

May 15, 2007

TO: All County Superintendents of Schools
District Superintendents of Schools
Community College Districts and
Other Employing Agencies

FROM: EXECUTIVE OFFICE

SUBJECT: Employer Directive 2007-03
Reporting of Banked Time

PURPOSE

The purpose of this directive is to clarify and reinforce for employers how to report banked time.

When a community college instructor works time in excess of his or her hours required for a full-time position, that excess time is “banked” rather than paid as overtime. The equivalent paid leave of absence is granted in a subsequent quarter, semester, or academic year.

SCOPE

This directive applies to all community college districts that employ instructors to perform creditable service under the CalSTRS’ Defined Benefit Program.

DISCUSSION

Education Code Section 87790 states:

Notwithstanding any other provisions of this code, except Part 13 (commencing with Section 22000), the governing body of a community college district may adopt a workload balancing program for academic employees, under which time worked in excess of that required for a full-time position is banked and an equivalent paid leave of absence is granted in a subsequent quarter, semester, or academic year.

Education Code Section 22119.2 (a) states in pertinent part:

“Creditable compensation” means remuneration that is payable in cash by an employer to all persons in the same class of employees and is paid to an employee for performing creditable service.

Banked time, as described in the above cited Education Code Section 87790, is considered creditable compensation since it is remuneration in addition to salary that is payable to the entire class. CalSTRS still considers banked time to be comparable to compensated time off.

ACTION

Usage of banked time—Creditable:

In the case of banked time, the compensation is reported to CalSTRS as an “additional assignment” when it is *used* by the employee rather than when it is earned.

No pay is given at the time the extra service is performed, and the equivalent time off will be granted at a later date. Pay, however, *is* granted when the banked hours, or compensated time off, are actually used by the employee.

Example: Susan Teacher works 40 hours in the fall semester 2005 that exceeds her contracted hours. The time is not paid as overtime, but is “banked” for future use. In the fall semester of 2006, Susan takes 40 hours off, but rather than use vacation time she uses 40 hours that were previously “banked”. The compensation is reported to CalSTRS as a part-time assignment (Assignment Code 55) in the fall of 2006, when it was *used*.

Cash out of banked time—Not Creditable:

The cash out of banked time should be treated as “unused accumulated leave.”

Any banked time that is accrued but unused at the time of retirement, termination of employment, or upon the employee’s death, is paid in a lump sum and should not be reported to CalSTRS as it is not creditable compensation under Education Code Section 22119.2 (c) (4).

Example: Steven Instructor worked 100 hours in the past few years that exceeded his contracted hours. The time was not paid as overtime, but was “banked” for future use. Steven terminates his employment and the “banked” time is paid out in a lump sum. The compensation is not considered creditable and the lump sum payment should not be reported to CalSTRS.

Any questions about the reporting of banked time should be directed to your County Office of Education contact or CalSTRS’ Members Account Services representative.

Jack Ehnes
Chief Executive Officer