

Big Deductions on Retro Pay

For all retroactive payments, MPS must comply with federal income tax withholding rules. IRS considers retro pay to be "supplemental income." By law, MPS must withhold **25%** for the federal income tax from the retro pay portion on the June 26 paycheck of **all** EA's.

This is a much higher federal tax rate than is normally deducted. However, MPS must withhold 25% - even if it paid retro on a separate check.

More Deductions

In addition, approximately 6.9% will be deducted for state income tax. The usual 7.65% will also be deducted for Social Security/Medicare.

These deductions will reduce the take-home pay on retro by about **40%**.

**Expect to Take-Home
60% of Your Retro Pay**
Because of these deductions, most EAs will receive about \$60 in take-home pay for each \$100 of their retro pay.

Help at Tax Time

The 25% federal withholding tax is a big bite that really hurts your take-home pay now. The only consolation is that at tax time next year, the excessive amount will be to your advantage in determining your 2009 federal tax amount.

Sal Gonzalez - A Man of Quiet Strength, at Peace

On June 20, 2009, Sal Gonzalez passed away at his home. His incredibly heroic battle - over 22 months of raging pancreatic cancer - ended quietly.

MPS members will remember Sal as a staff member with a calming strength, who listened and understood the needs of each person he helped. He was a rock with a compassionate heart. With dignity and professionalism, he advocated for all union members, especially educational assistants.

Sal worked as an MPS paraprofessional for seven years prior to his career as an MTEA Assistant Executive Director. EAs appreciated the deep respect he had for their work with the children of MPS.

Sal served on your union's staff full-time since 1994 - without ever promoting himself. No boasting. No ego. Just doing the job the members needed, and doing it well.

From two tours of duty in Vietnam (awarded the Purple Heart and Bronze Star) to his amazing survival, nearly two years with Stage 4 cancer, Sal showed us how to live - with courage and purpose.

Soft-spoken, thoughtful, and unbelievably strong - Sal Gonzalez will be deeply missed.

To send a message of sympathy to his wife, Peggy Kleiber, and their 13-year old son, Manuel, please address your card to:

The Family of Sal Gonzalez
c/o Schmidt & Bartelt Funeral Services
10121 West North Avenue
Wauwatosa WI 53226

Retro Pay on June 26 Paycheck

MPS is making the retroactive salary payments due to educational assistants on the June 26 paycheck. The retro payment covers two raises, **2%** for calendar year 2007 and an additional **2.25%** for 2008. For most EAs, the amounts are listed separately in the "Hours and Earnings" section of the paycheck, identified as quoted below:

- ◆ Jan. 1 - Dec. 31, 2007 - "Retro Pay/Earnings(A)-Pen(C)"
- ◆ Jan. 1, 2008 - May 29, 2009 - "Retro Pay/Earnings(B)-Pen(C)"

Estimating Your Retro Pay Amount

To estimate your retro amount, take the steps explained on page three of today's Team-Mate. A worksheet is provided on page two.



Larger Retro Pay Examples

To give you a rough idea of the retro payments for the three main categories of EA's - general, paraprofessional, and school safety - we calculated examples. To get the highest retro payments, we made two assumptions:

1. The examples are for EAs at the top salary rate in their job category in December of 2006.
2. The EAs worked (or they received sick pay) for **all** scheduled workdays and holidays during the past two and a half calendar years.

IMPORTANT NOTE: You will receive **less** retro pay than the example in your job category unless both assumptions apply to you.

Take-Home Pay - Three Examples

For a **general** example, working six hours a day, the take-home pay would be about **\$672**. This is 60% of a total retro amount of \$1,120.

For a **paraprofessional** example, working six hours a day, the take-home pay would be about **\$916**. This is 60% of a total retro amount of \$1,527.

For a **school safety** example, working eight hours a day, the take-home pay would be about **\$1,244**. This is 60% of a total retro amount of \$2,073.

No Shortcuts!

To estimate your retro pay, you must do all of the steps on this worksheet. There are no easy steps to do your calculations.

Your Retro Pay Worksheet

A. Start Here

Your calculation steps include:

- ◆ Insert the hours you work each day and multiplying by the number of workdays - to determine your total hours worked.
- ◆ Subtracting the 2006 hourly rate you were paid from your new rates to determine your hourly salary increase.
- ◆ Multiply the total number of hours you worked by your hourly increase to determine your retro pay for both periods of raises.

January 1 - December 31, 2007

1. 187 workdays x _____ your hours/day = **1.** _____ total hours
2. Your new 2007 rate (see p. 4) _____
Minus the 2006 rate (see p. 4) - _____
Your hourly increase **2.** _____
3. Multiply your total hours **1.** _____ x your increase **2.** _____
= **3.** _____ your retro pay for 2007.

January 1, 2008 - May 29, 2009

1. 278 workdays x _____ your hours/day = **1.** _____ total hours
2. Your new 2008 rate (see p. 4) _____
Minus the 2006 rate (see p. 4) - _____
Your hourly increase **2.** _____
3. Multiply your total hours **1.** _____ x your increase **2.** _____
= **3.** _____ your retro amount for 2008 and the first five months of 2009.

B. Add Up Your Two Amounts

Add your retro amounts calculated above.

Jan. 1 - Dec. 31, 2007 _____
Jan. 1, 2008 - May 29, 2009 + _____
Your total _____

This total is your estimated retro pay **before taxes** and other deductions.

C. Multiply by 60%

To estimate your take-home pay, multiply your total by 60%.

Insert your total from **B.** above _____ x **.6** _____

This amount is your estimated **take-home** pay.

MTEA Building Will Be Closed

The MTEA Building will be closed during the first week of July. Your union's staff will be on vacation until Monday, **July 6**. We will not be available to answer your retro questions until then.

We appreciate your understanding!



Retro Pay on "Other" Earnings

The city pension system does not allow certain, "other" earnings to count for pension purposes. Any days or hours you work in addition to your regularly-scheduled days and hours are considered "other" earnings. Overtime is an example of other earnings.

If you received any other earnings during the past two and a half years, you will find a retro amount on your paycheck that is coded as **Retro Pay/Earnings-NonPen(O)**.

These "other" earnings did not count for pension purposes, but retro is paid on them.

Retro on EA Pay Only

Retroactive salary payments apply **only** to educational and school safety assistant earnings. You will not receive retro pay for other MPS jobs such as Recreation Department, Schedule E, coaching, etc. on the June 26 paycheck.

Fewer Days of Retro Pay for...

If you are not on the 9-day paycheck schedule, there will be five fewer days included in the retro pay calculations for the 2008 raise.

The reason: With the holdback, you receive five more days of pay at the end of the 2009 school year. As a result, the extra five days will be paid **after** the 2008 rates were implemented, and retro pay will not be necessary.

Other EAs received the five days sooner on their paychecks, during the second semester. Retro pay is due because the extra days were paid at the 2006 rates.

Estimating Your Retro Pay

The steps below can help you estimate the **take-home** amount of your retro payment on the June 26 paycheck.

Step 1 - Determine the Hours You Worked

The first step is determining the total number of hours you worked during the past two and a half years. If you have worked the same number of hours each day, this step is easy. Multiply the number of days you worked **times** your hours per day.

For example, there were 187 workdays (including holidays) during the first year of the new contract, January 1 - December 31, 2007. If you worked six hours a day, your total number of hours would be **1,122** ($187 \times 6 = 1,122$).

Step 2 - Determine Your Hourly Increase

The second step is to calculate how much your hourly salary rate increased. This amount is the difference between your new hourly rate for each time period and the rate you were already paid.

For example, if you are a general educational assistant and were at the salary maximum in December of 2006, you were paid \$11.85/hour for the past two and a half years. The 2% raise starting January 1, 2004 retroactively increased your pay to \$12.09/hour - a **24¢/hour raise** - for the 187 days of work during 2007.

Step 3 - Multiply Your Hours by Your Raise

To estimate the retro pay **for 2007** (using the example above), you multiply 1,122 hours times 24¢/hour, for a retro payment of **\$269.28** for 2007. ($1,122 \times .24 = \269.28.)

To calculate your retro pay for 2007, 2008, and the first five months of 2009, multiply the number of hours you worked times your hourly increase. Below is an example of the steps you can take - using the worksheet on page two.

Example Showing the Steps

The A, B, & C steps below are for a general educational assistant who:

- ◆ Was at the salary maximum, \$11.85/hour, in December of 2006.
 - ◆ Worked six hours per day - since January 1, 2007.
 - ◆ Worked (or received sick pay) for all of the workdays during the past two and a half years.
- A. January 1 - December 31, 2007
 $187 \text{ workdays} \times 6 \text{ hours/day} = 1,122 \quad 1,122 \times 24¢ = \mathbf{\$269.28}$
- B. January 1, 2008 - May 29, 2009
 $278 \text{ workdays} \times 6 \text{ hours/day} = 1,668 \quad 1,668 \times 51¢ = \mathbf{\$850.68}$

If you add the two amounts in **bold** print above, the total retro payment is **\$1,119.96** - **before** taxes and other deductions.

The **take-home** pay for this example would be approximately **\$672** - which is 60% of the total. ($\$1,119.96 \times .6 = \672)

Salary Schedules - Hourly Rates

◆For the past two and a half years, EAs have been paid at the **2006** hourly rates. (See the 2006 rates at the top of each of the three schedules below.)

◆2007 rates reflect a 2% raise. 2008 rates reflect two raises: **2%** for 2007, plus **2.25%** for 2008.

◆On the June 12, 2009 paycheck, MPS implemented the 2008 salary rates - listed in **bold** print.

General Assistants

	Minimum	1,150 Hours	2,300 Hours	3,450 Hours	4,600 Hours
2006	\$10.33	\$10.81	\$11.30	\$11.50	\$11.85
2007	\$10.54	\$11.03	\$11.53	\$11.73	\$12.09
2008	\$10.77	\$11.27	\$11.78	\$11.99	\$12.36

Paraprofessional Assistants

2006	\$14.64	\$15.06	\$15.73	\$15.99	\$16.22
2007	\$14.93	\$15.36	\$16.04	\$16.31	\$16.54
2008	\$15.27	\$15.71	\$16.41	\$16.68	\$16.92

School Safety Assistants

	Base	After 1 year	After 2 years	After 3 years	After 4 years	After 5 years
2006	\$13.68	\$14.27	\$14.79	\$15.34	\$15.89	\$16.47
2007	\$13.95	\$14.56	\$15.09	\$15.65	\$16.21	\$16.80
2008	\$14.27	\$14.89	\$15.43	\$16.00	\$16.57	\$17.18

More Days of Retro Pay for...

Due to an oversight, 276 EAs (mostly generals and paras) were **not** paid at their 2008 salary rates on the June 12, 2009 paycheck. MPS corrected the error for each of the affected EAs. Their 2008 rates were implemented on the June 26 paycheck.

As a Result, More Retro Pay

Because the 2008 rates were not applied to their June 12 paychecks, the affected EAs are receiving retro pay for the days covered by that paycheck.

For example, suppose you are a paraprofessional working seven hours a day, and you have been at the top of the schedule since December of 2006. You have been paid at the rate of \$16.22 for the past two and a half years.

Suppose your 2008 rate of \$16.92/hour was not implemented on your June 12 paycheck. Your June 26 retro payment should include the nine days paid on June 12. In this example, the 9-day retro amount is approximately \$44.10. After deductions, estimated at 60%, the take-home amount would be about \$26.46.