

SECTION 9 — EMPLOYER CONTRIBUTIONS

Contents

EMPLOYER CONTRIBUTIONS 1

 Direct Payment of Employer Contributions..... 1

 Retirement Deductions From State Foundation Payments 1

 Sample —
 Estimated annual payroll screen 1

 Sample Form —
 Retirement Deductions From State Foundation Payments 3

EMPLOYER CONTRIBUTIONS

Every employer, as defined in Section 3307.01, R.C., is required to pay employer contributions to STRS Ohio based on the compensation of its employees who are STRS Ohio members. The rate of contribution shall be approved by the Retirement Board and, under current Ohio law, may not exceed 14%. Refer to the chart in Section 2, Page 3, for a listing of past contribution rates.

DIRECT PAYMENT OF EMPLOYER CONTRIBUTIONS

Employer contributions from county boards of education, county boards of developmental disabilities, technical schools, colleges, universities and other public agencies are not deducted from state foundation payments. Instead, these employers pay their contributions directly to STRS Ohio.

Generally, the amount of the employer contribution is calculated by applying the current contribution rate to employee earnings. Employer contributions paid directly to STRS Ohio must be remitted with each payroll report (see Section 3).

Any employer whose contributions are normally deducted from state foundation payments may choose to supplement its contributions by making payments directly to STRS Ohio.

RETIREMENT DEDUCTIONS FROM STATE FOUNDATION PAYMENTS

Employer contributions to STRS Ohio for city, local (except county offices), exempted village school districts and community schools are generally deducted from allocated state foundation funds. The contributions are deducted on a calendar-year basis, and STRS Ohio must certify to the Ohio Department of Education in November of each year the amount to be deducted for each participating school district.

To calculate the upcoming calendar year contributions, it is necessary for each qualifying district to complete and submit the online estimated annual payroll (see sample below) that is available to each district in late September. Districts are required to estimate their total STRS Ohio payroll for the school year, the percentage change and explain any extraordinary changes, such as an increase greater than 10% or a decrease in the total payroll. Explanations of changes should be emailed to report@strsoh.org.

The screenshot shows the STRS Ohio website's 'Estimated Payroll' form. The navigation bar includes links for Home, Make a Payment, New Hire Notification, Reemployed Retiree Notification, Employer Reports, Deposit & Service Reports, and Withdrawal Certification. The form title is 'Estimated Payroll' and the subtitle is 'Estimated Annual Payroll for Members of STRS Ohio'. The form contains the following fields and values:

Prior Year Annual Payroll:	\$9,219.74
Fiscal Yr Ending June 30:	2018
Estimated Payroll:	\$642,747.00
Status:	Est Fndn Completed
<input type="button" value="Submit"/>	

Estimated annual payroll screen

A detailed calculation of the amount due is performed for each school district and a copy of the computation is mailed to each employer in December. The following is a line-by-line explanation of the calculation format. A copy of the format is provided on Page 3.

- Line 1:** This amount is carried forward from line 5 of the previous year's calculation.
- Line 2:** The computation of this line begins with the total employee contributions remitted during the previous fiscal year. Total employee contributions are divided by the current employee contribution rate and then multiplied by the employer contribution rate.
- Line 3:** Adjustments may be made periodically to employee contributions for previous fiscal years. Examples include contributions paid for prior years' leaves of absence, refunds of unauthorized contributions, unpaid employer contributions from previous years, etc. Any amount on this line represents unpaid employer contributions corresponding to such adjustments made during the preceding fiscal year.
- Line 4:** Payments received during the 12 months preceding Sept. 1 of the current year are shown on this line. The payments for July through December equal line 9 of the previous year's report. January through June payments equal 1/2 of the prior year's line 11. Note that these payments are the amounts due to be paid regardless of the amount actually received from the Department of Education. Any unpaid differences are added to the adjustments shown on line 3.
- Line 5:** This amount is the net of lines 1 through 4.
- Line 6:** In October of each year, employers are asked to provide an estimate of total teacher payroll for the current fiscal year (see sample on Page 3). Because this amount is a key figure in the calculation of foundation program deductions, the estimate should be as accurate as possible. Any differences between the estimated and actual payrolls will be carried over to the following year's foundation certification. Line 6 of the calculation shows both the estimated payroll and the amount of the related employer contribution.
- Line 7:** This amount equals 47% of line 6.
- Line 8:** This is the total of lines 5, 6 and 7.
- Line 9:** This amount equals 1/2 of line 11 of the previous year's report and represents payments to be received during the final six months of the current calendar year.
- Line 10:** The net of lines 8 and 9 is recorded here.
- Line 11:** The total amount due is rounded to the nearest whole dollar divisible by 24. (For community schools it is the nearest whole dollar divisible by 12.)
- Line 12:** The semi-monthly foundation deduction. (For community schools it is the monthly foundation deduction.)

The amount due for each payment is deducted from each participating school's state funds by the Department of Education and submitted to STRS Ohio. If there are insufficient allocated funds to pay the entire employer contribution, the school treasurer will be notified by both the Department of Education and STRS Ohio. The employer is responsible for paying the shortage directly to STRS Ohio.



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RETIREMENT DEDUCTIONS FROM STATE FOUNDATION PAYMENTS

THE TOTAL AMOUNT OF EMPLOYER CONTRIBUTION TO BE DEDUCTED FROM PAYMENTS DUE YOUR DISTRICT DURING 2019 IS SHOWN BELOW. THIS AMOUNT WILL BE DEDUCTED IN 24 EQUAL PAYMENTS DURING CALENDAR YEAR 2019.

RECONCILIATION OF PRIOR AMOUNT DUE:

1. BALANCE DUE AND UNPAID JUNE 30, 2017	\$517,336.37
2. PLUS EMPLOYER COSTS INCURRED. 2017-2018 FISCAL YEAR ACCRUED CONTRIBUTIONS $\$1,148,162.39 / 14\% \times 14\%$ CONTRIBUTIONS $\$8,793,866.29 / 14\% \times 14\%$	\$9,942,028.68
3. ADJUSTMENT. OTHER COSTS INCURRED FOR CONTRIBUTIONS REPORTED AND/OR PREPAYMENTS	\$101.55
4. LESS. FOUNDATION PAYMENTS JULY THROUGH DECEMBER 2017 FOUNDATION PAYMENTS JANUARY THROUGH JUNE 2018	- \$4,777,620.00 - \$5,047,296.00
5. BALANCE DUE AND UNPAID JUNE 30, 2018	\$634,550.60

2019 ESTIMATED FOUNDATION DEDUCTION:

6. PLUS ESTIMATED CHARGE FOR 2018-2019 FISCAL YEAR ESTIMATED 2018-2019 PAYROLL $\$73,855,712.00 \times 14\%$	\$10,339,799.68
7. PLUS ESTIMATED CHARGE FOR JULY THROUGH DECEMBER 2019 WHICH IS 50% OF THE ESTIMATED PAYROLL ON LINE 6 $\times 14\%$	\$5,169,899.84
8. TOTAL ESTIMATED TO BE DUE BY DECEMBER 31, 2019	\$16,144,250.12
9. LESS FOUNDATION PAYMENTS JULY THROUGH DECEMBER 2018	- \$5,047,296.00
10. TOTAL ESTIMATED TO BE DUE IN CALENDAR YEAR 2019	\$11,096,954.12
11. TO BE DEDUCTED FROM STATE FOUNDATION FUNDS IN 24 EQUAL PAYMENTS	\$11,096,952.00
12. SEMI-MONTHLY FOUNDATION DEDUCTION	\$462,373.00