

BUSINESS PRACTICE BULLETIN
The School Board of Broward County, Florida
PAYROLL DEPARTMENT

BULLETIN NO.: PR-112

PAGE: 1 OF 6

DATE: **May 18, 2009**

SUBJECT: YEAR ROUND PAY PROCEDURES

GENERAL:

The purpose of this bulletin is to outline the policies and procedures for the Year Round Pay Option. Year Round Pay is an optional payment method whereby salaried employees whose primary position is on a calendar of nine, ten or eleven months can have their bi-weekly paychecks stretched out and paid over a twelve month period instead of the standard number of bi-weekly checks for their calendar.

Starting with the 2008-09 school year, the Year Round Pay Option (YRP) will be available to eligible employees. The YRP calculation will be based on the All Days Paid (ADP) method for bi-weekly paycheck calculation. If this option is selected, the employee will receive their Contract Salary across a twelve month period. Under the YRP selection, the gross base pay for the summer checks will be similar to the employee's regular checks and will be taxed upon distribution (more details to follow below).

CHARACTERISTICS OF THE YEAR ROUND PAY OPTION

1. The employee's paycheck will be calculated based upon the number of All Days Paid in the twelve month period starting with the first day of their contract.
 - a. *For example*, for a teacher on the standard 196 calendar, the YRP Contract salary will be paid out based on all of the days in the twelve month period starting August 11, 2008 excluding Saturdays and Sundays. Similarly, all other calendar types such as 186, 204, 206, 216, etc. will also be calculated using this concept if YRP is selected.
 - b. The number of days from the beginning of the calendar to the last day for YRP may vary from year to year depending on the start of the school year. For example, if the start of the school year is delayed by one week due to the date of Labor Day, then the number of YRP days may be increased to 265, whereas if the start of the school year is accelerated for the same reason the number of days may be decreased to 260.
 - i. Depending on when the change of the start of the subsequent school year is determined, the number of days used for the YRP calculation may or may not be altered. For example, if the change is identified before the start of the year, the YRP table can be updated before any deductions are taken; however if the start date of the subsequent school year is identified mid-year the YRP table may not be altered and the calculations may not change. In that case, the employee may experience a gap or an overlap in the bi-weekly paychecks from one school year to the next.
2. The YRP calculation will be based on the gross bi-weekly pay for the employee's primary position only.
 - a. Payments for supplements, additional hours, overtime, secondary positions, summer pay, stipends, etc. will not be used in the YRP calculation.
3. The deductions for the Year Round Pay Option are taken out pre-tax in accordance with IRS section 409(a), and therefore fall under the areas of Constructive Receipt and Deferred Compensation
 - a. Taxes will not be taken from the bi-weekly YRP deductions; therefore taxes will be taken when these payments are made during the summer months.
 - b. Garnishments, Tax Sheltered Annuities and Federation/FOPE Union Dues, if any, will be calculated based on the gross bi-weekly salary minus the amount of the YRP deduction. Since these deductions are not calculated on the YRP salary during the school year checks, Garnishments, Tax Sheltered Annuities and Federation/FOPE Union Dues

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- if any, will also be taken from the Year Round Pay checks paid out over the summer months.
- c. If the employee enrolled in YRP experiences a retroactive change in pay for their primary position during the school year the YRP deduction will also be affected retroactively. This retroactive change would affect the net pay received by the employee in the check where the action occurred, and may also result in summer checks where the net base pay is different than in the school year checks.
 - d. If the YRP enrollment is cancelled at any time during the year for a qualified hardship reason, and the YRP deductions are refunded to the employee, all appropriate Taxes, Garnishments, Tax sheltered Annuities and Federation/FOPE Union Dues, if any, will be taken from the refunded deductions.
 - i. The lump sum payout of the YRP deductions would be included in a regular bi-weekly paycheck. The appropriate Taxes, Garnishments, Tax Sheltered Annuities and Federation/FOPE Union Dues, if any, may be higher than expected based on the amount of the total YRP deductions refunded.
4. Bi-weekly paycheck amounts will be affected if the employee:
- a. Experiences a retroactive change in pay, including raises.
 - b. Changes calendars, has PLV (used to dock employees with work schedules who are absent but have exhausted their sick, vacation and compensatory time), ZDH (Used to dock employees with work schedules for ADP Days and Paid Holidays), SNP (Suspension without Pay), and WCU (Workers Compensation Unpaid) or becomes inactive due to a leave of any kind.
 - i. Deductions for PLV, ZDH, SNP and/or WCU will reduce an employee's bi-weekly pay check based on the ADP rate. As a result, the summer pay checks may also be reduced.
5. Voluntary deductions such as dependent health coverage, dues other than Federation/FOPE Union Dues, supplemental insurances, donations, etc. will not be taken out of the paychecks distributed over the summer months. Dependent health care deductions come out of 18, 20 or 24 checks based on the employee's calendar; supplemental insurances, donations such as United Way and BEF and dues other than Federation/FOPE Union Dues will come out of the first 20 checks of an employee's calendar. As a result of the various schedules for Voluntary deductions the net pay for an employee enrolled in YRP can vary from pay check to pay check.

CRITERIA FOR ELIGIBILITY FOR PARTICIPATING IN YEAR ROUND PAY

1. Salaried employees whose primary position is on a calendar of nine, ten or eleven months (calendars with less than 240 Contract Days) are eligible to enroll in the Year Round Pay Option.
2. Employees on calendars of 240 days or greater are not eligible to enroll in YRP.
3. Hourly employees are not eligible to enroll in Year Round Pay Option.
4. Employees who are in positions that would be eligible for YRP but do not start their employment for the District on the first day of their calendar (i.e., "late starters") are not eligible to enroll in the Year Round Pay Option until the subsequent school year.

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5. Employees who are ineligible for YRP (based on their calendar or because they are not a salaried employee) but subsequently move to an eligible YRP status after the start of their calendar due to a change in pay (from hourly to salaried), reassignment, return from leave, etc.; will not be eligible to enroll in the YRP option until the subsequent school year, provided that they maintain their YRP-eligible status.
6. Employees who are eligible to participate in YRP based on the criteria identified above who do not enroll during the appropriate enrollment periods prior to the start of their calendar are not eligible to enroll in YRP until the subsequent school year.
7. Employees enrolled in YRP who subsequently move to an ineligible YRP status after the start of their calendar due to a change to an ineligible calendar, a change in pay (from salaried to hourly), reassignment, etc. will be removed from the YRP Option and returned to the standard bi-weekly pay schedule for the remainder of the school year.

CALCULATING YEAR ROUND PAY

1. The YRP bi-weekly payments will be paid out through the day before the first day of next year's start date of the same calendar. The length of this period may change from year to year based on the start dates of the calendar for each of the two school years. For standard 196 employees the YRP bi-weekly payments for 2008-09 school year will be calculated based on the days between 8/11/08 through 8/16/09.
2. To calculate the gross biweekly Year Round Pay (YRP) Contract Salary for the 2008-09 School Year: take the Annual Contract Salary and divide it by 265 days to arrive at a daily rate. Then multiply that daily rate by the number of days in the pay period - 5 days for the first Standard 196 Day employee paycheck and 10 days thereafter. The result is the gross bi-weekly YRP Contract Salary for the 2008-09 School Year.
3. The gross biweekly salary will appear on the paystubs as multiple amounts (see attached example EXHIBIT 1) - the gross ADP amounts (REG, SCK, SLO, SPR, etc.) as well as YRP deduction. The combination of these amounts will match the gross bi-weekly YRP Contract Salary calculated above (exceptions will occur if there is PLV), ZDH, SNP and/or WCU In addition, a Year Round Pay Balance will appear on the bottom right side of the pay stub which will show the accumulation of the YRP amounts deducted from paychecks. During the summer this YRP Balance will be reduced as the bi-weekly summer checks are paid out.
 - a. Bi-weekly paycheck amounts will be affected if the employee changes calendars; experiences a change in pay; has PLV or ZDH (Unpaid Personal Leave) WCU, or SNP or becomes inactive due to a leave of any kind.
 - i. Deductions for PLV, ZDH, SNP and/or WCU will reduce an employee's pay check based on the ADP rate. As a result, the summer pay checks may also be reduced.

CRITERIA AND PROCESS FOR ENROLLING IN THE YEAR ROUND PAY OPTION

1. Eligible employees must enroll in the YRP option prior to the start of their calendar each year.

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2. Enrollment in the YRP option does not automatically rollover from year to year. Employees will be required to re-enroll each year, to actively confirm that they want to continue participation in the YRP option.
3. There will be two YRP enrollment periods for each school year:
 - a. In the spring of the preceding school year for existing employees.
 - b. In the summer before the applicable school year, prior to the start of the employee's calendars for both existing and newly hired or newly eligible employees.
4. Eligible employees may enroll in YRP electronically (online through Employee Self Service/ESS), or they can enroll by printing out and submitting a hard-copy sign-up form to the Payroll Department. Employees are encouraged to retain a copy of their YRP Enrollment form, or a screenshot of their online enrollment.
5. Newly hired employees will be provided with a hard-copy YRP Enrollment form (EXHIBIT 2) as part of their New Hire packet as a precaution in case their access to ESS is not available during the enrollment period prior to the start of their calendar. These forms are to be submitted only if an employee wants to enroll in YRP-

CRITERIA AND PROCESS FOR CANCELLING ENROLLMENT IN YEAR ROUND PAY PRIOR TO THE BEGINNING OF THE FISCAL/SCHOOL YEAR

1. Employees who enroll in the YRP option during the spring enrollment period may cancel their enrollment at anytime prior to the start of their calendar.
 - a. To cancel their enrollment, employees must print out the YRP Cancellation Form from the Payroll website (EXHIBIT 3) and submit the completed form to the Payroll Department indicating that they want to cancel their enrollment in YRP for the upcoming school year.

CRITERIA AND PROCESS FOR CANCELLING ENROLLMENT IN YEAR ROUND PAY MID YEAR DUE TO TERMINATION, SEPARATION, RETIREMENT OR EXTENDED BOARD-APPROVED LEAVE

1. Employees who are enrolled in the YRP option and terminate, separate, retire or go on an extended Board-approved Leave during the school year will have their participation in YRP cancelled.
 - a. The cancellation of their enrollment in YRP will occur as part of the HR action which changes their status to Withdrawn, Inactive or Active as a Non-employee (External).
 - b. All monies previously deducted for YRP will be refunded to the employee in their bi-weekly payroll check net of the appropriate taxes and if any, garnishments and/or overpayments. The lump sum payout of the YRP deductions would be included in a regular bi-weekly paycheck. The appropriate Taxes, Garnishments, Tax Sheltered Annuities and Federation/FOPE Union Dues, if any, may be higher than expected based on the amount of the total YRP deductions refunded.
 - c. Once enrollment in YRP is cancelled and YRP deductions are refunded, if the employee returns to Active Employee status, their bi-weekly payroll checks will revert to the standard number of payroll checks remaining for their calendar, dependent on their date of reactivation.

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- d. Once enrollment in YRP is cancelled and YRP deductions are refunded, even if the employee returns to Active Employee status in that same school year they will not be able to re-enroll in the YRP option until the subsequent school year.

CRITERIA AND PROCESS FOR CANCELLING ENROLLMENT IN YEAR ROUND PAY MID YEAR DUE TO HARDSHIP REASONS

1. Employees who enrolled in YRP and had deductions taken out of their paychecks but experience a hardship condition can cancel their enrollment prior to the end of the school year.
 - a. The employee wishing to cancel their enrollment in YRP must have one of the qualified hardship reasons listed below:
 - Death of a spouse or dependent
 - Legal separation or divorce
 - Disability of the employee, spouse or dependent
 - Change in employment status from full to part time or vice versa, or lay-off
 - Change in employment status of a spouse, including lay-off or termination
 - Threat of home foreclosure, eviction or bankruptcy
 - Financial emergency due to District Declared Emergency (hurricane, flood, tornado, etc.)
2. To cancel their YRP enrollment, employees must submit the Year Round Pay Option Hardship Cancellation Form (EXHIBIT 4) to the Payroll Department indicating that they have experienced a qualified hardship and request a cancellation of YRP for that school year. Documentation of one of the above referenced hardship reasons is required for cancellation of YRP after the beginning of the school year. An original letter of explanation along with appropriate documentation (divorce decree, eviction notice, etc.) and send via the Pony to the Payroll Department. The request will be reviewed and the employee will be notified of the decision.
 - a. Once the cancellation form is received, approved and entered into SAP, the YRP deductions will cease for the remainder of the school year.
 - b. All monies previously deducted for YRP will be refunded to the employee in the appropriate calendar year per IRS code addressing Constructive Receipt, net of appropriate Taxes and if any, Garnishments, Tax Sheltered Annuities, and Federation/FOPE Union Dues, if any.
 - i. If the Hardship cancellation request is submitted between July 1st through December 31st, the YRP balance will be refunded to the employee in the following calendar year per IRS code concerning Constructive Receipt. For example, if an employee cancels their YRP deduction on October 31st, 2009, the refund will be issued after January 1st, 2010.
 - ii. If the Hardship cancellation request is submitted from January 1st through June 30th, the YRP deductions will be refunded to the employee in the same calendar year.
 - iii. The lump sum payout of the YRP deductions would be included in a regular bi-weekly paycheck. The appropriate Taxes, Garnishments, Tax Sheltered Annuities and Federation/FOPE Union Dues, if any, may be higher than expected based on the amount of the total YRP deductions refunded.

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- c. Once enrollment in YRP is cancelled the employee's bi-weekly payroll checks will revert to the standard number of payroll checks remaining for their calendar, depending on when the cancellation occurred.
- d. Once enrollment in YRP is cancelled the employee will not be able to re-enroll in the YRP option until the subsequent school year.

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