "Employers Only". Until we have further clarification regarding writing on the form by anyone other than the employee, please refrain from writing on the form itself and instead attempt to use the margins or the "Employers Only" box for LEA notations such as employee ID.

Refrain from giving employees advice when completing the form, instead tell them the purpose of the various section of the form for example:

1. Name, address, SSN (full SSN required).
2. Marital Status, (Single, Married filing joint, Head of Household).
3. Check box if employee wishes to use, will use a separate table that withholds less.
4. Annual amount for dependents, if desired.

5. Annual amount for additional income, if desired.
6. Annual amount for deductions, if desired.
7. Additional withholding per pay period (works like previous Form W-4).
8. Spot where employee can claim EXEMPT (write the word EXEMPT in this area).
9. Signature and date the form.

<p>Form W-4</p> <p>Department of the Treasury Internal Revenue Service</p>	<p>Employee's Withholding Certificate</p> <p>Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. Give Form W-4 to your employer. Your withholding is subject to review by the IRS.</p>	<p>OMB No. 1545-0074</p> <p style="font-size: 2em; font-weight: bold;">2023</p>								
<p>Step 1: Enter Personal Information</p>	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:40%;">(a) First name and middle initial</td> <td style="width:20%;">Last name</td> <td style="width:40%;">(b) Social security number</td> </tr> <tr> <td colspan="2">Address</td> <td rowspan="2">Does your name match the name on your social security card? If not, to ensure you get credit for your earnings, contact SSA at 800-772-1213 or go to www.ssa.gov.</td> </tr> <tr> <td colspan="2">City or town, state, and ZIP code</td> </tr> </table>	(a) First name and middle initial	Last name	(b) Social security number	Address		Does your name match the name on your social security card? If not, to ensure you get credit for your earnings, contact SSA at 800-772-1213 or go to www.ssa.gov .	City or town, state, and ZIP code		
(a) First name and middle initial	Last name	(b) Social security number								
Address		Does your name match the name on your social security card? If not, to ensure you get credit for your earnings, contact SSA at 800-772-1213 or go to www.ssa.gov .								
City or town, state, and ZIP code										
	<p>(c) <input type="checkbox"/> Single or Married filing separately</p> <p><input type="checkbox"/> Married filing jointly or Qualifying surviving spouse</p> <p><input type="checkbox"/> Head of household (Check only if you're unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual.)</p>									
<p>Complete Steps 2–4 ONLY if they apply to you; otherwise, skip to Step 5. See page 2 for more information on each step, who can claim exemption from withholding, other details, and privacy.</p>										
<p>Step 2: Multiple Jobs or Spouse Works</p>	<p>Complete this step if you (1) hold more than one job at a time, or (2) are married filing jointly and your spouse also works. The correct amount of withholding depends on income earned from all of these jobs.</p> <p>Do only one of the following.</p> <p>(a) Reserved for future use.</p> <p>(b) Use the Multiple Jobs Worksheet on page 3 and enter the result in Step 4(c) below; or</p> <p>(c) If there are only two jobs total, you may check this box. Do the same on Form W-4 for the other job. This option is generally more accurate than (b) if pay at the lower paying job is more than half of the pay at the higher paying job. Otherwise, (b) is more accurate <input type="checkbox"/></p> <p>TIP: If you have self-employment income, see page 2.</p>									
<p>Complete Steps 3–4(b) on Form W-4 for only ONE of these jobs. Leave those steps blank for the other jobs. (Your withholding will be most accurate if you complete Steps 3–4(b) on the Form W-4 for the highest paying job.)</p>										
<p>Step 3: Claim Dependent and Other Credits</p>	<p>If your total income will be \$200,000 or less (\$400,000 or less if married filing jointly):</p> <p>Multiply the number of qualifying children under age 17 by \$2,000 \$ _____</p> <p>Multiply the number of other dependents by \$500 \$ _____</p> <p>Add the amounts above for qualifying children and other dependents. You may add to this the amount of any other credits. Enter the total here</p>	<p>3 \$ 4</p>								
<p>Step 4 (optional): Other Adjustments</p>	<p>(a) Other income (not from jobs). If you want tax withheld for other income you expect this year that won't have withholding, enter the amount of other income here. This may include interest, dividends, and retirement income</p> <p>(b) Deductions. If you expect to claim deductions other than the standard deduction and want to reduce your withholding, use the Deductions Worksheet on page 3 and enter the result here</p> <p>(c) Extra withholding. Enter any additional tax you want withheld each pay period</p>	<p>4(a) \$ 5</p> <p>4(b) \$ 6</p> <p>4(c) \$ 7</p>								
<p>Step 5: Sign Here</p>	<p>Under penalties of perjury, I declare that this certificate, to the best of my knowledge and belief, is true, correct, and complete.</p> <p>_____ Employee's signature (This form is not valid unless you sign it.)</p> <p>_____ Date</p>	<p>8</p>								
<p>Employers Only</p>	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:50%;">Employer's name and address</td> <td style="width:20%;">First date of employment</td> <td style="width:30%;">Employer identification number (EIN)</td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> </table>	Employer's name and address	First date of employment	Employer identification number (EIN)						
Employer's name and address	First date of employment	Employer identification number (EIN)								
<p>For Privacy Act and Paperwork Reduction Act Notice, see page 3. Cat. No. 10220Q Form W-4 (2023)</p>										

General Instructions

Section references are to the Internal Revenue Code.

Future Developments

For the latest information about developments related to Form W-4, such as legislation enacted after it was published, go to www.irs.gov/FormW4.

Purpose of Form

Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. If too little is withheld, you will generally owe tax when you file your tax return and may owe a penalty. If too much is withheld, you will generally be due a refund. Complete a new Form W-4 when changes to your personal or financial situation would change the entries on the form. For more information on withholding and when you must furnish a new Form W-4, see Pub. 505, Tax Withholding and Estimated Tax.

Exemption from withholding. You may claim exemption from withholding for 2023 if you meet both of the following conditions: you had no federal income tax liability in 2022 **and** you expect to have no federal income tax liability in 2023. You had no federal income tax liability in 2022 if (1) your total tax on line 24 on your 2022 Form 1040 or 1040-SR is zero (or less than the sum of lines 27, 28, and 29), or (2) you were not required to file a return because your income was below the filing threshold for your correct filing status. If you claim exemption, you will have no income tax withheld from your paycheck and may owe taxes and penalties when you file your 2023 tax return. To claim exemption from withholding, certify that you meet both of the conditions above by writing "Exempt" on Form W-4 in the space below Step 4(c). Then, complete Steps 1(a), 1(b), and 5. Do not complete any other steps. You will need to submit a new Form W-4 by February 15, 2024.

Your privacy. If you have concerns with Step 2(c), you may choose Step 2(b); if you have concerns with Step 4(a), you may enter an additional amount you want withheld per pay period in Step 4(c).

Self-employment. Generally, you will owe both income and self-employment taxes on any self-employment income you receive separate from the wages you receive as an employee. If you want to pay income and self-employment taxes through withholding from your wages, you should enter the self-employment income on Step 4(a). Then compute your self-employment tax, divide that tax by the number of pay periods remaining in the year, and include that resulting amount per pay period on Step 4(c). You can also add half of the annual amount of self-employment tax to Step 4(b) as a deduction. To calculate self-employment tax, you generally multiply the self-employment income by 14.13% (this rate is a quick way to figure your self-employment tax and equals the sum of the 12.4% social security tax and the 2.9% Medicare tax multiplied by 0.9235). See Pub. 505 for more information, especially if the sum of self-employment income multiplied by 0.9235 and wages exceeds \$160,200 for a given individual.

Nonresident alien. If you're a nonresident alien, see Notice 1392, Supplemental Form W-4 Instructions for Nonresident Aliens, before completing this form.

Specific Instructions

Step 1(c). Check your anticipated filing status. This will determine the standard deduction and tax rates used to compute your withholding.

Step 2. Use this step if you (1) have more than one job at the same time, or (2) are married filing jointly and you and your spouse both work.

If you (and your spouse) have a total of only two jobs, you may check the box in option (c). The box must also be checked on the Form W-4 for the other job. If the box is checked, the standard deduction and tax brackets will be cut in half for each job to calculate withholding. This option is roughly accurate for jobs with similar pay; otherwise, more tax than necessary may be withheld, and this extra amount will be larger the greater the difference in pay is between the two jobs.



Multiple jobs. Complete Steps 3 through 4(b) on only one Form W-4. Withholding will be most accurate if you do this on the Form W-4 for the highest paying job.

Step 3. This step provides instructions for determining the amount of the child tax credit and the credit for other dependents that you may be able to claim when you file your tax return. To qualify for the child tax credit, the child must be under age 17 as of December 31, must be your dependent who generally lives with you for more than half the year, and must have the required social security number. You may be able to claim a credit for other dependents for whom a child tax credit can't be claimed, such as an older child or a qualifying relative. For additional eligibility requirements for these credits, see Pub. 501, Dependents, Standard Deduction, and Filing Information. You can also include **other tax credits** for which you are eligible in this step, such as the foreign tax credit and the education tax credits. To do so, add an estimate of the amount for the year to your credits for dependents and enter the total amount in Step 3. Including these credits will increase your paycheck and reduce the amount of any refund you may receive when you file your tax return.

Step 4 (optional).

Step 4(a). Enter in this step the total of your other estimated income for the year, if any. You shouldn't include income from any jobs or self-employment. If you complete Step 4(a), you likely won't have to make estimated tax payments for that income. If you prefer to pay estimated tax rather than having tax on other income withheld from your paycheck, see Form 1040-ES, Estimated Tax for Individuals.

Step 4(b). Enter in this step the amount from the Deductions Worksheet, line 5, if you expect to claim deductions other than the basic standard deduction on your 2023 tax return and want to reduce your withholding to account for these deductions. This includes both itemized deductions and other deductions such as for student loan interest and IRAs.

Step 4(c). Enter in this step any additional tax you want withheld from your pay **each pay period**, including any amounts from the Multiple Jobs Worksheet, line 4. Entering an amount here will reduce your paycheck and will either increase your refund or reduce any amount of tax that you owe.

Step 2(b) – Multiple Jobs Worksheet (Keep for your records.)



If you choose the option in Step 2(b) on Form W-4, complete this worksheet (which calculates the total extra tax for all jobs) on only ONE Form W-4. Withholding will be most accurate if you complete the worksheet and enter the result on the Form W-4 for the highest paying job. To be accurate, submit a new Form W-4 for all other jobs if you have not updated your withholding since 2019.

Note: If more than one job has annual wages of more than \$120,000 or there are more than three jobs, see Pub. 505 for additional tables.

- 1 Two jobs. If you have two jobs or you're married filing jointly and you and your spouse each have one job, find the amount from the appropriate table on page 4. Using the "Higher Paying Job" row and the "Lower Paying Job" column, find the value at the intersection of the two household salaries and enter that value on line 1. Then, skip to line 3. 1 \$
2 Three jobs. If you and/or your spouse have three jobs at the same time, complete lines 2a, 2b, and 2c below. Otherwise, skip to line 3.
a Find the amount from the appropriate table on page 4 using the annual wages from the highest paying job in the "Higher Paying Job" row and the annual wages for your next highest paying job in the "Lower Paying Job" column. Find the value at the intersection of the two household salaries and enter that value on line 2a. 2a \$
b Add the annual wages of the two highest paying jobs from line 2a together and use the total as the wages in the "Higher Paying Job" row and use the annual wages for your third job in the "Lower Paying Job" column to find the amount from the appropriate table on page 4 and enter this amount on line 2b. 2b \$
c Add the amounts from lines 2a and 2b and enter the result on line 2c. 2c \$
3 Enter the number of pay periods per year for the highest paying job. For example, if that job pays weekly, enter 52; if it pays every other week, enter 26; if it pays monthly, enter 12, etc. 3
4 Divide the annual amount on line 1 or line 2c by the number of pay periods on line 3. Enter this amount here and in Step 4(c) of Form W-4 for the highest paying job (along with any other additional amount you want withheld). 4 \$

Step 4(b) – Deductions Worksheet (Keep for your records.)



- 1 Enter an estimate of your 2023 itemized deductions (from Schedule A (Form 1040)). Such deductions may include qualifying home mortgage interest, charitable contributions, state and local taxes (up to \$10,000), and medical expenses in excess of 7.5% of your income. 1 \$
2 Enter: { \$27,700 if you're married filing jointly or a qualifying surviving spouse; \$20,800 if you're head of household; \$13,850 if you're single or married filing separately } 2 \$
3 If line 1 is greater than line 2, subtract line 2 from line 1 and enter the result here. If line 2 is greater than line 1, enter "-0-" 3 \$
4 Enter an estimate of your student loan interest, deductible IRA contributions, and certain other adjustments (from Part II of Schedule 1 (Form 1040)). See Pub. 505 for more information. 4 \$
5 Add lines 3 and 4. Enter the result here and in Step 4(b) of Form W-4. 5 \$

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. Internal Revenue Code sections 3402(f)(2) and 6109 and their regulations require you to provide this information; your employer uses it to determine your federal income tax withholding. Failure to provide a properly completed form will result in your being treated as a single person with no other entries on the form; providing fraudulent information may subject you to penalties. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation; to cities, states, the District of Columbia, and U.S. commonwealths and territories for use in administering their tax laws; and to the Department of Health and Human Services for use in the National Directory of New Hires. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.

Married Filing Jointly or Qualifying Surviving Spouse

Higher Paying Job Annual Taxable Wage & Salary	Lower Paying Job Annual Taxable Wage & Salary											
	\$0 - 9,999	\$10,000 - 19,999	\$20,000 - 29,999	\$30,000 - 39,999	\$40,000 - 49,999	\$50,000 - 59,999	\$60,000 - 69,999	\$70,000 - 79,999	\$80,000 - 89,999	\$90,000 - 99,999	\$100,000 - 109,999	\$110,000 - 120,000
\$0 - 9,999	\$0	\$0	\$850	\$850	\$1,000	\$1,020	\$1,020	\$1,020	\$1,020	\$1,020	\$1,020	\$1,870
\$10,000 - 19,999	0	930	1,850	2,000	2,200	2,220	2,220	2,220	2,220	2,220	3,200	4,070
\$20,000 - 29,999	850	1,850	2,920	3,120	3,320	3,340	3,340	3,340	3,340	4,320	5,320	6,190
\$30,000 - 39,999	850	2,000	3,120	3,320	3,520	3,540	3,540	3,540	4,520	5,520	6,520	7,390
\$40,000 - 49,999	1,000	2,200	3,320	3,520	3,720	3,740	3,740	4,720	5,720	6,720	7,720	8,590
\$50,000 - 59,999	1,020	2,220	3,340	3,540	3,740	3,760	4,750	5,750	6,750	7,750	8,750	9,610
\$60,000 - 69,999	1,020	2,220	3,340	3,540	3,740	4,750	5,750	6,750	7,750	8,750	9,750	10,610
\$70,000 - 79,999	1,020	2,220	3,340	3,540	4,720	5,750	6,750	7,750	8,750	9,750	10,750	11,610
\$80,000 - 99,999	1,020	2,220	4,170	5,370	6,570	7,600	8,600	9,600	10,600	11,600	12,600	13,460
\$100,000 - 149,999	1,870	4,070	6,190	7,390	8,590	9,610	10,610	11,660	12,860	14,060	15,260	16,330
\$150,000 - 239,999	2,040	4,440	6,760	8,160	9,560	10,780	11,980	13,180	14,380	15,580	16,780	17,850
\$240,000 - 259,999	2,040	4,440	6,760	8,160	9,560	10,780	11,980	13,180	14,380	15,580	16,780	17,850
\$260,000 - 279,999	2,040	4,440	6,760	8,160	9,560	10,780	11,980	13,180	14,380	15,580	16,780	18,140
\$280,000 - 299,999	2,040	4,440	6,760	8,160	9,560	10,780	11,980	13,180	14,380	15,870	17,870	19,740
\$300,000 - 319,999	2,040	4,440	6,760	8,160	9,560	10,780	11,980	13,470	15,470	17,470	19,470	21,340
\$320,000 - 364,999	2,040	4,440	6,760	8,550	10,750	12,770	14,770	16,770	18,770	20,770	22,770	24,640
\$365,000 - 524,999	2,970	6,470	9,890	12,390	14,890	17,220	19,520	21,820	24,120	26,420	28,720	30,880
\$525,000 and over	3,140	6,840	10,460	13,160	15,860	18,390	20,890	23,390	25,890	28,390	30,890	33,250

Single or Married Filing Separately

Higher Paying Job Annual Taxable Wage & Salary	Lower Paying Job Annual Taxable Wage & Salary											
	\$0 - 9,999	\$10,000 - 19,999	\$20,000 - 29,999	\$30,000 - 39,999	\$40,000 - 49,999	\$50,000 - 59,999	\$60,000 - 69,999	\$70,000 - 79,999	\$80,000 - 89,999	\$90,000 - 99,999	\$100,000 - 109,999	\$110,000 - 120,000
\$0 - 9,999	\$310	\$890	\$1,020	\$1,020	\$1,020	\$1,860	\$1,870	\$1,870	\$1,870	\$1,870	\$2,030	\$2,040
\$10,000 - 19,999	890	1,630	1,750	1,750	2,600	3,600	3,600	3,600	3,600	3,760	3,960	3,970
\$20,000 - 29,999	1,020	1,750	1,880	2,720	3,720	4,720	4,730	4,730	4,890	5,090	5,290	5,300
\$30,000 - 39,999	1,020	1,750	2,720	3,720	4,720	5,720	5,730	5,890	6,090	6,290	6,490	6,500
\$40,000 - 59,999	1,710	3,450	4,570	5,570	6,570	7,700	7,910	8,110	8,310	8,510	8,710	8,720
\$60,000 - 79,999	1,870	3,600	4,730	5,860	7,060	8,260	8,460	8,660	8,860	9,060	9,260	9,280
\$80,000 - 99,999	1,870	3,730	5,060	6,260	7,460	8,660	8,860	9,060	9,260	9,460	10,430	11,240
\$100,000 - 124,999	2,040	3,970	5,300	6,500	7,700	8,900	9,110	9,610	10,610	11,610	12,610	13,430
\$125,000 - 149,999	2,040	3,970	5,300	6,500	7,700	9,610	10,610	11,610	12,610	13,610	14,900	16,020
\$150,000 - 174,999	2,040	3,970	5,610	7,610	9,610	11,610	12,610	13,750	15,050	16,350	17,650	18,770
\$175,000 - 199,999	2,720	5,450	7,580	9,580	11,580	13,870	15,180	16,480	17,780	19,080	20,380	21,490
\$200,000 - 249,999	2,900	5,930	8,360	10,660	12,960	15,260	16,570	17,870	19,170	20,470	21,770	22,880
\$250,000 - 399,999	2,970	6,010	8,440	10,740	13,040	15,340	16,640	17,940	19,240	20,540	21,840	22,960
\$400,000 - 449,999	2,970	6,010	8,440	10,740	13,040	15,340	16,640	17,940	19,240	20,540	21,840	22,960
\$450,000 and over	3,140	6,380	9,010	11,510	14,010	16,510	18,010	19,510	21,010	22,510	24,010	25,330

Head of Household

Higher Paying Job Annual Taxable Wage & Salary	Lower Paying Job Annual Taxable Wage & Salary											
	\$0 - 9,999	\$10,000 - 19,999	\$20,000 - 29,999	\$30,000 - 39,999	\$40,000 - 49,999	\$50,000 - 59,999	\$60,000 - 69,999	\$70,000 - 79,999	\$80,000 - 89,999	\$90,000 - 99,999	\$100,000 - 109,999	\$110,000 - 120,000
\$0 - 9,999	\$0	\$620	\$860	\$1,020	\$1,020	\$1,020	\$1,020	\$1,650	\$1,870	\$1,870	\$1,890	\$2,040
\$10,000 - 19,999	620	1,630	2,060	2,220	2,220	2,220	2,850	3,850	4,070	4,090	4,290	4,440
\$20,000 - 29,999	860	2,060	2,490	2,650	2,650	3,280	4,280	5,280	5,520	5,720	5,920	6,070
\$30,000 - 39,999	1,020	2,220	2,650	2,810	3,440	4,440	5,440	6,460	6,880	7,080	7,280	7,430
\$40,000 - 59,999	1,020	2,220	3,130	4,290	5,290	6,290	7,480	8,680	9,100	9,300	9,500	9,650
\$60,000 - 79,999	1,500	3,700	5,130	6,290	7,480	8,680	9,880	11,080	11,500	11,700	11,900	12,050
\$80,000 - 99,999	1,870	4,070	5,690	7,050	8,250	9,450	10,650	11,850	12,260	12,460	12,870	13,820
\$100,000 - 124,999	2,040	4,440	6,070	7,430	8,630	9,830	11,030	12,230	13,190	14,190	15,190	16,150
\$125,000 - 149,999	2,040	4,440	6,070	7,430	8,630	9,980	11,980	13,980	15,190	16,190	17,270	18,530
\$150,000 - 174,999	2,040	4,440	6,070	7,980	9,980	11,980	13,980	15,980	17,420	18,720	20,020	21,280
\$175,000 - 199,999	2,190	5,390	7,820	9,980	11,980	14,060	16,360	18,660	20,170	21,470	22,770	24,030
\$200,000 - 249,999	2,720	6,190	8,920	11,380	13,680	15,980	18,280	20,580	22,090	23,390	24,690	25,950
\$250,000 - 449,999	2,970	6,470	9,200	11,660	13,960	16,260	18,560	20,860	22,380	23,680	24,980	26,230
\$450,000 and over	3,140	6,840	9,770	12,430	14,930	17,430	19,930	22,430	24,150	25,650	27,150	28,600

Withholding instructions for W-4

Publication 15-T is available on the IRS website to assist employers in the calculations for Form W-4. If you have questions about how withholdings are calculated for your employee, please refer to the publication.

Percentage Method Tables

Withholdings for employees in Galaxy will be based on the Percentage Method. All automated payroll systems, including Galaxy, work off the Percentage Method.

California Withholding – DE 4

With the passage of the TCJA and the release of the revised Form W-4 in 2020, employees are no longer able to use the Form W-4 and need to provide a DE-4 when they wish to change their withholdings. Please have employees give you a DE-4 whenever they give you a current version of Form W-4 in order to correctly calculate California withholdings.

As a result of the changes to the 2020 W-4, California developed a new version of the DE-4. A sample of the most recent Form DE 4 (12-2022) is on the following pages. Form DE 4 no longer includes “Number of Itemized Deduction Allowance.” The form allows entry of regular withholding allowances, and an additional amount of money to be withheld each pay period. Unlike previous versions of the Form DE-4, this version has a check box for employees to claim exempt from California withholding. The entry screen for the most recent version of Form DE 4 in Galaxy is shown below:

State Tax

State Tax-Exempt

Filing Status: 1 - Single or Mar ▼

Withholding Allowances: 1

Additional Withholding Amount: 0.00

SDI

Date Updated: 09/22/2022

State Restrictions

Note: Do not mark the SDI box unless your district participates in state SDI.

The most recent DE-4 form is available on both the IRS and RCOE websites.

https://edd.ca.gov/pdf_pub_ctr/de4.pdf

Worksheets

Instructions — 1 — Allowances*

When determining your withholding allowances, you must consider your personal situation:

- Do you claim allowances for dependents or blindness?
- Will you itemize your deductions?
- Do you have more than one income coming into the household?

Two-Earners/Multiple Incomes: When earnings are derived from more than one source, under-withholding may occur. If you have a working spouse or more than one job, it is best to check the box "SINGLE or MARRIED (with two or more incomes)." Figure the total number of allowances you are entitled to claim on all jobs using only one DE 4 form. Claim allowances with **one** employer.

Do **not** claim the same allowances with more than one employer. Your withholding will usually be most accurate when all allowances are claimed on the DE 4 filed for the highest paying job and zero allowances are claimed for the others.

Married But Not Living With Your Spouse: You may check the "Head of Household" marital status box if you meet all of the following tests:

- (1) Your spouse will not live with you **at any time** during the year;
- (2) You will furnish over half of the cost of maintaining a home for the entire year for yourself and your child or stepchild who qualifies as your dependent; **and**
- (3) You will file a separate return for the year.

Head of Household: To qualify, you must be unmarried or legally separated from your spouse and pay more than 50% of the costs of maintaining a home for the **entire** year for yourself and your dependent(s) or other qualifying individuals. Cost of maintaining the home includes such items as rent, property insurance, property taxes, mortgage interest, repairs, utilities, and cost of food. It does not include the individual's personal expenses or any amount which represents value of services performed by a member of the household of the taxpayer.

Worksheet A		Regular Withholding Allowances	
(A) Allowance for yourself — enter 1		(A)	
(B) Allowance for your spouse (if not separately claimed by your spouse) — enter 1		(B)	
(C) Allowance for blindness — yourself — enter 1		(C)	
(D) Allowance for blindness — your spouse (if not separately claimed by your spouse) — enter 1		(D)	
(E) Allowance(s) for dependent(s) — do not include yourself or your spouse		(E)	
(F) Total — add lines (A) through (E) above and enter on line 1a of the DE 4		(F)	0

Instructions — 2 — (Optional) Additional Withholding Allowances

If you expect to itemize deductions on your California income tax return, you can claim additional withholding allowances. Use Worksheet B to determine whether your expected estimated deductions may entitle you to claim **one or more additional** withholding allowances. Use last year's FTB Form 540 as a model to calculate this year's withholding amounts.

Do not include deferred compensation, qualified pension payments, or flexible benefits, etc., that are deducted from your gross pay but are not taxed on this worksheet.

You may reduce the amount of tax withheld from your wages by claiming one additional withholding allowance for each \$1,000, or fraction of \$1,000, by which you expect your estimated deductions for the year to exceed your allowable standard deduction.

Worksheet B		Estimated Deductions	
Use this worksheet only if you plan to itemize deductions, claim certain adjustments to income, or have a large amount of nonwage income not subject to withholding.			
1. Enter an estimate of your itemized deductions for California taxes for this tax year as listed in the schedules in the FTB Form 540	1.		
2. Enter \$10,404 if married filing joint with two or more allowances, unmarried head of household, or qualifying widow(er) with dependent(s) or \$5,202 if single or married filing separately, dual income married, or married with multiple employers	– 2.		
3. Subtract line 2 from line 1, enter difference	= 3.	0 . 0 0	
4. Enter an estimate of your adjustments to income (alimony payments, IRA deposits)	+ 4.		
5. Add line 4 to line 3, enter sum	= 5.	0 . 0 0	
6. Enter an estimate of your nonwage income (dividends, interest income, alimony receipts)	– 6.		
7. If line 5 is greater than line 6 (if less, see below [go to line 9]); Subtract line 6 from line 5, enter difference	= 7.	0 . 0 0	
8. Divide the amount on line 7 by \$1,000, round any fraction to the nearest whole number enter this number on line 1b of the DE 4. Complete Worksheet C, if needed, otherwise stop here .	8.	0 . 0 0	
9. If line 6 is greater than line 5; Enter amount from line 6 (nonwage income)	9.		
10. Enter amount from line 5 (deductions)	10.	0 . 0 0	
11. Subtract line 10 from line 9, enter difference. Then, complete Worksheet C.	11.	0 . 0 0	

*Wages paid to registered domestic partners will be treated the same for state income tax purposes as wages paid to spouses for California PIT withholding and PIT wages. This law does not impact federal income tax law. A registered domestic partner means an individual partner in a domestic partner relationship within the meaning of section 297 of the Family Code. For more information, please call our Taxpayer Assistance Center at 1-888-745-3886.

Worksheet C	Additional Tax Withholding and Estimated Tax
1. Enter estimate of total wages for tax year 2023.	1. <input type="text"/>
2. Enter estimate of nonwage income (line 6 of Worksheet B).	2. <input type="text"/>
3. Add line 1 and line 2. Enter sum.	3. <input type="text"/>
4. Enter itemized deductions or standard deduction (line 1 or 2 of Worksheet B, whichever is largest).	4. <input type="text"/>
5. Enter adjustments to income (line 4 of Worksheet B).	5. <input type="text"/>
6. Add line 4 and line 5. Enter sum.	6. <input type="text"/>
7. Subtract line 6 from line 3. Enter difference.	7. 0.00
8. Figure your tax liability for the amount on line 7 by using the 2023 tax rate schedules below.	8. 0.00
9. Enter personal exemptions (line F of Worksheet A x \$154.00).	9. 0.00
10. Subtract line 9 from line 8. Enter difference.	10. 0.00
11. Enter any tax credits. (See FTB Form 540).	11. <input type="text"/>
12. Subtract line 11 from line 10. Enter difference. This is your total tax liability.	12. 0.00
13. Calculate the tax withheld and estimated to be withheld during 2023. Contact your employer to request the amount that will be withheld on your wages based on the marital status and number of withholding allowances you will claim for 2023. Multiply the estimated amount to be withheld by the number of pay periods left in the year. Add the total to the amount already withheld for 2023.	13. <input type="text"/>
14. Subtract line 13 from line 12. Enter difference. If this is less than zero, you do not need to have additional taxes withheld.	14. 0.00
15. Divide line 14 by the number of pay periods remaining in the year. Enter this figure on line 2 of the DE 4.	15. <input type="text"/>

Note: Your employer is not required to withhold the additional amount requested on line 2 of your DE 4. If your employer does not agree to withhold the additional amount, you may increase your withholdings as much as possible by using the "single" status with "zero" allowances. If the amount withheld still results in an underpayment of state income taxes, you may need to file quarterly estimates on Form 540-ES with the FTB to avoid a penalty.

These Tables Are for Calculating Worksheet C and for 2023 Only

**Single Persons, Dual Income
Married or Married With Multiple Employers**

IF THE TAXABLE INCOME IS		COMPUTED TAX IS		
OVER	BUT NOT OVER	OF AMOUNT OVER...	PLUS	
\$0	\$10,099	1.100%	\$0	\$0.00
\$10,099	\$23,942	2.200%	\$10,099	\$111.09
\$23,942	\$37,788	4.400%	\$23,942	\$415.64
\$37,788	\$52,455	6.600%	\$37,788	\$1,024.86
\$52,455	\$66,295	8.800%	\$52,455	\$1,992.88
\$66,295	\$338,639	10.230%	\$66,295	\$3,210.80
\$338,639	\$406,364	11.330%	\$338,639	\$31,071.59
\$406,364	\$677,275	12.430%	\$406,364	\$38,744.83
\$677,275	\$1,000,000	13.530%	\$677,275	\$72,419.07
\$1,000,000	and over	14.630%	\$1,000,000	\$116,083.76

Married Persons

IF THE TAXABLE INCOME IS		COMPUTED TAX IS		
OVER	BUT NOT OVER	OF AMOUNT OVER...	PLUS	
\$0	\$20,198	1.100%	\$0	\$0.00
\$20,198	\$47,884	2.200%	\$20,198	\$222.18
\$47,884	\$75,576	4.400%	\$47,884	\$831.27
\$75,576	\$104,910	6.600%	\$75,576	\$2,049.72
\$104,910	\$132,590	8.800%	\$104,910	\$3,985.76
\$132,590	\$677,278	10.230%	\$132,590	\$6,421.60
\$677,278	\$812,728	11.330%	\$677,278	\$62,143.18
\$812,728	\$1,000,000	12.430%	\$812,728	\$77,489.67
\$1,000,000	\$1,354,550	13.530%	\$1,000,000	\$100,767.58
\$1,354,550	and over	14.630%	\$1,354,550	\$148,738.20

Unmarried Head of Household

IF THE TAXABLE INCOME IS		COMPUTED TAX IS		
OVER	BUT NOT OVER	OF AMOUNT OVER...	PLUS	
\$0	\$20,212	1.100%	\$0	\$0.00
\$20,212	\$47,887	2.200%	\$20,212	\$222.33
\$47,887	\$61,730	4.400%	\$47,887	\$831.18
\$61,730	\$76,397	6.600%	\$61,730	\$1,440.27
\$76,397	\$90,240	8.800%	\$76,397	\$2,408.29
\$90,240	\$460,547	10.230%	\$90,240	\$3,626.47
\$460,547	\$552,658	11.330%	\$460,547	\$41,508.88
\$552,658	\$921,095	12.430%	\$552,658	\$51,945.06
\$921,095	\$1,000,000	13.530%	\$921,095	\$97,741.78
\$1,000,000	and over	14.630%	\$1,000,000	\$108,417.63

If you need information on your last California Resident Income Tax Return, FTB Form 540, visit [FTB](http://ftb.ca.gov) (ftb.ca.gov).

The DE 4 information is collected for purposes of administering the PIT law and under the authority of Title 22, CCR, section 4340-1, and the California Revenue and Taxation Code, including section 18624. The Information Practices Act of 1977 requires that individuals be notified of how information they provide may be used. Further information is contained in the instructions that came with your last California resident income tax return.

Calculating California Withholding – DE 4

California withholding calculations are not the same as federal withholdings. Encourage your employees to review the information provided on the DE 4, but as with the Form W-4, do not give out tax advice and instead encourage employees to speak to their tax professional if they have any questions about how many exemptions to withhold.

Galaxy performs California withholding calculations using the “Method B – Exact Calculation Method”. Each calendar year, California (Employment Development Department) adjusts the withholding tables. These tables can be found in the EDD DE 44, California Employer’s Guide.

IRS “Lock-in” Letter

If the IRS determines an employee does not have enough withholdings, the LEA will receive a “Lock-in” letter. The “Lock-in” letter will specify the maximum number of withholding allowances permitted for the employee. The employer must disregard any Form W-4 that results in less tax withheld, until the IRS notifies the employer otherwise.

Once a release of a “Lock-in” letter is received, the employee’s withholding allowances can be altered to reflect the last valid Form W-4 received from the employee. If the last Form W-4 states the employee is exempt, and that Form W-4 is over one year old, set the employee’s Form W-4 panel to Single/”no check box” until a new valid Form W-4 is received.

How to Process a “Lock-in” Letter

- In Galaxy (Add/Modify Employee Information) add the Date Updated and mark the “Federal Restrictions” box.

TCJA Federal Tax	State Tax
<input type="checkbox"/> Federal Tax-Exempt	<input type="checkbox"/> State Tax-Exempt
1. Filing Status: 2 - Married filing jointly or Qualif ▼	Filing Status: 1 - Single or Mar ▼
<input type="checkbox"/> 2. Multiple Jobs or Spouse Works	Withholding Allowances: 1
3. Claim Dependents: 0.00	Additional Withholding Amount: 0.00
4a. Other Income: 0.00	<input type="checkbox"/> SDI
4b. Deductions: 0.00	Date Updated: 09/22/2022
4c. Extra Withholding: 312.00	<input type="checkbox"/> State Restrictions
Nonresident Alien Status: 0 - N/A ▼	
Date Updated: 09/21/2022	
<input type="checkbox"/> Federal Restrictions	

If the employee no longer works for you, complete the section on the “Lock-in” letter indicating the employee is no longer your employee and send or Fax that page to the IRS as indicated on the letter.

California Withholdings When a “Lock-in” Letter is Received

California changed the DE-4 significantly in 2020. These changes include a statement indicating they will no longer require employers to follow the IRS Lock-in letter and instead, require employees to complete a DE-4. Subsequently, if the employee is not being withheld to the satisfaction of the FTB (Franchise Tax Board), they may send the employer “special instructions” similar to the IRS Lock-in.

Notification: The burden of proof rests with the employee to show the correct California income tax withholding. Pursuant to section 4340-1(e) of [Title 22, California Code of Regulations \(CCR\)](#) (govt.westlaw.com/calregs/Search/Index), the FTB or the EDD may, by special direction in writing, require an employer to submit a Form W-4 or DE 4 when such forms are necessary for the administration of the withholding tax programs.

Penalty: You may be fined \$500 if you file, with no reasonable basis, a DE 4 that results in less tax being withheld than is properly allowable. In addition, criminal penalties apply for willfully supplying false or fraudulent information or failing to supply information requiring an increase in withholding. This is provided by section 13101 of the [California Unemployment Insurance Code](#) (leginfo.legislature.ca.gov/faces/codes.xhtml) and section 19176 of the [Revenue and Taxation Code](#) (leginfo.legislature.ca.gov/faces/codes.xhtml).

Social Security (FICA) and Medicare Tax

Social Security (FICA) and Medicare tax are federal taxes. The current rates for these taxes are:

- FICA = 6.2%
- Medicare = 1.45%
- Additional Medicare = .09%

Employers pay the matching amount of the FICA and Medicare taxes.

FICA

FICA is paid by employees who pay into CalPERS, while those who are eligible for CalSTRS do not pay FICA taxes. In addition, employees who are ALT-FICA eligible also do not pay FICA taxes, i.e., substitute teachers prior to CalPERS eligibility if a district participates in an Alt-FICA plan.

The FICA tax is calculated only on earnings that are deemed FICA taxable; see Section 550-1 for a table of deductions that reduce FICA taxable as well as earnings that are exempt from FICA taxable.

There are additional circumstances that exclude employees from FICA, if you are unsure about the correct FICA status for an employee, contact DFS for guidance.

FICA limits are set annually by the Social Security Administration. Once an employee's FICA limit is reached, the employee no longer has FICA taxes withheld (see Section 105-1 for the annual limits on FICA taxes).

Medicare Tax

Most employees, with very few exceptions such as students working on campus and employees hired prior to April 1, 1986 pay Medicare. As is the case with FICA, questions about an employee's Medicare status should be directed to DFS.

Medicare tax, like FICA, is calculated only on earnings that are deemed Medicare taxable; see Section 550-1 for a table of deductions that reduce Medicare taxable as well as earnings that are exempt from Medicare tax.

Medicare tax does not have a limit and remains at a rate of 1.45% for the employee regardless of the accumulated Medicare earnings. The Medicare rate is subject to change annually.

Additional Medicare

Additional Medicare went into effect on January 1, 2013 and has remained at a constant rate of .09 %. This tax is placed on wages in excess of \$200,000 and is not matched by employer contributions. The IRS threshold amount for taxpayers who are married and file jointly is actually \$250,000 so an employee may be eligible for a refund on their form 1040; however, employers are directed to begin to withhold the additional Medicare tax when employees reach \$200,000 in taxable wages. Additional Medicare is also subject to change annually (calendar year).

Unemployment and Disability Insurance

The Unemployment Insurance (UI) program pays benefits to workers who have lost their job and meet the program's eligibility requirements. If an employee has become unemployed, they may file an unemployment claim.

State Disability Insurance (SDI) is a partial wage-replacement insurance plan for California workers. The SDI program is state-mandated and funded through employee payroll deductions. SDI provides affordable, short-term benefits to eligible workers.

Federal Unemployment Tax Act (FUTA)

- California School Districts and Community Colleges exempt.

State Unemployment Insurance Program (SUI)

- Covers California public employers, rates and contributions structured under "School Employers Fund". Tax Deposit and Reporting processed quarterly by RCOE-DFS. The employer is responsible for state unemployment contributions.
- See Section 110-1 for current employer rate.

California State Disability Insurance (CASDI)

- Voluntary program for California school districts. Tax Deposits and Reporting processed at the district level.
- State Disability Taxable Earnings Limits are set by the State of California and subject to change annually.
- SDI withholding rate is subject to change annually.
- See Section 110-1 for the current SDI withholding rate and annual contribution and maximum withholding limits.

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 procedures 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
 _____,
 (date)
 before payment by the Treasurer and that all material facts relating
 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

Note: Voluntary deductions on canceled payroll warrants will be charged to districts.

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 15th.
- 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.

Repayment Rules

Repayment rules that LEAs and DFS follow regarding the overpayment of an employee are dictated by the state of California, the IRS, and the Employee Development Department (EDD). A brief discussion of Assembly Bill 185 is included here:

AB 185 New Wage Overpayment Requirements

Assembly Bill 185 adds Ed Code 44042.5 which provides parameters for the wage overpayment process. The changes in overpayment procedures were part of the 2022-23 Enacted State Budget and became effective on September 27, 2022. *Please consult with your legal counsel for guidance regarding its implementation.*

Section (a) (1) through (4) of EC § 44042.5 is included here:

“(a) (1) When a school employer determines a wage overpayment has been made to a school employee, it shall notify the employee in writing of the overpayment, afford the employee an opportunity to respond before commencing recoupment actions, and inform the school employee of their rights specified in paragraph (4). If the school employee agrees that the school employer overpaid them in the claimed amount, reimbursement shall be made to the school employer through one of the following methods mutually agreed to by the employee and the school employer:

(A) Cash payment or cash installment payments.

(B) Installment payments through payroll deduction covering at least the same number of pay periods in which the error occurred.

(C) The adjustment of appropriate leave credits or compensating time off, provided that the overpayment involves the accrual or crediting of leave credits such as vacation, annual leave, holiday leave, or compensating time off. Any errors in sick leave balances shall only be adjusted with sick leave credits.

(2) Installment payment amounts deducted from an employee’s salary or wages pursuant to paragraph (1), except as provided in subdivision (b), shall not exceed the amounts specified in Section 706.050 of the Code of Civil Procedure.

(3) Absent mutual agreement on a method of reimbursement pursuant to paragraph (1), within 30 days of the school employee verifying the overpayment amount the school employer shall proceed with recoupment pursuant to subparagraph (B) of paragraph (1).

(4) If a school employee disputes the existence or amount of a school employer’s claimed overpayment made to the school employee, the school employer shall first initiate a legal action and obtain a court order or a binding arbitration decision validating the claimed overpayment amount before it may recover the overpayment amount. For purposes of this paragraph, binding arbitration may apply only when a memorandum of understanding between the school employer and an exclusive representative of the school employee sets forth procedures for adjudicating wage overpayment disputes that, at a minimum, meet the requirements and protections for school employees set forth in this section. If in court the school employee is represented by counsel supplied by the exclusive representative designated under the Educational Employment Relations Act (Chapter 10.7 (commencing with Section 3540) of Division 4 of Title 1 of the Government Code), then the provisions of subdivision (b) of Section 3543.8 of the Government Code shall apply to that litigation.”

In addition, the employer may only take action to recover the overpayment within three years from the date of the overpayment. The full version of Education Code Section (EC §) 44042.5 can be found using this [link](#). *Again, please consult with your legal counsel for guidance regarding its implementation.*

To initiate a repayment (or abatement) please adhere to the following when requesting calculations:

- LEA to complete Form 3328T – Salary Abatement Request – see the following page for a sample of the Salary Abatement Request form. Follow the link below to bring up a fillable PDF. <https://www.rcoe.us/home/showpublisheddocument/2434/637424945398130000>
- “View Employee Earnings by Payroll” Galaxy screen print out as a reference. Send attached with abatement form to RCOE DFS.
- Repayments are payable to RCOE by commercial warrant, LEA revolving check or cashier’s check only. Cash is not accepted. Payroll deductions do not in themselves clear the abatement. LEA repay checks need to be forwarded to DFS to clear the abatement and adjust the employee’s W-2/W-2C.

How to Collect on Overpayment

Payroll voluntary deductions (district repay) may only be used if authorized by the employee, except for the recovery of unused vacation days.

- If the employee does not authorize the deduction of the overpayment, the LEA can follow the appropriate legal collection procedures to obtain recovery of the funds.
- If employee has agreed to a repayment plan via voluntary deductions, all repay monies should be collected within the same calendar year.
- Do **NOT** use adjustment codes 6xx or 4xx to reduce future payroll earnings.
- Uncollected Salary Abatement Reports are now available on demand using MicroStrategy.

If a multi calendar year repayment agreement exists and money has been collected from the employee for the current calendar year, but not the full overpayment, the LEA must submit a revised abatement along with a check equaling all calendar year (CY) deductions or payments received by the December deadline.

Repayment Deadlines

In order to adjust an employee’s current year W-2, repayments must be received in DFS before the December holiday break each year. A DFS-Notify will go out each October that contains the processing deadlines for the current calendar year.

After the calendar year abatement deadline passes, uncollected salary abatements for that calendar year will increase due to the statute of limitations for refunds less Medicare and or Social Security.

Publication 15 includes a section regarding the repayment of wages paid in error in a prior year, see excerpt on the following page:

Employee reporting of repayment. The wages paid in error in the prior year remain taxable to the employee for that year. This is because the employee received and had use of those funds during that year. The employee isn't entitled to file an amended return (Form 1040-X) to recover the income tax on these wages. Instead, the employee may be entitled to a deduction or credit for the repaid wages on his or her income tax return for the year of repayment. However, the employee should file an amended return (Form 1040-X) to recover any Additional Medicare Tax paid on the wages paid in error in the prior year. If an employee asks about reporting their wage repayment, you may tell the employee to see *Repayments* in Pub. 525 for more information.

Form 3328T



**Division of Administration and Business Services
District Fiscal Services**

Salary Abatement Request

Please use the "View Employee Earnings by Payroll" Galaxy screen when completing this form.

District Information:				Payroll Information:			
District Name: _____				Payroll Number: _____		Fiscal Year: _____	
District Number: _____				Payroll Issue Date: _____			
Employee Information:				Reason for Abatement:			
Employee Name: _____ <small>(Last) (First) (MI)</small>				<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;"> Please include a detailed reason for the abatement. </div>			
Employee Number: _____							
Social Security Number (SSN): <u>XXX-XX-</u> _____							
Original Amount Paid:							
Position: _____	Salary: _____	Regular: _____	Overtime: _____	Misc. Adjust.: _____	Cash Option: _____	Gross: _____	
Position: _____	Salary: _____	Regular: _____	Overtime: _____	Misc. Adjust.: _____	Cash Option: _____	Gross: _____	
Revised Amount:							
Position: _____	Salary: _____	Regular: _____	Overtime: _____	Misc. Adjust.: _____	Cash Option: _____	Gross: _____	
Position: _____	Salary: _____	Regular: _____	Overtime: _____	Misc. Adjust.: _____	Cash Option: _____	Gross: _____	
Net Abatement Amount:							
Position: _____	Salary: _____	Regular: _____	Overtime: _____	Misc. Adjust.: _____	Cash Option: _____	Gross: _____	
Position: _____	Salary: _____	Regular: _____	Overtime: _____	Misc. Adjust.: _____	Cash Option: _____	Gross: _____	
Requested by:							
Name: _____		Phone Number: _____		E-Mail: _____			
Authorization:							
<small>Information indicated in this section will be verified with the district's current Certification of Signatures form. Only original signatures from an authorized agent will be accepted.</small>							
Name: _____				Title: _____			
Signature: _____				Date: _____			
Upon Receipt of the Completed Form:							
1. The net abatement amount will be available in Galaxy's View Salary Abatement screen. 2. The District is responsible for collection of payment. Upon collection, please submit the following: a) Payment b) Copy of Salary Abatement form							
For County Use Only:							
Galaxy Entry Date: _____				Completed By: _____			
Comments: _____							

Please include a detailed reason for the abatement.

Must be signed by an authorized signer. Refer to the Certification of Signatures form.

Supplemental Information Overview**Salary Abatements Due to Incorrect Step and Column or Salary Schedule**

- If the salary abatement is being entered for incorrect placement in the salary schedule, additional information will be required for retirement data correction.
- For certificated employees, submit a salary adjustment worksheet by fiscal year if applicable (see page 710-5).
- For classified staff, provide an excel spreadsheet by fiscal year detailing what the pay rate should have been for the period being abated. The spreadsheet must clearly identify and segregate earnings by type and by pay period (regular monthly earnings, additional assignments, stipends, overtime, vacation payoff, etc.).

Salary Abatements and Non-Creditable Retirement Payroll and Extra Pay Codes

- When earnings are being abated in a pay period when a non-creditable adjustment and/or extra pay code was used, the abatement calculation will be processed incorrectly unless a retirement override is performed. Incorrect Salary Abatements require additional adjustments to the retirement data that may cause further collection or charges to the district.
- DFS Retirement must determine if the earnings paid were creditable for PERS or STRS. The employee retirement formula also determines if the earnings should have been creditable or not.
- Please complete the Supplemental Information Questionnaire when requesting Salary Abatements.

Supplemental Information Form

- The following page contains a sample of the Supplemental Information form.

**Salary Abatements- Supplemental Information
Must be Submitted with Each Salary Abatement Request**

District # _____
 Employee name _____
 Employee # _____

Employee is a:

- PERS Member
- STRS Member

S/A due to incorrect step and column placement:

- For STRS- attach a salary adjustment worksheet by fiscal year
 - For PERS- attach an Excel Spreadsheet by fiscal year
- Clearly identify and segregate earnings by type and by pay period (regular monthly earnings, additional assignments, stipends, overtime, vacation payoff, etc.).

- The pay period being abated included earnings that were paid with one or more of the following payroll and/or extra pay codes

Extra Pay codes:

- 4 Supervisory
- 18 Supervisory
- 45 Housing Allowance
- 46 1.25 Vac Factor
- 47 1.50 Vac Factor
- 48 1.75 Vac Factor
- 50 Cash Option
- 51 Cash Option
- 52 Cash Option
- 53 Cash Option
- 63 Business Allowance Nonaccountable
- 66 Business Allowance Nonaccountable
- 67 Cell Phone Stipend Nonaccountable
- 68 Cell Phone Stipend Nonaccountable
- 69 Automobile Allowance
- 81 TSA Nonaccountable
- 83 Out of Class
- 88 Other-STRS Non-Creditable
- 90 Vacation Payoff
- 96 Uniform Allowance Value
- 97 Uniform Allowance Pay
- 98 Uniform Allowance Value

Adjustment Codes:

- 700 or 955 Vacation Pay Off
- 960-979 Non-creditable Earnings

Salary Abatement Process

When submitting a salary abatement request to the DFS Payroll Unit, the district should include the following three documents. These documents will assist district staff and the DFS Payroll and Retirement Units verify the abatement is processed accurately and the employee’s retirement earnings are properly adjusted.

- Screenshot of View Employee Earnings by Payroll
- Salary Abatements-Supplemental Information form (previous page)
- Salary Abatement Request form

View Employee Earnings by Payroll Screen

Earnings Period	
Fiscal Year:	2016
Payroll Number:	8A
P.O.D. Number:	
Warrant Number:	
Warrant Status:	

Employee Information	
Employee Number:	
Social Security Number:	XXX
Employee Name:	

Earnings	
Salary:	2,526.46
Regular:	90.00
Overtime:	460.62
Misc. Adjustment:	0.00
Cash Option:	75.00
Gross Amount:	3,152.08
Taxable:	2,968.93
FICA:	3,152.08
Medicare:	3,152.08
SDI:	0.00
Retirement:	2,616.46

Print

Salary Abatement Request Form:

 RIVERSIDE COUNTY OFFICE OF EDUCATION	Division of Administration and Business Services District Fiscal Services
<h3 style="margin: 0;">Salary Abatement Request</h3> <p style="font-size: small; margin: 0;">Please use the "View Employee Earnings by Payroll" Galaxy screen when completing this form.</p>	
District Information:	Payroll Information:
District Name: <input style="width: 80%;" type="text"/>	Payroll Number: <input style="width: 10%;" type="text"/> Fiscal Year: <input style="width: 10%;" type="text"/>
District Number: <input style="width: 50%;" type="text"/>	Payroll Issue Date: <input style="width: 50%;" type="text"/>
Employee Information:	Reason for Abatement:
Employee Name: <input style="width: 80%;" type="text"/> (Last) (First) (MI)	
Employee Number: <input style="width: 30%;" type="text"/>	
Social Security Number (SSN): <input style="width: 40%;" type="text"/> X X X - X X - <input style="width: 10%;" type="text"/>	
Original Amount Paid:	
Position: <input style="width: 10%;" type="text"/> Salary: <input style="width: 10%;" type="text"/> Regular: <input style="width: 10%;" type="text"/> Overtime: <input style="width: 10%;" type="text"/> Misc. Adjust.: <input style="width: 10%;" type="text"/> Cash Option: <input style="width: 10%;" type="text"/> Gross: <input style="width: 10%;" type="text"/>	
Position: <input style="width: 10%;" type="text"/> Salary: <input style="width: 10%;" type="text"/> Regular: <input style="width: 10%;" type="text"/> Overtime: <input style="width: 10%;" type="text"/> Misc. Adjust.: <input style="width: 10%;" type="text"/> Cash Option: <input style="width: 10%;" type="text"/> Gross: <input style="width: 10%;" type="text"/>	
Revised Amount:	
Position: <input style="width: 10%;" type="text"/> Salary: <input style="width: 10%;" type="text"/> Regular: <input style="width: 10%;" type="text"/> Overtime: <input style="width: 10%;" type="text"/> Misc. Adjust.: <input style="width: 10%;" type="text"/> Cash Option: <input style="width: 10%;" type="text"/> Gross: <input style="width: 10%;" type="text"/>	
Position: <input style="width: 10%;" type="text"/> Salary: <input style="width: 10%;" type="text"/> Regular: <input style="width: 10%;" type="text"/> Overtime: <input style="width: 10%;" type="text"/> Misc. Adjust.: <input style="width: 10%;" type="text"/> Cash Option: <input style="width: 10%;" type="text"/> Gross: <input style="width: 10%;" type="text"/>	
Net Abatement Amount:	
Position: <input style="width: 10%;" type="text"/> Salary: <input style="width: 10%;" type="text"/> Regular: <input style="width: 10%;" type="text"/> Overtime: <input style="width: 10%;" type="text"/> Misc. Adjust.: <input style="width: 10%;" type="text"/> Cash Option: <input style="width: 10%;" type="text"/> Gross: <input style="width: 10%;" type="text"/>	
Position: <input style="width: 10%;" type="text"/> Salary: <input style="width: 10%;" type="text"/> Regular: <input style="width: 10%;" type="text"/> Overtime: <input style="width: 10%;" type="text"/> Misc. Adjust.: <input style="width: 10%;" type="text"/> Cash Option: <input style="width: 10%;" type="text"/> Gross: <input style="width: 10%;" type="text"/>	
Requested by:	
Name: <input style="width: 30%;" type="text"/> Phone Number: <input style="width: 20%;" type="text"/> E-Mail: <input style="width: 40%;" type="text"/>	
Authorization:	
Information indicated in this section will be verified with the district's current Certification of Signatures form. Only original signatures from an authorized agent will be accepted.	
Name: <input style="width: 50%;" type="text"/>	Title: <input style="width: 40%;" type="text"/>
Signature: <input style="width: 50%;" type="text"/>	Date: <input style="width: 40%;" type="text"/>
Upon Receipt of the Completed Form:	
1. The net abatement amount will be available in Galaxy's View Salary Abatement screen. 2. The District is responsible for collection of payment. Upon collection, please submit the following: a) Payment b) Copy of Salary Abatement form	
For County Use Only:	
Galaxy Entry Date: <input style="width: 30%;" type="text"/> Completed By: <input style="width: 60%;" type="text"/>	
Comments: <input style="width: 95%;" type="text"/>	
Form No. 3328T (08/12) Distribution: Original- District Fiscal Services, Copy- District	

Certificated Salary Adjustment Worksheet:

STEP/COLUMN CHANGE + RETRO

CERTIFICATED SALARY ADJUSTMENT WORKSHEET

DISTRICT No: 999
 DISTRICT NAME: Pleasantville USD
 EMPLOYEE NAME: George Washington
 EMPLOYEE NO: 987864
 EMPLOYEE SSN NO: XXX-XX-1234

FROM: Class - Step Annual Monthly Days
 TO: Class - Step Annual Monthly Days
 TO: Class - Step Annual Monthly Days

REASON FOR SALARY ADJUSTMENT WORKSHEET (Please check appropriate box(es) below):

LATE START
 EARLY TERM
 OTHER: Retroactive salary payment.

Actual earnings do not match annual earnings. Docked on: _____
 Percentage contract employee: 100 %

Period of Service (1)	Contract Annual (2)	Monthly (3)=(2)/(5)	Days (4)	Months (5)	Daily Rate (6)=(3)/(4)	Work Days (7)	Annual Earnable (8)=(6)*(7)	Less Pay Deduction (9)	Net Annual Earnable (10)	No. of Pay Periods (11)	Actual Amount Paid (12)	Adjustment (13)=(10)-(12)	Service Credit (14)=(12)-(13)/(2)	Payroll Adj. Code (15)
9/1/16 - 11/25/16	\$75,000.00	\$7,500.00	185	10	\$405.405	57	\$23,108.11	\$0.00	\$23,108.11	2	\$15,000.00	\$8,108.11	0.3081	
11/26/16 - 12/31/16	\$77,000.00	\$7,700.00	185	10	\$416.216	21	\$8,740.54	\$0.00	\$8,740.54	2	\$15,183.78	(\$6,443.24)	0.1135	
01/01/17 - 06/30/17	\$80,850.00	\$8,085.00	185	10	\$437.027	107	\$46,761.89	\$0.00	\$46,761.89	6	\$47,740.00	(\$978.11)	0.5784	
TOTAL							\$78,610.54	\$0.00	\$78,610.54	10	\$77,923.78	\$886.76	1.000	510

SALARY ONLY - ANNUAL RECAP		Total Earnings
Salary Only	Salary Adjustments	
1M		0.00
2M		0.00
3M		7,500.00
4M		7,500.00
5M		7,500.00
6S	(\$216.22)	7,483.78
7M		7,700.00
8M		7,700.00
9M	\$686.76	8,771.76
10M		8,085.00
11M		8,085.00
12M		8,085.00
TOTAL	\$470.54	\$78,610.54

Reason for Adjustment:
 Employee received step/column change commencing with 05M.
 5% retro paid effective January 1. Adjustment paid on 9M.

Date Salary Change Effective: _____

Adj. Made On Payroll Not(s) of Fiscal Yea 9M

Prepared by: Carolyn Rhodes
 Phone No: (951) 826-6538
 Date: 19-Jun

Uncollected Salary Abatements Report

An “Uncollected Salary Abatements” report can be run in MicroStrategy to view outstanding salary abatements. If districts are aware of abatements that will not be repaid by an employee, a request should be sent to DFS Payroll to delete the abatement followed by a request to DFS Retirement to make corrections to the employee’s retirement records at either CalPERS or CalSTRS. An adjustment will be processed that will reduce the employee’s earnings previously reported and the retirement contributions will be refunded back to the district through the retirement fixed charges process.

12/3/15 7:46 AM

Run by: GREPORTS18
Prompt 1: District

Please cancel the unc...
Authorized by: [REDACTED]

Employee Number	Employee Name	Calendar Year	Month	Fiscal Year	Payroll	POD	Original Gross	Revised Gross	Net Abatement		
[REDACTED]	[REDACTED]	2012	OCTOBE	2013	04M		714.25	291.92	366.64	Collections 2012	
[REDACTED]	[REDACTED]	2012	SEPTEM	2013	03M		714.25	472.22	221.58	Collections 2012	
[REDACTED]	[REDACTED]	2014	MAY	2014	11M		1,035.13	1,031.13	3.41	Non-collectible	
[REDACTED]	[REDACTED]	2014	MAY	2014	11M		93.20	87.00	5.68	Non-collectible	
[REDACTED]	[REDACTED]	2012	AUGUST	2013	02M		5,172.44	0.00	4,683.64	Settlement Issue	
[REDACTED]	[REDACTED]	2011	FEBRUA	2011	08M		2,064.55	1,376.37	640.01	Collections 2011	
[REDACTED]	[REDACTED]	2012	FEBRUA	2012	08M		293.69	274.62	17.45	Collections 2011	
49 Abatements							OL DISTRICT Total:	255,238.90	209,406.44	41,066.47	

Date as of: 12/3/2015 7:46:54 AM Galaxy Direct Reporting Page 1 of 1

The Salary Abatements process is currently being reviewed. Any changes to the process will be communicated to district staff.

Stale Dated Warrants

Payroll or commercial warrants that are not presented for payment after 186 days are considered stale dated and are no longer negotiable. The Galaxy system will automatically stale date warrants after the 186 day period has elapsed. Processing of stale dated warrants is based on the type of warrant:

Payroll Warrants

- W-2 corrections are not needed for stale dated warrants.
- Galaxy will automatically transfer the net amount of the stale payroll warrant to the LEA.
- LEA's will reissue the net amount to the employee via a commercial warrant.
- **Do not** reissue a stale dated amount through a payroll warrant or a POD.
- LEA's should have a procedure in place to reissue the warrant.
- The reissuance of a stale dated warrant will have no effect on the individual's current or prior year taxable wages.

Commercial Warrants

- All commercial warrants for payroll deductions issued through DFS that become stale dated will be transferred to the LEA's holding account. On some occasions there are staled warrants for pretax benefits. DFS will reach out to the LEA to confirm if the deduction was made in error. If an employee refund is required, DFS will refund the employee through a negative voluntary deduction. This procedure corrects the employee's W2.
- Post tax stale dated voluntary deductions (*See Section 520 Refund a Voluntary Deduction*)
 - Reissue to vendor
 - Reissue to employee(s) if deducted in error.
 - The LEA is not to assume the funds collected from an employee deduction.

If an employee or vendor presents a stale dated warrant at your LEA, please verify funds have been transferred prior to reissuing a warrant. If you have any questions regarding a stale dated warrant, please contact DFS Payroll.

Deceased Warrant Processing

If the recipient of a payroll warrant dies while the warrant is still negotiable, the LEA has a fiduciary responsibility to ensure that the final compensation of a deceased employee is received by their beneficiary.

Designation of Beneficiary

It is highly recommended that all LEAs follow the provisions of California Government Code 53245 that became effective November 13, 1968, and have every new hire complete a “Warrant(s) Recipient Designation” form. Upon the death of an employee, the person named as designee shall be entitled to receive the warrant(s) that would have been payable to the deceased.

The following page shows a generic version of the form that should be on file for every employee and updated by employees when they wish to change their beneficiary designation for their final pay warrant. **This form only applies to the final pay warrant(s).**

**DESIGNATION OF BENEFICIARY
PAY WARRANT**

As provided in Section 53245 of the California Government Code, in the event of my death, I hereby designate the following person to receive all warrants or checks that will be payable to me from:

(SCHOOL DISTRICT)

NAME OF DESIGNEE _____

SOCIAL SECURITY NUMBER _____

ADDRESS _____

CITY _____ STATE _____ ZIP CODE _____

In the event that the person indicated above predeceases me I hereby designate the following person as a secondary beneficiary.

NAME OF SECONDARY DESIGNEE _____

SOCIAL SECURITY NUMBER _____

ADDRESS _____

CITY _____ STATE _____ ZIP CODE _____

This designation form cancels and replaces any designation previously signed for this purpose and shall remain in effect until cancelled in writing.

On sufficient proof of identity, the appointing power shall release the warrants or checks to the above designee. The designee who receives a warrant or check is entitled to negotiate it as if the payee.

EMPLOYEE NAME _____

SOCIAL SECURITY NUMBER _____

SIGNATURE _____

DATE _____

NOTE: IT IS IMPORTANT THAT YOU UPDATE THIS FORM WHEN CHANGES OCCUR THAT WOULD AFFECT YOUR DESIGNATION OF BENEFICIARY.

Deceased Employee Processing

Scenario 1: Employee passed in the current year.

LEA RESPONSIBILITY:

1. Change EE taxes to exempt for both Federal and State.
2. Remove any Direct Deposit information for the employee.
3. Pay on a POD. Ask DFS Payroll to pull the warrant and hold for further processing.
4. Complete a Declaration for Replacement of Lost or Destroyed Payroll Warrant form. On the form, mark the box for custodian and have a LEA approver, sign the form.

I declare that I am the legal owner (or) custodian of warrant number _____,

5. In the reason section, indicate the date of death. Tax handling is different for employees who pass in the current year as opposed to those that pass during the previous year.
6. Send the form to DFS Payroll (scan or fax).

DFS PAYROLL RESPONSIBILITY:

1. DFS Payroll will stop payment on the warrant once they get the form from the LEA.
2. The net pay of the funds will be transferred back to the LEA by financial transfer.
3. DFS Payroll will remove the Federal and State reported wages (for this payment only).

LEA RESPONSIBILITY:

7. Once the funds are received, the LEA will issue a commercial warrant to the beneficiary with a tax type of 02.
8. During January of the following year, the beneficiary will receive a 1099 for the money received via the commercial warrant, and a W-2 will be issued for all previously earned payrolls.

Scenario 2: Employee passed in the previous year.

LEA RESPONSIBILITY:

1. Change EE taxes to exempt for both Federal and State.
2. Remove any Direct Deposit information for the employee.
3. Pay on a POD. Tell DFS Payroll to pull the warrant and hold for further processing.
4. Complete a Declaration for Replacement of Lost or Destroyed Payroll Warrant form. On the form, mark the box for custodian and have a LEA approver, sign the form.

I declare that I am the legal owner (or) custodian of warrant number _____,

7. In the reason section, indicate the date of death. Tax handling is different for employees who pass in the current year as opposed to those that pass during the previous year.
5. Send the form to DFS Payroll (scan or fax).

DFS PAYROLL RESPONSIBILITY:

1. DFS Payroll will stop payment on the warrant once they get the form from the LEA.
2. The net pay of the funds will be transferred back to the LEA by financial transfer. Any FICA or Medicare taxes withheld, will also be returned to the LEA.
3. DFS Payroll will remove the Federal and State reported wages (for this payment only). DFS Payroll will remove any FICA and Medicare wages (for this payment).

LEA RESPONSIBILITY:

7. Once the funds are received, the LEA will issue a commercial warrant to the beneficiary that includes the net pay as well as any FICA or Medicare withheld from the employee's check with a tax type Of 02. Employer share of the FICA and Medicare are distributed back to the funds of the LEA by the LEA's Fiscal Department.
8. During January of the following year, the beneficiary will receive a 1099 for the money received via the commercial warrant. No W-2 will be issued in the year subsequent to the employee's death.

Scenario 3: Employee passed in the previous year and payroll (example 06S or 06B) was processed prior to notification.

LEA RESPONSIBILITY:

1. The LEA informs DFS that the beneficiary has received the funds for a deceased employee in the year subsequent to the employee's year of death. Special processing is required since no W-2 should be issued in the year subsequent to the date of death per the IRS.

DFS PAYROLL RESPONSIBILITY:

1. All withheld taxes (Federal withholding, State withholding, FICA and/or Medicare), will be returned to the LEA through a financial transfer.
2. DFS Payroll will remove the Federal and State reported wages (for this payment). DFS Payroll will remove any FICA and Medicare wages (for this payment).

LEA RESPONSIBILITY:

2. Once the funds are received, the LEA will issue a commercial warrant to the beneficiary with a tax type of 2 to include only the withheld Federal and State taxes plus the employee share of any FICA and/or Medicare.
3. The LEA will make an entry in the amount of the net pay that was received by the beneficiary into the "Add Manual Payments by Vendor" screen in Galaxy.
4. During January of the following year, the beneficiary will receive a 1099 for the money received via the commercial warrant and the added amount of the net pay entered through the manual process. No W-2 will be issued in the year subsequent to the employee's death.

Getting Prepared for Calendar Year-End

Calendar year-end comes with many challenges; the trick to a successful year end is to report issues regarding taxable income prior to the end of the year. LEAs are asked via DFS-Notify to complete spreadsheets for earnings adjustments. A sample of the DFS-Notify sent on an annual basis and the spreadsheets is illustrated below:

 Fri 11/16/2018 9:38 AM
DFS-NOTIFY
PAY2019-02: Wage and Tax Adjustments Required for 2018 W-2 Form

To fernando.cubias@alvordschools.org; beth.davis@alvord.k12.ca.us; raymond.briebesca@alvordschools.org; cbagnara@banning.k12.ca.us; choff@banning.k12.ca.us; cordonez@beaumontusd.k12.ca.us; msalcedo@cvusd.us; suescott@eaglemtnschool.com; tammiedye@eaglemtnschool.com; yara.pacheco@desertsands.us; rita.dehni@leusd.k12.ca.us; charles.cornett@leusd.k12.ca.us; arleen.sanchez@leusd.k12.ca.us; pbuckhou@hemetusd.org; satiyoata@hemetusd.org; tjohnson1@hemetusd.org; jacqueline_benson@jusd.k12.ca.us; cgarcia@jusd.k12.ca.us; rhanson@menifeeusd.org; rstearns@menifeeusd.org; dcherry@murrieta.k12.ca.us; smatusek@murrieta.k12.ca.us; cbaldwin@murrieta.k12.ca.us; jsimmons@nuview.k12.ca.us; cfreeburg@nuview.k12.ca.us; pvanbuskirk@psusd.us;

Cc Brenda Franklin; Debbie Van Holland; Frances Davenport; Paula Pengelly; Amal Qaqish; Kathy Rhodes; Lorraine Estrada; Juliet Comaduran; Parul Bhakta; Maricela Bermudez; Shabana Berket; James Whittington; Lisa Coleman; Ana Lambert; Anabel Gonzalez; Reyna Philp; Lindsay Gleason; Julie Portillo; Carolyn Yoakum; Isabell Salazar; Tracey Corso; Samantha Pelerine; Erika Ortega

 1 - W-2 Processing timelines Districts Community Colleges 2018.pdf 169 KB	 2 - 2018_W-2_Worksheets_Template.xlsx 359 KB
 3 - 2018 W-2 Data Checklist Certification due Tuesday Dec 4 2018.pdf 103 KB	 4 - 2018 W2 Health & Welfare Certification (Box 12, DD), due Jan 4, 2019.pdf 40 KB
 5 - 2018 Adjustments to Taxable Wages w-Attachments.pdf	

Action Required: Return by Tuesday, December 4, 2018

Greetings,

This bulletin and supplemental attachments should be distributed to the district payroll supervisor, risk management supervisor and accounts payable supervisor. **PLEASE FORWARD THIS DFS-NOTIFY TO THE APPLICABLE STAFF. YOU ARE THE ONLY CONTACT AT YOUR DISTRICT RECEIVING THIS EMAIL.**

This bulletin provides information and instructions concerning W-2 reporting for additional wage and tax items.

Galaxy will produce the annual W-2 Employee Wage and Tax Statements for all district, community college and charter employees with Galaxy taxable wages in 2018. In addition, 2018 wage and tax data will be electronically transmitted to the Social Security Administration (SSA) as part of the annual W-2 production process.

W-2s are created based upon final year-to-date data in Galaxy and will not require any district action. There are, however, a variety of year-end "additional compensation" items that may require some special district processing in order to be included on the W-2.

This bulletin and its attachments are not intended as tax advice, but only to assist school districts in understanding the W-2 reporting requirements and Galaxy capabilities. Districts with specific tax questions should seek advice from their tax counsel or through Federal and State tax agency resources.

Internal Revenue Service (IRS) regulations require employers to report the value of specific benefits paid by the district and /or third parties for applicable employees on the W-2. In some instances these values are subject to FICA and Medicare taxes.

Attached are the following documents:

1. 2018 W-2 Processing Timelines, Districts and Community Colleges
2. 2018 W-2 Worksheets Template, due Dec. 4, 2018
3. 2018 W-2 Data Checklist and Certification, due Dec. 4, 2018
4. 2018 W-2 Health and Welfare Certification, due Jan. 4, 2018
5. 2018 Adjustments to Taxable Wages – instructions for the Worksheets Template

Please complete and submit all required information within the prescribed timelines in order to allow sufficient time for our office to input and validate data reported by each school district. Data and corrections submitted by school districts after the December 4, 2018 deadline will result in a W-2C issued in February 2019 and may be subject to IRS/EDD penalties.

Revised W-2s will be issued in January 2019 only for employees with Workers Comp Wages and Third Party Sick Pay Wages reported by a third-party administrator in early January 2019.



20XX W-2 Data Checklist and Certification

District No. _____ District Name: _____

- The district has no reportable payments/benefits.
- The district has reportable payments/benefits. Enclosed is data for the following payments/benefits:

Please enter total number of employees to be adjusted from each applicable spreadsheet:

- _____ Group Term Life Insurance in Excess of \$50,000 – Current Employees (Box 12, code C)
- _____ Group Term Life Insurance in Excess of \$50,000 – Terminated/Retired (Box 12 Code C & N)
- _____ Third-Party Sick Pay – District Paid & Employee Pretax, Q4 (Box 13 checkbox)
- _____ Non-Taxable Third-Party Sick Pay – Employee Paid Post Tax (Box 12, Code J)
- _____ Employee Use of District Vehicles (Box 14)
- _____ Domestic Partner Benefits – including former employees/retirees
- _____ Workers' Compensation, Q4
- _____ Health Savings Account- Health & Welfare Module Only Employee Pretax & Voluntary Deduction Module deductions no longer require manual reporting (Box 12, Code W)
- _____ December Revolving Cash Wages-not offset with a 20XX district repay, net zero
- _____ Other, Specify: _____
- _____ Health and Welfare Pretax 125 Plan Refunds
- _____ Vol. Deduction Pretax Refunds (Dep. Care, Flex Savings Acct, Other 125 Plan Pretax Insurance Premiums)
- _____ 20XX WC Award Reversals, previously untaxed using Galaxy adjustment codes 997-998.

I certify that, to the best of my knowledge and belief, the data reported is true and correct and in compliance with federal and state laws and regulations.

Authorized Signature _____

Date _____

Name (print) _____

Phone Number _____

Please scan and email by December 1, 20XX to:
 Riverside County Office of Education
 District Fiscal Services – Payroll
 Attn: Julie Portillo
jportillo@rcoe.us

Please hold until February 1 any Workers' Compensation adjustment received for prior years. A worksheet is available on the RCOE website that can be used to submit this information. Do **NOT** combine prior year's workers' compensation with current year adjustments.

Helpful Hints for Completing W-2 Adjustment Worksheets

- Do not alter the worksheets, you may add rows.
- Review worksheet totals/calculations.
- Be careful entering district number (2 digits), employee numbers (6 digits) and retirement codes (2 digits). No dashes please.
- E-mail worksheets and certification forms.
- Have all known W-2 adjustments to DFS by the deadline listed on the DFS-Notify.
- Contact DFS Payroll if you have any questions.

Year-End Checklist

There are a number of items that LEAs can do to ensure a smooth calendar year-end. These activities include, but are not limited to the following:

- Process all employee W-2 corrections and adjustments, cancels, direct deposit reversals, and abatements on time.
- Review annual H&W (Health and Welfare) cost reports.
- Review the DFS Winter Calendar for DFS holidays that may not correspond to your LEA holidays.

Year-End Use of Revolving Cash

Once the final POD for the calendar year runs, the LEA may need to issue revolving cash for missed calendar year wages. Please send in a daily spreadsheet of revolving cash wages issued after the final POD, include a simulation screen used to calculate the net, and **DO NOT** run a net zero POD in the following calendar year. Issuing a net zero POD in the following year will place the wages/taxes on next year's W-2.

For revolving cash issued after the last POD, LEAs will be required to do manual transfers from the accounts charged by the employee to one funding line. Once the funding line transaction is complete, the LEA can issue a commercial warrant to revolving cash account, and deposit warrant to the revolving cash bank account.

If you issue revolving cash for a "missed" 6S payment, the wages will be taxable in new calendar year and will require a net zero POD be issued on the next available POD.

Abatement Impact on W-2

If an employee was overpaid and the repayment was made in the same calendar year, the W-2 will not reflect the wages overpaid.

If an employee repaid a prior year overpayment during the W-2 calendar year, there is no impact to their W-2 wages or taxes. Instead, they will receive a prior year W-2c that includes the amount repaid for a prior year which they may use when filing their tax forms.

Never give tax advice to employees, instead refer employees to their tax professional.

Payroll Warrant Cancels

If an employee did not have constructive receipt of a warrant, in other words the LEA did not issue it to the employee or the employee returned the uncashed payroll warrant, the LEA **MUST** complete the payroll warrant cancellation form and submit it to DFS Payroll prior to the last working day in December. If not submitted, the employee will be taxed erroneously.

Please check all school sites for warrants possibly held by staff or sitting in a drawer.

Non-Receipt of Form W-2

Employees who have not received a Form W-2 by the end of the first week in February should submit a request to their LEA for a duplicate. W2's are available in the View Report Archive. RCOE will not print duplicate W-2s.

W-2 Data Inquiries

Every attempt has, and will be made to ensure the accuracy of the W-2 information. However, any employee who feels the information is inaccurate should contact their LEAs payroll department.

If the LEA needs assistance to answer W-2 questions, the LEA (never the employee) may contact DFS Payroll at (951) 826-6538.

Annual Exempt W-4 Processing

Annually, the Internal Revenue Service (IRS) and the California Employee Development Department (EDD) require employees who claim exempt from Federal and State withholding on their W-4 form, submit an updated W-4 prior to February 15th each year.

W-4 Exempt Report

DFS sends out a DFS Notify to remind LEAs about the W-4 and DE-4 Exemption deadlines. LEAs will be encouraged to run a report out of MicroStrategy that includes a list of all employees claiming “exempt” during the previous year. It is the LEA’s responsibility to notify employees on the list that their “exempt” status will expire.

Employees may also request that no California PIT (Personal Income Tax) be withheld if they incurred no liability for federal income tax for the preceding taxable year and anticipate that no federal income tax liability will be incurred for the current taxable year.

Claiming exempt from withholding for California must be done in conjunction with an exempt W-4 for Federal withholding. Employees cannot claim exempt from California withholding without also claiming exempt from Federal withholding. If an employee wishes to claim exempt from California and Federal withholding, use the Federal W-4 in conjunction with the most current DE-4 form.

Sample W-4 Exempt Certification:**Exemption from Federal withholding**

An employee claiming exempt from withholding according to the IRS, should have had a right to a full refund of the previous year's withholding and expect a refund or no tax liability during the current tax year. In addition, if another person can claim the employee as a dependent on their tax return and the employee can't claim exemption from withholding if their total income exceeds \$1,050 and includes more than \$350 of unearned income (for example, interest and dividends).

If an employee is exempt, they should complete only step 1(a), 1(b) and 5. The word EXEMPT must be written under line 4(c) and sign (step 5) the form to validate it. Your exemption for the current year expires February 15 of the following year. See Pub. 505, Tax Withholding and Estimated Tax.

Refer to <https://www.irs.gov/pub/irs-pdf/fw4.pdf> for the most current W-4 form.

Exempt from California withholding

As stated above, California allows employees to claim exempt from withholding only if they are also claiming exempt from Federal withholding. The most current version of DE-4 allows employees to claim exempt on the form. If an employee wishes to claim exempt from California withholding they will need to provide to the LEA the most current version of Form DE-4 along with the W-4, and check the appropriate box to claim exempt.

Refer to https://edd.ca.gov/pdf_pub_ctr/de4.pdf for the most current DE-4 form.

District Exempt W-4 and DE-4 Responsibilities

Employees that do not file a new Employee's Withholding Allowance Certificate prior to the annual deadline (listed on the current year W-4) need to be changed to a withholding rate of single status taxpayer with no check box marked. Updated California withholding certificates (DE-4), not received before the deadline listed on the W-4, should be changed to single/zero.

LEAs may request the Service Desk assist them with a mass update, changing employees to single and no check box for Federal and single zero for state for anyone on the MicroStrategy Report that did not submit a new calendar year W-4 by the February deadline. LEAs need to submit a spreadsheet to the Service Desk that includes: employee number, employee name, requesting all to be updated. This can also be done for California state withholding changes to single/zero

California Requirements for Reporting Exempt or over 11 Withholding Allowances

The state of California no longer requires employers to fax a copy of withholding statements that claim exempt or 11 or more withholding allowances.

Exempt from California withholding

As stated above, California allows employees to claim exempt from withholding only if they are also claiming exempt from Federal withholding. The most current version of DE-4 allows employees to claim exempt on the form. If an employee wishes to claim exempt from California withholding they will need to provide to the LEA the most current version of Form DE-4 along with the W-4, and check the appropriate box to claim exempt.



Clear Form

Employee's Withholding Allowance Certificate

Complete this form so that your employer can withhold the correct California state income tax from your paycheck.

Enter Personal Information	
First, Middle, Last Name	Social Security Number
Address	Filing Status
City State ZIP Code	<input type="checkbox"/> Single or Married (with two or more incomes) <input type="checkbox"/> Married (one income) <input type="checkbox"/> Head of Household

- Use Worksheet A for Regular Withholding allowances. Use other worksheets on the following pages as applicable.
 - Number of Regular Withholding Allowances (Worksheet A)
 - Number of allowances from the Estimated Deductions (Worksheet B, if applicable.)
 - Total Number of Allowances you are claiming
- Additional amount, if any, you want withheld each pay period (if employer agrees), (Worksheet C)

Exemption from Withholding

3. I claim exemption from withholding for 2023, and I certify I meet both of the conditions for exemption. (Check box here)
- OR
4. I certify under penalty of perjury that I am **not subject** to California withholding. I meet the conditions set forth under the Service Member Civil Relief Act, as amended by the Military Spouses Residency Relief Act and the Veterans Benefits and Transition Act of 2018. (Check box here)

Under the penalties of perjury, I certify that the number of withholding allowances claimed on this certificate does not exceed the number to which I am entitled or, if claiming exemption from withholding, that I am entitled to claim the exempt status.

Employee's Signature _____ Date _____

Employer's Section: Employer's Name and Address	California Employer Payroll Tax Account Number

Purpose: This certificate, DE 4, is for **California Personal Income Tax (PIT)** withholding purposes only. The DE 4 is used to compute the amount of taxes to be withheld from your wages, by your employer, to accurately reflect your state tax withholding obligation.

Beginning January 1, 2020, *Employee's Withholding Allowance Certificate* (Form W-4) from the Internal Revenue Service (IRS) will be used for federal income tax withholding **only**. You must file the state form *Employee's Withholding Allowance Certificate* (DE 4) to determine the appropriate California PIT withholding.

If you do not provide your employer with a withholding certificate, the employer must use Single with Zero withholding allowance.

Check Your Withholding: After your DE 4 takes effect, compare the state income tax withheld with your estimated total annual tax. For state withholding, use the worksheets on this form.

Exemption From Withholding: If you wish to claim exempt, complete the federal Form W-4 and the state DE 4. You may claim exempt from withholding California income tax if you meet both of the following conditions for exemption:

- You did not owe any federal/state income tax last year, and
- You do not expect to owe any federal/state income tax this year. The exemption is good for one year.

If you continue to qualify for the exempt filing status, a new DE 4 designating **exempt** must be submitted by February 15 each year to continue your exemption. If you are not having federal/state income tax withheld this year but expect to have a tax liability next year, you are required to give your employer a new DE 4 by December 1.

Member Service Civil Relief Act: Under this act, as provided by the Military Spouses Residency Relief Act and the Veterans Benefits and Transition Act of 2018, you may be exempt from California income tax withholding on your wages if

- Your spouse is a member of the armed forces present in California in compliance with military orders;
- You are present in California solely to be with your spouse; and
- You maintain your domicile in another state.

If you claim exemption under **this** act, **check the box on Line 4**. You may be required to provide proof of exemption upon request.

District Exempt W-4 and DE-4 Responsibilities

Employees that do not file a new Employee's Withholding Allowance Certificate prior to the annual deadline (listed on the current year W-4) need to be changed to a withholding rate of single status taxpayer with no check box marked. Updated California withholding certificates (DE-4), not received before the deadline listed on the W-4, should be changed to single/zero.

LEAs may request the Service Desk assist them with a mass update, changing employees to single and no check box for Federal and single zero for state for anyone on the MicroStrategy Report that did not submit a new calendar year W-4 by the February deadline. LEAs need to submit a spreadsheet to the Service Desk that includes: employee number, employee name, requesting all to be updated. This can also be done for California state withholding changes to single/zero

California Requirements for Reporting Exempt or over 11 Withholding Allowances

The state of California no longer requires employers to fax a copy of withholding statements that claim exempt or 11 or more withholding allowances.

Employee Year-End Notifications

As W-2s begin to be distributed by your districts, employees have the same recurring questions. It is considered best practice to send all employees a year-end reminder that includes answers to many of their questions. Types of information districts typically include:

- Holiday schedule for your district
- Changes employees may see on their W-2
- Reminders to review their withholding status annually (IRS mandatory regulation below)
- What to do if they notice an error on their W-2
- Address changes prior to W-2 distribution
- Duplicate W-2 processes
- New mileage rates for business travel
- Explanation of fringe benefits that may appear on the employees W-2

IRS Mandatory W-4 Reminder

IRS regulations [Reg. 3103492(f)(2)-1(c)(3)], require employers to annually remind employees to file a new Form W-4 whenever there is a change in filing status, exemption allowances (number of dependents claimed), or a change in exempt status.

Districts should notify employees before December 1 to file a new Form W-4 if filing status has changed.

If an employee gives you a Form W-4 that replaces an existing Form W-4, begin withholding no later than the start of the first payroll period ending on or after the 30th day from the date when you received the replacement Form W-4. Taxes will not be refunded unless past this time.

Required Year-End Notifications – Federal Earned Income Tax Credit (EITC)

Effective January 1, 2008, all employers are required to notify all of their employees of the federal Earned Income Tax Credit (EITC).

Assembly Bill 650, Chapter 606 (Lieu and Jones) requires any employer who is subject to, and is required to provide unemployment insurance to employees, to notify all employees that they may be eligible for the EITC. Employers shall give notification within one week before or after, or at the same time, they provide employees with an annual wage summary (IRS Form W-2, 1099).

You must provide notification to your employees by either handing it directly to your employee or mailing it to your employee's last known address. Posting of this information on an employee bulletin board will not satisfy the notification requirement.

The notification shall include instructions on how to obtain any notices available from the Internal Revenue Service for this purpose, including, but not limited to, the IRS Notice 797 or any successor notice or form, or any notice created by you, as long as it contains substantially the same language as the notice below or in this sample notice. For more information on the EITC, visit the IRS website.

Sample EITC Notification

“Based on your annual earnings, you may be eligible to receive the earned income tax credit from the federal government. The earned income tax credit is a refundable federal income tax credit for low-income working individuals and families. The earned income tax credit has no effect on certain welfare benefits. In most cases, earned income tax credit payments will not be used to determine eligibility for Medicaid, supplemental security income, food stamps, low-income housing or most temporary assistance for needy families payments. Even if you do not owe federal taxes, you must file a tax return to receive the earned income tax credit. Be sure to fill out the earned income tax credit form in the federal income tax return booklet. For information regarding your eligibility to receive the earned income tax credit, including information on how to obtain the IRS Notice 797 or any other necessary forms and instructions, contact the Internal Revenue Service at 1-800-829-3676 or through its website at www.irs.gov.”

Health Benefit Reporting

The Affordable Care Act (ACA) requires employers who filed more than 250 W-2s in the previous year to report to the IRS health care coverage they offer to their full time employees. The IRS will use this information to administer the employer shared responsibility provisions of the ACA.

The Affordable Care Act requires employers to report the cost of coverage under the employer sponsored group health plan on the employees W-2 in box 12 coded with a DD. This figure includes both the employee and the employer cost of the employer sponsored health plan and is for information only. Specific items to include in box 12 DD are detailed in the attached IRS documentation.

As part of the ACA, LEA employers must also file Form 1095-C, Employer-Provided Health Insurance Offer and Coverage, and Form 1094-C, Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns, with the IRS annually.

Health and Welfare (H&W) Cost Reported on W-2s

The value of health care coverage is reportable on employees W-2 in box 12 DD. The amount reported in box 12 DD should include both the employer paid portion and the employee paid portion of the health care coverage costs.

Below is a list of reminders regarding the ACA W-2 reporting that LEAs should keep in mind to ensure correct box 12 DD reporting.

Box 12 DD Reminders:

- Applicable amount is the total cost of the health plan for the employee and dependents without regard to who pays and whether cost is pre-tax or post-tax contributions.
- Excludes cost for a stand-alone dental or vision plan.
 - LEAs use separate medical plans in Galaxy – do not include any other plan types such as dental or vision.
- On W-2 – informational only.
- Report only for employees being issued a W-2.
 - Galaxy Health and Welfare Module Utilized by LEA.
 - Employer Costs:
 - H&W billings for medical costs (plans flagged).
 - Billing date determines the calendar year.
 - Includes warrants that have been paid, unpaid, stop/reissue, and stale dated warrants.
 - Employer Costs from the Enter H&W Cost Upload Screen.

Employee Costs :

- Actual payroll deductions made in the calendar year.
 - Based on the issue date of the payroll.
 - Employee Costs from the Enter H&W Cost Upload.
- NOTE: If you are a LEA that is using the Galaxy Health and Welfare Module and you need to make a change to either the employer or employee cost, remember to enter the delta change (either positive or negative) on the Enter H&W Cost Upload Screen.
- Galaxy Health and Welfare Module NOT Utilized by LEA:
 - Employer Costs from the Enter H&W Cost Upload Screen
 - Employee Costs from the Enter H&W Cost Upload Screen
- Refunds to employees because of incorrect payroll deductions for health care costs.
 - Post-tax deductions:
 - Use the Enter H&W Cost Upload Data Screen to make the necessary adjustments for the health care costs reporting informational item only on the W-2.
 - Pre-tax deductions:
 - See the following section, “Health and Welfare Payroll Adjustments”.
 - The 6S payroll that was paid in January of 2016 for fiscal year 2015-16 is being included in the 2016 W-2 health care costs. The 6S payroll that will be paid in January of 2017 for fiscal year 2016-17 will be included in the 2017 W-2 health care costs. See the excerpt below from IRS Notice 2012-9:

Question: How may an employer address a coverage period, such as the final payroll period of a calendar year that includes December 31, but continues into the subsequent calendar year?

Answer: An employer may include the coverage period that includes December 31 but continues into the subsequent calendar year in one of the following manners: (1) treat the coverage as provided during the calendar year that includes December 31; (2) treat the coverage as provided during the calendar year immediately subsequent to the calendar year that includes December 31; or (3) allocate the cost of coverage for the coverage period between each of the two calendar years under any reasonable allocation method, which generally should relate to the number of days in the period of coverage that fall within each of the two calendar years. Whichever method the employer uses must be applied consistently to all employees.

Health and Welfare Payroll Adjustments

Adjustments to the H&W are sometimes required. Below is a set of instructions to allow LEAs to make H&W adjustments that will assist in reporting the correct amount on form W-2, Box 12 DD as well as give the employee the correct refund or additional payment amount on their next pay check. Be careful if you need to take additional money from an employee, the State of California requires employers to get permission from an employee to collect underpayments beyond the agreed upon amount when an employee signed up for the benefit. It is not recommended that LEAs use this method to take additional premiums from an employee.

Adjustment Processing Steps:

1. Modify Employee Benefits (Payroll Adjustment tab).
2. Enter Payroll Adjustments prior to IT initiating the preliminary payroll calculations (a negative amount will reduce the amount of an employee's H&W deduction; a positive amount will increase the employees H&W deduction). **NOTE: the net amount of the deduction must be greater than zero.**
3. Approve Final Payroll.
4. The amount of the H&W deduction taken on the current payroll will show on the "Health and Welfare Deductions by District".

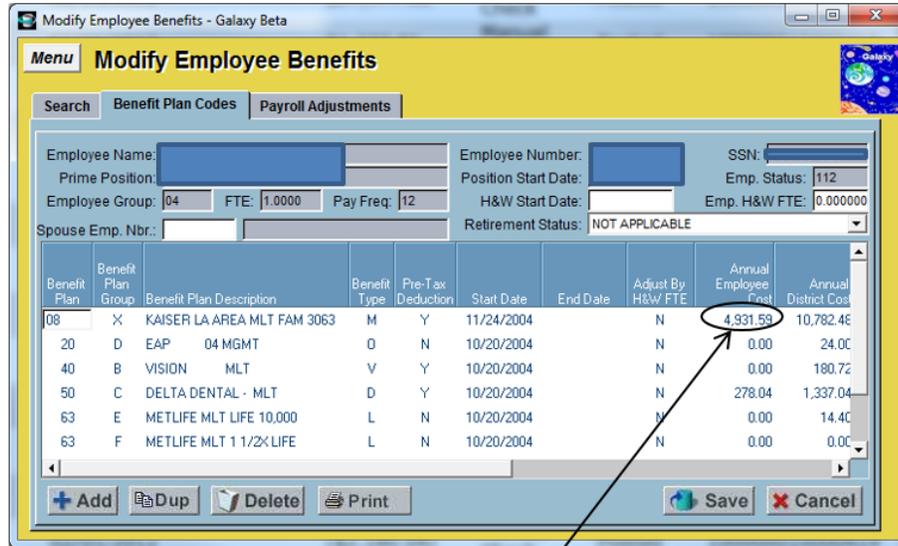
The screen shot below shows the entry required to initiate the refund to the employee using the Modify Employee Benefits screen:

The screenshot shows the 'Modify Employee Benefits' window with the 'Payroll Adjustments' tab selected. The table below represents the data entered in the interface:

Benefit Plan	Benefit Plan Group	Benefit Plan Description	Start Date	End Date	Pre-Tax Deduction	Pay Period Deduction Amount	Maximum Times To Deduct	Maximum Amount To Deduct
08	X	KAISER LA AREA MLT FAM 3063	09/05/2013	09/30/2013	Y	-100.00	1	-100.00
Total:						-100.00		-100.00

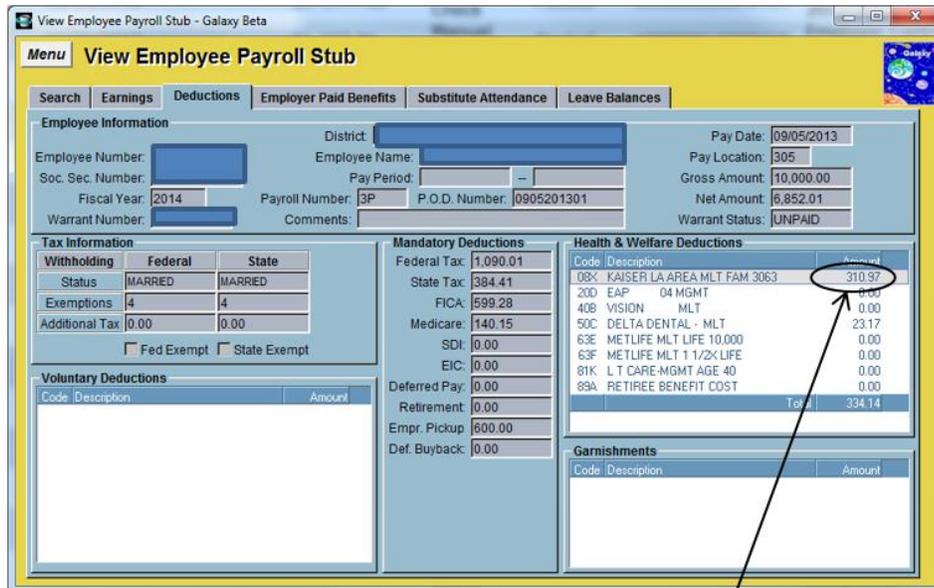
- One-time deduction on the next available payroll
- Deduction can be set up for multiple payrolls by setting Maximum times to deduct along with the start and end dates for the deduction.

The screen shot below shows the employee’s annual employee costs prior to the adjustment being made. Remember: the refund will adjust the next H&W amount; it will not take the deduction below zero and will not refund an amount unless the difference between the normal amount deducted and the refunded amount is a zero or greater.



Monthly deduction before the adjustment:
 $4,931.59 / 12 \text{ months} = 410.97$

The screen shot on the following page shows the employees next pay stub, a reduction in the current \$410.97, by \$100, the amount of the adjustment. Box 12 DD will reflect the change and if the deduction was originally taken as a pre-tax adjustment, the taxes will be handled correctly.



Monthly deduction of 410.97 reduced by 100.00

Refunds of H&W Premiums through the District:

- The LEA can refund the employee directly using revolving cash or a district issued commercial warrant.
- Contact DFS Payroll unit for further instructions if the refund was for pre-tax premiums.
- Regardless of the tax handling for a refund made by the LEA, enter the adjustment on the “H&W Cost Upload” screen for H&W cost to appear on the W-2 form. This step is necessary for accurate reporting in box 12 DD.
- If the deduction was pre-tax, complete the 125 H&W Refund Spreadsheet.
- If the deduction was post-tax, no additional spreadsheet is necessary.

For further assistance with the H&W module, please contact the RCOE Service Desk.

The following page shows a screen shot of the Enter H&W Cost Upload screen:

Enter HW Cost Upload Data - Galaxy BETA

Menu Enter HW Cost Upload Data

Search Details

Calendar Year: 2016 Batch Number: 01 HW Type: Begin Date: End Date:

Description: Upload Delete All

Employee Number	Employee Name	Employee Group	District Cost	Employee Cost	Other Cost	Total Cost	Comment
			0.00	0.00	0.00	0.00	
			0.00	0.00	0.00	0.00	
Total:			0.00	0.00	0.00	0.00	

+ Add Dup Delete Print Save Cancel

Below is a sample of the Tax Deferred template. If you have questions about the use of this spreadsheet or need additional support, contact DFS Payroll.

														Worksheet 11		
2022: Tax Deferred Plan Refunds Refunded at District: Health & Welfare Module Deductions Only				District Number		Prepared By				Phone Number						
atch #	District #	Emp # (6 digits)	Employee Name	Retirement Plan Code	Taxable Earnings			Pretax H&W Module Deduction	Employee Taxes		Employer Taxes		Total EE FICA & Medicare Taxes	Total ER FICA & Medicare Taxes	Net Refund to Employee by district	Qtr Rprting Date
					Value to be Included in Fed/State Taxable Wages (Box 1,16)	FICA Wages (Box 3)	Medicare Wages (Box 5)	125 Plan (H&W)	EE FICA .062 (Box 4)	EE Medicare .0145 (Box 6)	ER FICA .062	ER Medicare .0145				
00					0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12/31/2022
00					0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12/31/2022
00					0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12/31/2022
00					0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12/31/2022

W-2 H&W Reports Available through MicroStrategy

There are several reports that were created in MicroStrategy to assist LEAs to track the W-2 Box 12 DD information. Once such report, sample below, is the W-2 H&W Amounts - Data Extract that can be downloaded into Excel so LEAs are able to review the information that will be listed in Box 12 DD. This report give LEAs an opportunity to check for reasonable amounts, a best practice would be to sort employees by type of coverage and validate that the costs are the same.

W2 H&W Amounts - Data Extract

Page by:
District: XX

Employee Group Code	Employee Group Description	Employee Full Name	Employee Number	Sum of District Cost	Sum of Emp Cost	Sum of Other Cost	Sum of Total Cost
07				6,576.42	1,937.04	0.00	8,513.46
07				6,576.42	1,937.04	0.00	8,513.46
07				6,576.42	1,937.04	0.00	8,513.46
07				6,576.42	1,937.04	0.00	8,513.46
07				6,576.42	1,937.04	0.00	8,513.46
				956,722.89	351,438.82	0.00	1,308,161.51

Run by XXXXXX at 9/6/2016 8:51:09 AM

Another report available through MicroStrategy is called the W-2 H&W Amounts. This report is more formal; the report lists and gives employee counts by group. The report also gives the LEA an opportunity to see the total LEA cost and employee cost by employee group. A sample section of the report is shown below:

Employee	District Cost	Employee Cost	Other Cost	Total Cost			
SCHOOL DISTRICT							
W2 H&W Amounts							
<i>Displays the Employee, District and Other Costs for an employee.</i>							
September 6, 2016							
Run by at 8:39 AM							
Prompt 1: SCHOOL DISTRICT							
Prompt 2: Calendar Year							
12:00 AM							
Employee Group: 04 - CERTIFICATED MANAGEMENT	5,792.75	1,788.00	0.00	7,580.75			
	6,615.62	2,086.04	0.00	8,701.66			
	1,093.00	0.00	0.00	1,093.00			
	6,489.42	4,240.28	0.00	10,729.70			
	6,615.62	2,086.04	0.00	8,701.66			
	6,576.42	2,086.04	0.00	8,662.46			
	6,576.42	2,086.04	0.00	8,662.46			
	2,008.92	0.00	0.00	2,008.92			
Employee Count: 8	Employee Group: 04 - Total:	41,768.17	14,372.44	0.00	56,140.61		
Employee Group: 07 - CSEA							
Employee Count: 49	Employee Group: 07 - Total:	295,770.34	86,232.67	0.00	382,003.01		
District XX Total:				956,722.89	351,438.82	0.00	1,308,161.51
Report Version 10/1/2012				Page 1 of 1			

Health and Welfare Certification Form

The Health and Welfare Certification Form is a requirement for year-end. This form will be sent to DFS once the LEA has certified that the amount reported in Box 12 DD on the W-2 is correct to the best of the LEA’s knowledge.

The health and welfare certification form will be sent out with the annual calendar year-end DFS-Notify:



**20XX W-2 Data
Health & Welfare Certification**

District Number: _____ District Name: _____

The value of the health care coverage will be reported in Box 12 of the [Form W-2](#), with Code DD to identify the amount. In general, the amount reported will include both the portion paid by the employer and the portion paid by the employee.

An employer is not required to issue a Form W-2 solely to report the value of the health care coverage for retirees.

- The district has no 20XX reportable Health & Welfare payments/benefits. (eligible districts, charters, community colleges are filing fewer than 250 W-2 forms)
- The district has reportable Health & Welfare payments/benefits. I have verified the information is accurate for reporting on Form W-2 (20XX).
- Attached is the last page of the ~~Microstrategy~~ 20XXW2 H&W Amounts Data Report.

I certify that, to the best of my knowledge and belief, the data reported is true and correct and in compliance with federal and state laws and regulations.

Authorized Signature

Date

Name

Phone Number

Please scan and email by Tuesday, January 2, 2023 to:
Riverside County Office of Education
District Fiscal Services- Payroll



Form W-2 Reporting of Employer-Sponsored Health Coverage

The Affordable Care Act requires employers to report the cost of coverage under an employer-sponsored group health plan. Reporting the cost of health care coverage on the Form W-2 does not mean that the coverage is taxable. The value of the employer's excludable contribution to health coverage continues to be excludable from an employee's income, and it is not taxable. This reporting is for informational purposes only and will provide employees useful and comparable consumer information on the cost of their health care coverage.

Employers that provide "applicable employer-sponsored coverage" under a group health plan are subject to the reporting requirement. This includes businesses, tax-exempt organizations, and federal, state and local government entities (except with respect to plans maintained primarily for members of the military and their families). However, federally recognized Indian tribal governments are not subject to this requirement.

Transition Relief

For certain employers, types of coverage and situations, there is transition relief from the requirement to report the value of coverage beginning with the 2012 Forms W-2. This transition relief first applied to the 2013 Forms W-2 that were issued in 2014. The relief applies for the 2015 tax year and will continue to apply to future calendar years until the IRS publishes additional guidance. (Note: employers generally are required to provide employees with the 2015 Forms W-2 in January 2016.) Any guidance that expands the reporting requirements will apply only to calendar years that start at least six months after the guidance is issued. See the "Optional Reporting" column in the below chart for the employers, types of coverage, and situations eligible for the transition relief.

Reporting on the Form W-2

Employers that are subject to this requirement should report the value of the health care coverage in Box 12 of the [Form W-2](#), with Code DD to identify the amount. There is no reporting on the Form W-3 of the total of these amounts for all the employer's employees.

In general, the amount reported should include both the portion paid by the employer and the portion paid by the employee. See the chart, below, and the [questions and answers](#) for more information.

An employer is not required to issue a Form W-2 solely to report the value of the health care coverage for retirees or other employees or former employees to whom the employer would not otherwise provide a Form W-2.

The chart below illustrates the types of coverage that employers must report on the Form W-2. Certain items are listed as "optional" based on transition relief provided by [Notice 2012-9](#) (restating and clarifying [Notice 2011-28](#)). Future guidance may revise reporting requirements but will not be applicable until the tax year beginning at least six months after the date of issuance of such guidance.

The chart reviews the reporting requirements for Box 12, Code DD, and has no impact on requirements to report these items elsewhere. For example, while contributions to Health Savings Arrangements (HSA) are not to be reported in Box 12, Code DD, certain HSA contributions are reported in Box 12, Code W (see [General Instructions for Forms W-2 and W-3](#)).

Form W-2 Reporting of Employer-Sponsored Health Coverage

Coverage Type	Form W-2, Box 12, Code DD		
	Report	Do Not Report	Optional
Major medical	X		
Dental or vision plan not integrated into another medical or health plan			X
Dental or vision plan which gives the choice of declining or electing and paying an additional premium			X
Health Flexible Spending Arrangement (FSA) funded solely by salary-reduction amounts		X	
Health FSA value for the plan year in excess of employee's cafeteria plan salary reductions for all qualified benefits	X		
Health Reimbursement Arrangement (HRA) contributions			X
Health Savings Arrangement (HSA) contributions (employer or employee)		X	
Archer Medical Savings Account (Archer MSA) contributions (employer or employee)		X	
Hospital indemnity or specified illness (insured or self-funded), paid on after-tax basis		X	
Hospital indemnity or specified illness (insured or self-funded), paid through salary reduction (pre-tax) or by employer	X		
Employee Assistance Plan (EAP) providing applicable employer-sponsored healthcare coverage	Required if employer charges a COBRA premium		Optional if employer does not charge a COBRA premium
On-site medical clinics providing applicable employer-sponsored healthcare coverage	Required if employer charges a COBRA premium		Optional if employer does not charge a COBRA premium
Wellness programs providing applicable employer-sponsored healthcare coverage	Required if employer charges a COBRA premium		Optional if employer does not charge a COBRA premium
Multi-employer plans			X

Domestic partner coverage included in gross income	X		
Governmental plans providing coverage primarily for members of the military and their families		X	
Federally recognized Indian tribal government plans and plans of tribally chartered corporations wholly owned by a federally recognized Indian tribal government		X	
Self-funded plans not subject to Federal COBRA			X
Accident or disability income		X	
Long-term care		X	
Liability insurance		X	
Supplemental liability insurance		X	
Workers' compensation		X	
Automobile medical payment insurance		X	
Credit-only insurance		X	
Excess reimbursement to highly compensated individual, included in gross income		X	
Payment/reimbursement of health insurance premiums for 2% shareholder-employee, included in gross income		X	
Other Situations	Report	Do Not Report	Optional
Employers required to file fewer than 250 Forms W-2 for the preceding calendar year (determined without application of any entity aggregation rules for related employers)			X
Forms W-2 furnished to employees who terminate before the end of a calendar year and request, in writing, a Form W-2 before the end of that year			X
Forms W-2 provided by third-party sick-pay provider to employees of other employers			X

The chart was created at the suggestion of and in collaboration with the IRS' Information Reporting Program Advisory Committee (IRPAC). IRPAC's members are representatives of industries responsible for providing information returns, such as Form W-2, to the IRS. IRPAC works with IRS to improve the information reporting process.

Related Information:

- [IR-2011-31](#), IRS Issues Interim Guidance on Informational Reporting of Employer-Sponsored Health Coverage

- [Notice 2010-69](#), Interim Relief with Respect to Form W-2 Reporting of the Cost of Coverage of Group Health Insurance Under § 6051(a)(14)
- [Webinar](#), Reporting of Employer Healthcare Coverage on Form W-2
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Employer-Provided Health Coverage Informational Reporting Requirements: Questions and Answers

The Affordable Care Act requires employers to report the cost of coverage under an employer-sponsored group health plan. To allow employers more time to update their payroll systems, [Notice 2010-69](#), issued in fall 2010, made this requirement optional for all employers in 2011. IRS [Notice 2011-28](#) provided further relief by making this requirement optional for certain smaller employers for [2012 Forms W-2](#) (meaning the Forms W-2 for calendar year 2012 generally furnished to employees in 2013). [Notice 2012-9](#), issued in January 2012, restates and clarifies guidance in Notice 2011-28. It provides guidance for employers that are subject to this requirement for the 2012 Forms W-2 and those that choose to voluntarily comply with it for either 2011 or 2012.

The following questions and answers provide information for employers on reporting the cost of the health insurance coverage, including information on transition relief for 2012, how to report, which coverage to include, and how to determine the cost of the coverage. There are many more questions and answers included in Notice 2012-9 that cover a variety of issues.

Q1. Does the cost of an employee's health care benefits shown on the Form W-2 mean that the benefits are taxable to the employee?

A. No. There is nothing about the reporting requirement that causes or will cause excludable employer-provided health coverage to become taxable. The purpose of the reporting requirement is to provide employees useful and comparable consumer information on the cost of their health care coverage.

Q2. When will employers have to start reporting the cost of health care coverage on the Form W-2?

A. Reporting for the 2011 calendar year (meaning the Form W-2 generally required to be furnished to employees in January 2012) was optional. For the 2012 calendar year and for future years, employers generally are required to report the cost of health benefits provided on the Form W-2. Transition relief is available for certain employers and with respect to certain types of coverage, as explained in Q&A-4, below. Reporting for employers covered by the transition relief, and with respect to the types of coverage covered by the transition relief, is not required until future guidance is provided, and in no event will such reporting by these employers and with respect to these types of coverage be required on any 2012 Forms W-2 or on a Form W-2 for a subsequent year until future guidance is issued.

Q3. Which employers are subject to this reporting requirement?

A. Except as provided in the transition relief described in the next Q&A, all employers that provide "applicable employer-sponsored coverage" (see Q&A-5 below) under a group health plan are subject to the reporting requirement. This includes federal, state and local government entities (except with respect to plans maintained primarily for members of the military and their families), churches and other religious organizations, and employers that are not subject to the COBRA continuation coverage requirements, but does not include federally recognized Indian tribal governments or, until further guidance, any tribally chartered corporation wholly owned by a federally recognized Indian tribal government.

Third-party sick-pay providers that provide the Forms W-2 to the employees of the employers with which they have contracted do not have to report the cost of coverage. However, a Form W-2 provided by the employer to the employee must report the cost of coverage regardless of whether that Form W-2 includes

sick pay or whether a third-party sick pay provider is furnishing a separate Form W-2 reporting the sick pay.

Q4. What transition relief is being provided by Notice 2012-9? To which employers and types of coverage does it apply and how long does it last?

A. For certain employers and with respect to certain types of coverage listed below, the requirement to report the cost of coverage will not apply for the 2012 Forms W-2 (the forms required for the calendar year 2012 that employers generally are required to provide employees in January 2013) and will not apply for future calendar years until the IRS publishes guidance giving at least six months of advance notice of any change to the transition relief. However, reporting by these employers and for these types of coverages may be made on a voluntary basis.

The transition relief applies to the following:

(1) employers filing fewer than 250 Forms W-2 for the previous calendar year (for example, employers filing fewer than 250 2012 Forms W-2 (meaning Forms W-2 for the calendar year 2012, which generally are filed with the SSA in early 2013) will not be required to report the cost of coverage on the 2013 Forms W-2 (which generally are filed with the SSA in early 2014). For purposes of this relief, the number of Forms W-2 the employer files includes any forms it files itself and any filed on its behalf by an agent under § 3504 (see Q&A-3 of Notice 2012-9 for more information). In addition, for purposes of this relief, the employer is determined without the application of any aggregation rules;

(2) multi-employer plans;

(3) Health Reimbursement Arrangements;

(4) dental and vision plans that either

- are not integrated into another group health plan or
- give participants the choice of declining the coverage or electing it and paying an additional premium (see Q&A-20 of Notice 2012-9 for more information);

(5) self-insured plans of employers not subject to COBRA continuation coverage or similar requirements;

(6) employee assistance programs, on-site medical clinics, or wellness programs for which the employer does not charge a premium under COBRA continuation coverage or similar requirements; and

(7) employers furnishing Forms W-2 to employees who terminate before the end of a calendar year and request a Form W-2 before the end of that year.

For more information on the additional transition relief for certain employers and with respect to types of coverage, see Section IV of Notice 2012-9.

Q5. What types of health care coverage must be included in the amount reported on the Form W-2?

A. The chart on the [Form W-2 Reporting of Employer-Sponsored Health Coverage](#) lists many types of health care coverage and various other situations, and explains whether reporting is required, prohibited, or optional.

The chart was created at the suggestion of and in collaboration with the IRS' Information Reporting Program Advisory Committee (IRPAC). IRPAC's members are representatives of industries responsible for providing information returns, such as Form W-2, to the IRS. IRPAC works with IRS to improve the information reporting process.

Q6. What amount should the employer report on the Form W-2 for health coverage? The amount the employer paid? The amount the employee paid? Or both?

A. In general, the amount reported should include both the portion paid by the employer and the portion paid by the employee. In the case of a health FSA, the amount reported should not include the amount of any salary reduction contributions. See Notice 2012-9 for more detail on the interim rules that apply to reporting contributions to a health FSA.

Q7. Where on the Form W-2 should the employer report the cost of these health care benefits?

A. The cost of these health care benefits will be reported in box 12 of the Form W-2, with Code DD to identify the amount.

Q8. What amount of health benefits should be reported on the Form W-2 for employees that terminated employment during the year and had employer-provided coverage both before and after termination?

A. Under the interim rules, the employer may use any reasonable method for inclusion of the coverage provided after termination, so long as that method is applied consistently. See Notice 2012-9, Q&A-6, for examples.

Q9. What amount of health benefits should be reported on the Form W-2 for an employee that leaves during the year and requests a W-2 before the end of the year?

A. If an employee makes such a request in writing, the employer must provide the W-2 within 30 days. However, under the interim rules, the employer will not be required to report any amount of health benefits in box 12, Code DD.

Q10. Will employers now be required to issue a Form W-2 to retirees or other former employees to whom the employer would not otherwise issue a Form W-2?

A. No.

Q11. Where can I get more information about the employer's requirement to report the aggregate cost of an employee's health care benefits on the Form W-2?

A. Detailed information about the interim rules for this reporting requirement and the additional transition rules for certain employers and with respect to certain types of coverage can be found in Notice 2012-9 and the instructions for the 2012 Form W-2.

Q12. We are a business that issued 150 W-2s in 2011; our wholly owned subsidiary, B Corp, issued 200 W-2s in 2011. Is our business covered by transition relief from the requirement to report the value of coverage on the 2012 Forms W-2 because neither business filed more than 250 W-2s? In other words, do the 414 controlled group rules apply such that we are considered one employer and not eligible for the transition relief?

A. Transition relief from the requirement to report the value of coverage on the 2012 Form W-2 is available to the parent company and its subsidiary because each filed fewer than 250 Forms W-2 for the preceding calendar year. For purposes of applying this relief, the W-2 count is determined without application of any entity aggregation rules for related employers.

Form W-2c, Corrected Wage and Tax Statement**Q13. We are a large employer that issued more than 250 W-2s in 2011. Due to a misunderstanding of the requirements to report employer sponsored health coverage on Form W-2, we did not program health insurance amounts into our payroll system in time for the 2012 W-**

2s. We reviewed the guidance in Notice 2012-9, and we do not qualify for transition relief, however we could not find where the notice requires corrected W-2s for unreported or incorrect amounts. Must we issue W-2cs for this correction?

A. Yes. Section 6051(a) of the Code requires this information to be reported on Form W-2. An amended return, a Form W-2c, is required if an original Form W-2 fails to include the required information.

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W-2 Timeline

The deadline for getting the Form W-2 in the mail to employees is the last day of January, unless that day falls on a weekend. If the last day falls on a weekend, W-2s are due to employees the first Monday in February.

The W-2s will be distributed based on your current warrant/stub delivery method. If your LEA wishes a different distribution method, please contact DFS Payroll (DFSPayroll@rcoe.us). The W-2 images will be made available through the Galaxy Report Archive. Please review and download a copy of the file for easy access and reprints.

Social Security Deadlines

DFS Payroll also sends a file that contains all W-2 employee information to the Social Security Administration on or before the last day of the month of January, unless that day falls on a weekend. If the last day falls on a weekend, the W-2 file to the Social Security Administration is due the first Monday in February.

The deadline for Social Security filing changed from March 31st to the last day in January in 2016 to combat taxpayer fraud. The moving up of the filing deadline shortens the period of time DFS Payroll has to address W-2 errors. Therefore, it is imperative to have employee errors reported to DFS Payroll as soon as they are discovered.

DFS/LEA Deadlines

Calendar year-end preparation for LEAs includes taking the time to review the annual DFS/LEA W-2 Processing Calendar that will be shared with all LEAs annually via DFS-Notify and during the October FMAC meeting. All W-2 related information must be submitted within the DFS Payroll prescribed timelines in order to allow sufficient time for our office to input and validate data reported and avoid IRS and FTB penalties and interest.

Data and corrections submitted by LEAs after the DFS deadlines will be processed after the final W-2 print, resulting in W-2c statements being issued mid-February.

2024**W-2 PROCESSING CALENDAR**

DATE	Activity
October-December	LEA - Review the Health & Welfare Reports for 2024 W-2 box 12DD accuracy. If necessary, make the necessary corrections in the Galaxy Health & Welfare System to update 2024 W-2 box 12, DD.
Monday, October 21	DFS/LEA - DFS Notify: 2024 W-2 Reportable adjustment worksheets will be emailed to LEAs, along with a <i>2024 W-2 Data Checklist & Certification</i> . -Checklist and Worksheets DUE from LEAs on Monday, December 2, 2024.
Monday, November 4	DFS – Preliminary query for W-2 tax types 9 and 10 (types 11 and 14 are no longer reported)
Friday, November 8	DFS/LEA -DFS Notify: LEAs to ask employees to review their name, address, Social Security number, and Form W-4 information to maintain accuracy on Form W-2. ITS -1099 Reconciliation, W-2 Reportable, and exception reports are created and distributed for review via the View Report Archive screen within Galaxy.
Wednesday, November 27	LEA/DFS – Final Receipt of 2024 Abatements in DFS to be included in 2024 W-2.
Monday, December 2	LEA - All 2024 W-2 Reportable adjustment worksheets due to DFS along with <i>2024 W-2 Data Checklist and Certification</i> . DFS/LEA - DFS Notify: Email <i>2024 W-2 Data Health & Welfare Certification</i> , Employer-Sponsored Health Coverage (box 12, DD). Certification will be DUE from LEAs on Tuesday, January 2, 2025.
Monday, December 9	DFS – Prepare Financial Transfer Forms for manual 2024 tax adjustments updated in Galaxy. LEA – Final deadline to enter/approve AP claims for Tax Types 9 and 10 upload to W-2s.
Tuesday, December 10	ITS – Transfer of accounts payable records type 9 and 10 to W-2 file (types 11 and 14 are no longer reported).
Tuesday, December 17	LEA/DFS/ITS – Final 2024 POD
Wednesday, December 18	DFS/LEA – Upload Financial Tax Transfers to/from LEAs holding accounts for 2024 W-2 reportable items. Include on December 19 (06A) tax deposit. LEA/DFS/ITS – LEAs not using Galaxy for H&W (Desert Center & Jurupa USD) to upload 2024 Health & Welfare Data to Galaxy. DFS - Check employee W-2 count (250 W-2s) on ALL GALAXY CHARTERS to validate box 12, DD exemption. DFS/LEA – DFS Notify: 2024 exempt W-4 employee process. If a 2025 Form W-4 is NOT filed, withhold at single without a check box beginning on February 17, 2025

Thursday, December 19	LEA/DFS – Final 2024 payroll warrant cancel, stops, and replacement payroll warrant requests due to DFS from LEAs by 9:30 am
Monday, December 23	DFS - Final 2024 tax deposit DFS – After 06M tax deposit, balance 2024 Annual Tax Reconciliation Report to tax deposits.
Friday, December 27	DFS – Run 2024 Annual Tax Reconciliation Report, balance YTD taxes & deposits.
Thursday, January 2	DFS/ITS/LEA – All 2024 outstanding abatements recalculated. Removal of Federal Income Tax credit LEA/DFS – 2024 W-2 Data Health & Welfare Certification (box 12, DD) due to DFS from LEAs
Friday, January 3 (4pm)	DFS/PRINTWORKS – 1099s will be created, printed, and either distributed to LEA (by Thursday, 1/9), or mailed directly (pending authorization to transmit) DFS – Run final 2024 W-2 Annual Tax Reconciliation Report, recertify W-2 balance. DFS/ITS <ul style="list-style-type: none"> • Verify W-2 TINs, addresses for Charters (ITS) • Verify address on outside of W-2 is the employee’s LEA (ITS) • Check 2024 FICA & Dependent Care Limits (ITS) • Verify LEA sort order (ITS)
Monday, January 6	LEA – Final Galaxy employee address changes to print on W-2.
Tuesday, January 7 (5pm) Printing (1/8-1/15)	DFS/ITS/PRINTWORKS – W-2s will be created, printed, and distributed to the LEA, or mailed directly to employee’s home address (by Friday, 1/17)
Wednesday, January 15	DFS/LEA – 2024 W-2 revision data accepted for December Third Party Sick Pay and December 2024 Workers’ Compensation wages
Friday, January 17	DFS/Mailroom – Final distribution to LEAs. (LEAs should not hold the W-2s. Please distribute to employees as soon as possible to allow enough time to correct errors with a revised W-2 vs. a W-2c.)
Tuesday, January 21	DFS – Annual tax reconciliation, rebalance 2024 W-2 data to deposits, wages reported. LEA – Sign and return the Authorization to Transmit to SSA to DFSPayroll
Wednesday, January 22- Friday, January 24	DFS/ITS/PRINTWORKS – Create & print W-2 revisions
Friday, January 24	DFS – Prepare Q4 2024 941, DE9, DE9423, including additional Third-Party Sick Pay and Workers’ Compensation. 2024 IRS and EDD deposit processed for final adjustments. <i>Please Note: Any late adjustments will create penalties & interest charges from the IRS and EDD.</i>
Monday, January 27	ITS – Create final 2024 W-2 Annual Tax Reconciliation Report & W-2 files for each LEA. Send to archive – Full file to D98 (DFS) DFS/ITS – 2024 Forms W-2, W-3 E-filing with SSA DFS/ITS – Upload to EDD Q4 2024 State PIT, SDI and UI. DFS – Complete IRS claim, if necessary, to go with Q4 2024 941.
Friday, January 31	GALAXY IS FROZEN FOR 2024 W-2s

	<p>If Form 2024 W-2 changes are required, the LEA must <i>manually</i> submit corrections to DFS and employees will receive a 2024 W-2c.</p> <p>LEA – 1099s and W-2s MUST BE POSTMARKED to vendors/employees</p>
<p>Monday, February 3</p>	<p>LEA/DFS/ITS–W-2c revisions accepted.</p>

LEA – Local Education Agency (K12, CC, Charters)

DFS – District Fiscal Services

ITS – Information Technology Services