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Circular Letter

TO: JUDICIARY: TRIAL COURTS AND COUNTIES

SUBJECT: PROPER PAYROLL REPORTING DUE TO FURLOUGHS – TRIAL COURTS

CalPERS is providing payroll reporting guidance to trial courts and counties to ensure trial court members subject to mandatory furloughs receive the proper service credit and retirement benefits. Senate Bill 75 (Chapter 342, Statutes of 2009) requires retirement service credit and compensation earnable for CalPERS members employed by a trial court that are subject to mandatory furloughs during the 2009-2010 fiscal year be based on the amounts had the employee not been subject to mandatory furloughs.

December 2009 – June 2010 Reporting Instructions

Beginning with the December 2009 reporting period, all payroll reporting for members subject to furlough time should be reported differently to ensure employees receive the correct amount of service credit. Because of limitations on our payroll system, it is necessary that a two step process be followed for the payroll submissions.

First, you need to report a reduced payrate that is attributable to the furloughs. This payrate will only be used for the purposes of furlough reporting and does not reflect the actual payrate. This reduced payrate will not be used for retirement, but will only be used by our system to generate unreduced service credit. Each furlough day is a reduction of 4.615% of pay. This is the same for hourly and monthly payrates as well as part time positions. To calculate the reduced payrate multiply the payrate by 4.615%, then subtract that amount from the payrate.

For example: monthly payrate is \$3,841.00; $\$3,841.00 \times 4.615\% = \177.26 .

$\$3,841.00 - 177.26 = \$3,663.74$. This is the reduced monthly payrate.

You would do the same calculation for an hourly payrate as well as any part time position.

The second step is to report a retroactive salary adjustment to bring the payrate back up to the correct amount. If you are using the Create Payroll File in ACES, or the pre-list method to report your payroll, you can report the retroactive salary adjustments (contribution code 15) with your current payroll.

You may also report the retroactive salary adjustments (contribution code 15) on the Supplemental Payroll Reporting form (PERS-AESD-624) and submit it with your current payroll.

If you are using the CalPERS Payroll Reporting System, you must report the retroactive salary adjustment (contribution code 15) using a supplemental payroll or wait for the next service period to report the Contribution Code 15. For example, you can report the retroactive salary adjustments (contribution code 15) for service period 12-2009-0 with your payroll for service period 01-2010-0.

(See chart below and Example #1)

Step	Action	Result
1	<u>Current Service Period</u> On line 1 enter: - the reduced payrate - actual earnings reduced by furloughs - contribution code 11	This step allows our system to calculate unreduced service credit. Contribution code 11 for current contribution.
2	<u>Current Service Period via ACES or Prelist Method</u> On line 2 enter a retroactive salary adjustment: - the current service period - the unreduced payrate \$0.02 earnings - contribution code 15 OR <u>Current Service Period via Supplemental Payroll Reporting Form</u> On line 1 on the Supplemental Payroll Reporting Form (PERS-AESD-624) enter a retroactive salary adjustment: - the current service period - the unreduced payrate \$0.02 earnings - contribution code 15 OR	This step adjusts the payrate back up to ensure final compensation is unreduced.

	<u>To Report Next Service Period via CalPERS Payroll Reporting System</u> On line 1 enter: • the current service period (e.g., 01-2010-0) • the reduced payrate • actual earnings reduced by furloughs • contribution code 11 On Line 2 enter a retroactive salary adjustment with: • the prior service period (e.g., 12-2009-0) • the unreduced payrate • \$0.02 earnings • contribution code 15	
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Since mandatory furloughs began in September 2009, prior payroll must be corrected for affected members for the September through November 2009 time period. This reporting should continue until furloughs are no longer required.

September 2009 – November 2009 Reporting Instructions

To ensure proper service crediting for the 2009-2010 fiscal year, all employees subject to furloughs during these three months will need to be reversed out and resubmitted following the three step process outlined below and in Example #2.

Step	Action	Result
1	On line 1 enter the original transaction including: • the original service period • the payrate remains positive • earnings as a negative amount • contribution code 13 • member contribution amount as a negative amount	This step removes the incorrect entry.
2	On line 2 enter the correct transaction using: • the original service period • reduced payrate • actual earnings as reduced by furloughs • contribution code 13	This step allows our system to calculate unreduced service credit. Contribution code 13 for prior period earnings adjustment.

3	On line 3 enter: • the original service period • the unreduced payrate • \$0.02 earnings • Contribution code 15	This step adjusts the payrate back up to ensure final compensation is unreduced. This code is for a retroactive salary adjustment.
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We appreciate the difficulties these payroll reporting instructions may cause you; however, it is necessary to ensure your members' service credit and retirement allowances remain unaffected by the furloughs. If you have any questions, please call our Employer Contact Center at **888 CalPERS** (or **888-225-7377**).

Lori McGartland, Chief
Employer Services Division

Attachment

Attachment

Example #1 – Reporting December 2009 – June 2010 (Monthly)

Current Service Period (File Service Period 12-2009-0)

Line 1	SSN	Mbr Name			Coverage Group	Service Period			Pay Code	Payrate	Earnings	Rate	Member Paid Contrib		Survivor Contrib Amount	Work Schd Code	Unit Code	Tax-Deferred Mbr Contrib	
		Last	FI	MI		Mo	YR	Type					Code	Amt.				Code	Amt
	555-55-5555	Smith	R	J	70003	12	2009	0	01	3663.74	3663.74	0700	00	0.00	0.00	173	000	11	247.13

AND

Current Service Period via ACES or Pre-List (File Service Period 12-2009-0)

Line 2	SSN	Mbr Name			Coverage Group	Service Period			Pay Code	Payrate	Earnings	Rate	Member Paid Contrib		Survivor Contrib Amount	Work Schd Code	Unit Code	Tax-Deferred Mbr Contrib	
		Last	FI	MI		Mo	YR	Type					Code	Amt.				Code	Amt
	555-55-5555	Smith	R	J	70003	12	2009	0	01	3841.00	0.02	0700	00	0.00	0.00	173	000	15	0.00

OR

Current Service Period via the Supplemental Payroll Reporting Form (PERS-AESD-624) (File Service Period 12-2009-0)

Line 1	SSN	Mbr Name			Coverage Group	Service Period			Pay Code	Payrate	Earnings	Rate	Member Paid Contrib		Survivor Contrib Amount	Work Schd Code	Unit Code	Tax-Deferred Mbr Contrib	
		Last	FI	MI		Mo	YR	Type					Code	Amt.				Code	Amt
	555-55-5555	Smith	R	J	70003	12	2009	0	01	3841.00	0.02	0700	00	0.00	0.00	173	000	15	0.00

OR

Next Service Period (File Service Period 01-2010-0) via CalPERS Payroll Reporting System

	SSN	Mbr Name			Coverage Group	Service Period			Pay Code	Payrate	Earnings	Rate	Member Paid Contrib		Survivor Contrib Amount	Work Schd Code	Unit Code	Tax-Deferred Mbr Contrib	
		Last	FI	MI		Mo	YR	Type					Code	Amt.				Code	Amt
Line 1	555-55-5555	Smith	R	J	70003	01	2010	0	01	3663.74	3663.74	0700	00	0.00	0.00	173	000	11	247.13
Line 2	555-55-5555	Smith	R	J	70003	12	2009	0	01	3841.00	0.02	0700	00	0.00	0.00	173	000	15	0.00

Example #2 – To Correct September 2009 – November 2009 Reporting (Monthly)

	SSN	Mbr Name			Coverage Group	Service Period			Pay Code	Payrate	Earnings	Rate	Member Paid Contribution		Survivor Contrib Amount	Work Schd Code	Unit Code	Tax-Deferred Mbr Contrib	
		Last	FI	MI		Mo	YR	Type					Code	Amt.				Code	Amt
Line 1	555-55-5555	Smith	R	J	70003	09	2009	0	01	3841.00	(3663.74)	0700	00	0.00	0.00	173	000	13	(247.13)
Line 2	555-55-5555	Smith	R	J	70003	09	2009	0	01	3663.74	3663.74	0700	00	0.00	0.00	173	000	13	247.13
Line 3	555-55-5555	Smith	R	J	70003	09	2009	0	01	3841.00	0.02	0700	00	0.00	0.00	173	000	15	0.00

Please note: If reporting hourly use a Pay Code 04, if reporting monthly use Pay Code 01.