

ANNUALIZATION TIPS OF THE DAY

Annualization Tip #1 for Tuesday, 7/29



In one week, on **August 5**, 2008 LAUSD will begin using a new pay stub format and a new method to “annualize” most certificated employees. You will receive these “Tips of the Day” for the next week because your LAUSD colleagues may look to you for help through this transition.

To learn more about the topic right now, go to <http://payroll.lausd.net/newpaystubs>. Thank you in advance for your effort.

Annualization Tip #2 for Wednesday, 7/30



The new annualization process will coincide with the debut of the new pay stubs on August 5th that will include greater individualized detail for annualized employees. Annualization is available only to certificated employees on B, C, D, E and K basis.

To make things easier for employees, an “annualization calculator” is being developed so they can calculate their annualized earnings per pay period when a salary change occurs. That and additional information about annualization and other payroll issues can be found at <http://payroll.lausd.net/newpaystubs>.

Basically an annualized employee works less than 12 months but their salary is spread over 12 months. Annualization is the process of spreading their annual salary equally over all pay periods in the fiscal year. Over the course of a year there is often a difference between

what is paid to annualized employee and what is earned. To reconcile possible differences there are annual "settlements."

Annualization Tip #3 for Thursday, 7/31



An annualization "settlement" is the process by which the District either pays out or collects the difference between earned and paid amounts. If an employee works all of his or her assigned hours their end-of-fiscal year settlement (June 30th) will be zero.

If the employee has not earned all of the assigned hours, they will have a negative settlement and will be overpaid. Conversely, if an employee has earned more than their assigned hours they will have a positive settlement and will be identified as being underpaid.

Annualization Settlements occur:

- at the end of every fiscal year (June 30th) for all annualized employees
- when an annualized employee changes basis
- when an annualized employee goes on an unpaid leave
- when one changes to a group that is ineligible for annualization, for example, a contracted teacher who becomes a day-to-day substitute
- and, finally, upon retirement or termination (these are called "final settlements")

Annualization Tip #4 for Friday, 8/1



What is "spreading?"



Spreading is a new practice for LAUSD! Spreading is a method of making adjustments when there is a transition from one status to another without re-annualizing the employee.

This new formula was negotiated and agreed to by the district and the teacher's union. The next two Tips will break out the 3 different types of "spreading" and go into greater detail about them.

These adjustments may take the form of 1) salary, 2) late-starter, or 3) settlement spreads.

Annualization Tip # 5 for Saturday, 8/2



"Salary Spreading"

If an employee has a schedule increase after the beginning of the fiscal year the system will calculate the projected earnable salary based on the new rate and subtract the projected earnable salary based on the old rate and spread the difference over the remaining pay periods in the fiscal year (including the current one.)

Salary spreading will be the most often used type of spreading. To help employees to calculate their new monthly salaries have them go to the Annualization Calculator at <http://payroll.lausd.net/newpaystubs>.

Annualization Tip #6 for Sunday, 8/3



"Settlement Spreading"

This involves spreading a settlement across the remaining pay periods instead of processing it all at once when the annualization event occurs.

It may be used for:

- an employee who has a change of basis during the fiscal year or
- an employee who returns from an unpaid leave in the same fiscal year.



"Late starters" are most often new employees but there are others as well who are *assigned to an eligible annualized position after the beginning of the fiscal year* (e.g. a substitute becomes a contract teacher after the beginning of the year.)

Not all late starters will be annualized or have late starter spreading because it is dependent on the start date as well as on the calendar of the employee's basis and track.

Annualization Tip #7 for Monday, 8/4



Annualization Info on the New Pay Stubs – "Annualized Status"

In one box employees will see their annualized status:

- Earned Dollars, Paid Dollars, and the Difference between the two

Annualized Status	
Earned dollars	52,517.13
Paid dollars	56,268.36
Difference	-3,751.23

In this example the annualized employee has been overpaid.

Annualization Info on the New Pay Stubs – “Annualized Hours”

In a second box annualized employees will now see a break-out of one’s hours:

- Contract Hours, Reported Hours, Remaining Hours and Fiscal Hours Paid

Hours Summary	
Contract Hrs	1,224
Reported Hrs	856
Remaining Hrs	368
Fiscal Hrs Paid	856

Annualization Info on the New Pay Stubs - Spreads on the Pay Stub

The “spread” dollar amounts are indicated as a separate pay line on the pay stub.

They will appear on the stub as:

- a. “salary spread amount”
 - b. “settlement spread”
 - c. “late starter spread”
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Annualization Tip # 8 for Tuesday, 8/5



TODAY IS THE BIG DAY!

Today, Aug. 5th, certificated annualized single-track C-Basis employees will receive their final 2007-2008 salary payment as well as their first payment for the 2008-2009 fiscal/school year.

- this is a one-time event that will align single and multi-track pay schedules
- LAUSD is using a cumulative taxing method for the portion related to the "final payment of 2007-2008" in order to achieve more accurate tax accounting
- for most, one's 2008 W-2 will include this additional payment this year only, next year it will revert to the usual total of 12 payments
- It will be denoted on the pay stub under the title

CURRENT PAY BELOW

(For Example)

C-basis Salary	5,000
Pr Yr Contract Pay	5,000

**Remember, this 2on1 payment only affects 2007-2008 annualized single track C-basis employees!

Thank you for taking the time to make yourself familiar with this new annualization process. Remember to direct folks to www.payroll.lausd.net for additional information!