

## **RETROACTIVE PAY LINE CODING FOR EMPLOYEES REPORTED TO STRS**

### Purpose

To set forth the required procedures for districts to use when doing retroactive pay line coding and calculating retroactive earnings.

### When

This procedure should be used when calculating and coding retroactive earnings for district employees in Certificated STRS positions, and also for STRS members working in Classified positions.

### Procedure

Retroactive pay lines are required when an employee is due more pay as a result of:

- 1) Union/district negotiations for services already performed and processed through payroll;
- 2) Movement on the salary schedule due to transcript confirmation;
- 3) Receiving substitute pay at the wrong rate, e.g., regular sub rate instead of long-term sub rate.

Retroactive pay line coding is not used when an employee is paid for service performed but not yet compensated. For example, when a teacher has been working 4 periods a day since the beginning of the school year, but has been paid for only 3, the amount due the employee is “arrears” pay not retroactive pay.

If an employee held more than one position during a retro pay period, a separate retro pay line is required for each separate rate and corresponding Ret. Base used for the employee.

**SPECIAL NOTE: When using the ITS program to build the retroactive pay lines, keep in mind that the lines are only a good starting point. Some of the field values supplied by the program will be correct, but others will need to be changed.**

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The following is a review of the fields in the PR (Payroll pay line) screen of the Employee Maintenance program that require special attention when coding retroactive pay lines.

RATE, UNITS, and RTS fields

The RATE is usually entered as lump-sum amount that has been calculated by hand or obtained from a report produced by ITS. When the RATE is entered as a lump-sum, a “1” is placed in the UNITS field, and a “L” in the RTS (Rate/Split) field.

It is important to note that when using a report produced by ITS, the retro gross that the report calculates will be overstated if the original pay line included an amount for a stipend and/or additional pay (for Masters, Ph.D., longevity) to which the negotiated retro % increase does not apply.

See instructions at end of procedure for calculating retro pay by hand.

For retroactive pay calculated for current year Year Round School contracts using the E11YRA-YRC Pay Schedules and August Pre-pay contracts using the E11SX Pay Schedule, *a separate non-creditable pay line* is required for the amount of retro pay on the August Pre-pay earnings for E11SX contracts and any deferred pay already received for E11YRA-YRC contracts.

For example, a retro paid in October for July-September current year pay would require a separate line for August Pre-pay earnings and September deferred pay (E11YRC). The non-creditable pay line is coded the same as the creditable line except for the ST-DED and AC-P-C fields. Use a Stat-ded that doesn't collect STRS for the ST-DED field and enter “99-9-9” in the AC-P-C field.

TYPE field

Enter the Pay Type “RET”.

ST-DED field

Enter the same Stat-ded used in the original pay line except as noted above for August pre-pay and Year Round School deferred earnings.

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RET. BASE field

The value entered in this field depends upon whether the retro is being paid on current year or prior year earnings.

Current year earnings, deferred and non-deferred pay contracts: Use the new rate of pay calculated and reported in the same way as the original Ret. Base. For example, to calculate a new Ret. Base for a .80 FTE (Full-time Equivalent) position with deferred pay contract:

Full-time Equivalent Annual Salary (from Salary Schedule)	\$48,105.00
Master's Stipend	1,400.00
Longevity bonus based on 10% of FTE Annual Salary	+ <u>4,810.50</u>
	\$54,315.50
Divide by annual number of warrants issued for full-time position	<u>          ÷ 12</u>
New Ret. Base	\$ 4,526.29

Prior year earnings, non-deferred pay contract: The new Ret. Base is calculated in the same way as the old Ret. Base. See above.

Prior year earnings, deferred pay contract: Using the same example as above, the new Ret. Base for a .80 FTE (Full-time Equivalent) position with a deferred pay contract for 10 creditable and 2 deferred warrants is calculated:

Full-time Equivalent Annual Salary (from Salary Schedule)	\$48,105.00
Master's Stipend	1,400.00
Longevity bonus based on 10% of FTE Annual Salary	+ <u>4,810.50</u>
	\$54,315.50
Divide by annual number of <u>creditable</u> warrants issued for full-time position	<u>          ÷ 10</u>
New Ret. Base	\$ 5,431.55

AC-P-C (Assignment code – Pay code – Contribution code) field

Use the same values as used for the original pay lines.

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PY-SCH (Pay Schedule) field

Use the same Pay Schedule used for the original pay lines *EXCEPT* when paying a retro on *prior year earnings*. For a retro paid on prior year earnings, use a Pay Schedule with no deferred months.

The general rule for *prior year earnings* is:

if <u>AC-P-C</u> is,	use <u>PY-SCH</u>
57-3-1	E, M, or S10X
57-2-1	E, M, or S11X
47-2-1	E, M, or S11X

If you are unsure, please contact BMAS.

START Field

The START field needs to contain the date of the first day of the first pay period to which the retro applies.

EXCEPTION: When the contract is a “Late-Start”, the actual start date of the contract is used.

END Field

The END field needs to contain the date of the last day of the pay period to which the retro applies. If the contract was terminated and paid-off prior to this date, the actual last day of service is used.

Calculating retroactive earnings by hand

(New pay rate – Old pay rate) X (# of Units\* worked during the retro pay period)

\*Units = Months, Days, or Hours

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