

JCPS PAYROLL DEPARTMENT
UNDERSTANDING ESCROW PAY
Daily Pay Basis Employees

Kentucky Revised Statute 160.291 states, “The gross salary received on each pay date will be an amount equal to the school employee’s annual salary divided by the number of pay dates. . .” This law was established to help provide equal paychecks to school board employees throughout the work year including times when employees do not work all ten (10) days in a pay period, such as Thanksgiving, winter break, spring break, summer break and snow days.

To provide equalized pay throughout the year, including times when employees do not work, an escrow account is established for each full-time employee who is assigned to an approved Working Calendar. Escrow is deducted from contract pay earned (i.e. contract days or hours *worked* and *paid* leave days). On non-contract days when employees do not work, escrow is paid to the employee for the non-work day to provide an equal paycheck.

Escrow Calculations

In a 12 month period of time, there are 260 work days (Monday – Friday). The contract work year for many JCPS employees only spans the 10 month period of time school is in session. Therefore, most JCPS employees work *less* than 260 contract days. Escrow percentages are used to spread the employee’s base contract pay over the 260 days (26 pay periods x 10 work days per pay period).

Each employee’s escrow percentage is calculated using the employee’s number of contract days. The number of contract days is divided by 260 days to obtain the escrow percentage.

Example:

The following is an example of an employee who works 187 contract days with an actual daily rate of \$231.3398 per day. The employee’s annual contract pay is $187 \times \$231.3398 = \$43,260.54$.

- The escrow percentage is $187/260 = 71.92\%$.
- The actual daily rate is multiplied by 71.92% to spread the employee’s pay over 260 days (26 paychecks).
 - $71.92\% \times \$231.3398 = \166.3866
- This employee would be paid \$166.3866 per day over 260 days (*work and non-work days*) which equals the employee’s annual salary.

	Days	x	Daily Rate	=	Annual Salary
Actual Contract	187	x	231.3398	=	43,260.54
Escrow Spread	260	x	166.3866	=	43,260.54

Remember, employees are receiving pay for *non-work days*. Therefore, escrow is deducted from the actual pay earned and deposited to the employee’s escrow balance to fund these payments. The escrow deduction percentage is determined by taking 100% minus the Escrow Percentage. Continuing the example for the 187 day employee, the escrow *deduction* percentage would be 30.74%:

- $100\% - 71.92\% = 28.08\%$.

The sum of the escrow percentage *deducted* plus the escrow percentage *paid* equals 100% of the employees full contract pay.

- $28.08\% \text{ deducted} + 71.92\% \text{ payback} = 100\% \text{ contract pay}$

The following examples show how the employee's paystub will reflect for a pay period in which he/she is paid for 5 contact day and 5 non-work/escrow days:

Detail Pay Information

Base Pay Earned (5 day x \$231.3398)	\$1156.70
Current Escrow this Pay Period	\$507.14
Gross Base Pay Received	\$1663.84

Detail Escrow Information

Current Escrow Deducted (5 day x \$231.3398 x 28.08%)	-	\$324.78
Plus Current Escrow Paid (5 non-work days x \$231.3398 x 71.92%)	+	\$831.92
Equals Current Escrow on Paycheck	=	\$507.14

YTD (year-to-date) Escrow Balance. A negative (-) number reflects balance the employee owes the District. Positive number reflects balance the District owes the employee.

Employee ID	Employee Name	Period Ending	Advice Date	Advice No.						
		08/14/2015	08/28/2015	001885973						
Pay Type	Rate	Units	Amount	YTD	Deductions	Current	YTD	Taxes	Current	YTD
BASE PAY	231.3398	5.00	1,663.84	1,663.84	KTRS 12.855%	213.89	1,457.20	MEDICARE	21.02	174.44
SUB PAY				7,213.58	KTRS FED	1,181.51	213.89	FEDERAL	140.40	829.99
SUB-PAY				4,824.68	DIRECT DEP			KENTUCKY	70.42	520.04
								LOUIRES	36.60	301.45
TOTALS:			1,663.84	13,702.11						

Escrow Information	Appraisal Type	Current Used	Balance	Withholding Allowances	M/S	# Extra	Current Pay
Current Escrow	SICK		10,000	Federal	S 2	\$.00	1,663.84
YTD Escrow Balance	PERSONAL		3,000	State	S 3	\$.00	Minus Total Deductions
	EMERGENCY		2,000				482.33
							Current Net Pay
							1,181.51

Jefferson County Board of Education, Louisville, Kentucky 40032-4020

Calculating Your Escrow

1. Determine your **Escrow Payback percentage**:
 Base Contract Days divided by **260** days = _____
2. Determine your **Escrow Deduction percentage**:
 100% minus Escrow Payback percentage = _____
3. Determine your Escrow Deduction amount for the *pay period**:
 Number of contract days paid x Daily Rate x **Escrow Deduction percentage** = _____
4. Determine your Escrow Payback amount for the *pay period*:
 Number of non-work (escrow days) x Daily Rate x **Escrow Payback percentage** = _____
5. Determine your escrow amount for the *pay period*:
 Escrow Payback Amount for non-work days minus Escrow Deduction Amount = _____

*The JCPS *pay period* covers the two week period (14 calendar days) from Saturday through Friday. The pay date is two weeks following the pay period end date.

Why is My Escrow Balance Short?

In order for employees to have a sufficient escrow balance to cover non-work days, the employees must be paid for all contract work hours or days in the school year.

The following are examples of situations which may cause an employee to be short in their escrow balance:

- **Late Hire**

The employee begins work after the start of the contract work year. Therefore, the employee's escrow balance may be short because escrow was not deducted from the missed/unpaid contract days.

- **Unpaid Leave**

Escrow is deducted from every contract hour or day worked. When employees take unpaid leave, they miss escrow deductions causing a shortage in their balance.

- **Worker Compensation**

When an employee is out on approved Workers Comp, sick days which JCPD coordinates with Workers Comp pay will have escrow withheld. However, checks received from the Worker's Comp vendor will not have escrow withheld. Therefore, this may cause employees to be short in their escrow balance.

- **Rate Change**

An employee may receive a mid-year rate change due to a reassignment or change in rank. This rate change may cause a perceived shortage in the employee's summer escrow pay. In this situation, the employee's contract pay rate has increased mid-year, however, the employee has deposited to his escrow account at the lower rate of pay for the first part of the year. The employee's summer escrow payments will be based on his new higher rate of pay. However, since he was not paid this higher rate all year, he will not have a sufficient escrow balance at the end of the school year to provide for full summer escrow checks at the new higher rate of pay.

- **Contract Day Change**

Escrow percentages are based on spreading the number of contract days over 260 days. A mid-year change in contract days may cause a shortage in summer escrow pay because the employee's escrow percentage has changed. For example, if an employee changes from a 195 day position to a 187 day position mid-year, the employee has paid into escrow at a lower percentage while in the 195 day position (195 days divided by 260 days = 25.00%) than in the 187 day position (187 days divided by 260 days = 28.08%). Due to the lower deduction percentage taken in the 195 day position, this may cause a shortage in summer escrow.

- **Working Calendar Change**

Every full-time employee is assigned a Working Calendar. The contract days in each working calendar are spread over 26 pay dates or 260 days. If the employee's working calendar is modified to start in a *later* pay period the following school year, this will cause the employee to have a gap between the last summer escrow paycheck and the first paycheck of the new school year. This is due to the contract work year beginning beyond the 26th pay period.

Special Note: Employees must have a sufficient escrow balance to provide for payment of non-work days during breaks such as Thanksgiving, winter, spring and summer breaks. Escrow balances cannot fall below zero when payment for these non-work days is processed. In this situation, employees will receive escrow pay for the full calculated escrow pay amount for the pay period or the employee's positive escrow balance whichever is less.

Additional Pay Stub Information

Note – The following pay stub is provided as an example only. Rates and deductions on this example are not applicable to all employees.

Pay Type	Rate	Units	Amount	YTD	Deductions	Current	YTD	Taxes	Current	YTD
BASE PAY	214.5325	10.00	1,542.92	9,257.00	HEALTH	113.99	569.95	MEDICARE	20.45	111.04
PTO/SILVER	214.5325	1.00	214.53	214.53	DELTA DENTAL	26.84	134.20	FEDERAL	105.08	510.02
					EYE MED	8.97	34.85	KENTUCKY	68.97	367.24
					KTRS 11.355%	199.56	1,075.56	LOU/RES	38.66	208.37
TOTALS:			1,757.45	9,472.13	JCTA/KEA/BSK	50.75	304.50			
					METRO UNITED	2.00	12.00			
					DIRECT DEP	1,124.18				

Pay Type = Description of Pay
Rate = Rate of Pay
Units = Number of Hours or Days Paid
Amount = Gross Pay Amount before Deductions
YTD = Total Gross Pay for the Calendar Year-to-Date (January through December)

Deductions = Description of deduction withheld
Current = Current amount withheld for this pay date.
YTD = Total amount withheld in the calendar year (January through December)

Taxes = Description of mandatory taxes withheld
Current = Current tax amount withheld this pay date
YTD = Total tax amount withheld in the calendar year (January – December)

Current Escrow = Total current escrow amount for this pay date.
YTD Escrow Balance = Employee's total escrow balance for the school year.

Accrual Type = Leave type description
Current Used = Current leave days used for this pay period
Balance = Total leave balance.

W-4 Federal & State Tax Withholding Allowances.
M/S = Married(M) or Single(S)
= Nbr of Exemptions on W-4
Extra = Additional Flat Dollar Amt Deducted.

Current Pay = Current Gross Pay Amount before Deductions.
Minus Total Deductions = Total Voluntary and non-voluntary deductions
Current Net Pay = Net pay distributed to employee

<table border="1"> <thead> <tr> <th colspan="2">Escrow Information</th> </tr> </thead> <tbody> <tr> <td>Current Escrow</td> <td>-602.41</td> </tr> <tr> <td>YTD Escrow Balance</td> <td>2,599.99</td> </tr> </tbody> </table>	Escrow Information		Current Escrow	-602.41	YTD Escrow Balance	2,599.99	<table border="1"> <thead> <tr> <th>Accrual Type</th> <th>Current Used</th> <th>Balance</th> </tr> </thead> <tbody> <tr> <td>SICK</td> <td></td> <td>30.000</td> </tr> <tr> <td>PERSONAL</td> <td></td> <td>2.000</td> </tr> <tr> <td>EMERGENCY</td> <td></td> <td>1.000</td> </tr> </tbody> </table>	Accrual Type	Current Used	Balance	SICK		30.000	PERSONAL		2.000	EMERGENCY		1.000	<table border="1"> <thead> <tr> <th colspan="3">Withholding Allowances</th> </tr> <tr> <th>M/S</th> <th>#</th> <th>Extra</th> </tr> </thead> <tbody> <tr> <td>Federal</td> <td>M</td> <td>1 \$.00</td> </tr> <tr> <td>State</td> <td>M</td> <td>1 \$.00</td> </tr> </tbody> </table>	Withholding Allowances			M/S	#	Extra	Federal	M	1 \$.00	State	M	1 \$.00	<table border="1"> <tbody> <tr> <td>Current Pay</td> <td>1,757.45</td> </tr> <tr> <td>Minus Total Deductions</td> <td>633.27</td> </tr> <tr> <td>Current Net Pay</td> <td>1,124.18</td> </tr> </tbody> </table>	Current Pay	1,757.45	Minus Total Deductions	633.27	Current Net Pay	1,124.18
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RETIREMENT (Deducted pre-tax from Federal, State, FICA and Medicare)

- KTRS 12.855% Kentucky Teachers Retirement Systems – 12.855% is withheld from gross wages paid to employees for work performed in a position which requires at least a bachelor’s degree.

- CERS 5% - COUNTY EMPLOYEES RETIREMENT SYSTEM (KY RETIREMENT SYSTEM) - 5% is withheld from gross wages paid to classified employees whose position does not require a minimum of a bachelor’s degree; and, the employee began participating in the retirement system prior to 9/1/2008.

- CERS 6% - COUNTY EMPLOYEES RETIREMENT SYSTEM (KY RETIREMENT SYSTEM) – 6% is withheld from gross wages paid to classified employees whose position does not require a minimum of a bachelor’s degree; and, the employee began participating in the retirement system after 8/31/2008.

Additional Important Information

- **Communication**
 - The JCPS Payroll Department communicates frequently with employees via your JCPS e-mail account. This includes the delivery of your paystubs, W-2s, and other important information. For help logging on to your JCPS e-mail account, please contact the HELP DESK at 485-3552.
- **Direct Deposit and Paystub Distribution**
 - Direct Deposit is mandatory for all JCPS employees and is a condition of employment. Your net pay will be deposited to your bank account on the morning of each pay date. Paystubs are generally delivered via your JCPS email account on the Wednesday before the pay date. The password to access your electronic paystub is the last four digits of your social security number.
- **Employee Self Service (ESS)**
 - Employees may access paystubs, W-2s, leave balances and other employment information via the Employee Self Service (ESS) website. Employees also enroll in JCPS sponsored benefits via the ESS website during the annual Open Enrollment period. Your *User Name* to access ESS is your six (6) digit employee id number located on your paystub. If you are unable to log in to the ESS website, please try resetting your password at <http://jcps.me/password>. If you have trouble with the password site, please call the Technology Service Desk at 485-3552.
- **Important Websites**
 - JCPS Password Assistance
<http://jcps.me/password>
 - Employees Self Service (ESS) for Pay Stubs & W-2s:
<https://employee.jefferson.kyschools.us/ESS>
 - JCPS Payroll Website:
<http://www.jefferson.kyschools.us/Departments/FinancialServices/Payroll.html>
 - Payroll Forms:
<http://www.jefferson.kyschools.us/Departments/FinancialServices/PayrollForms.html>
- **JCPS Payroll Department Contact Information**

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