

Know Your Pay!



Differential Pay

Differential Pay is a partially paid leave where the District will subtract the cost of a substitute from your daily rate of pay. EGEA has negotiated a set rate of \$210 for differential substitute costs rather than the varying rates that subs may actually cost which could be as high as \$350.

Differential pay is used for Extended Illness Leave (Section 18.4 of Collective Bargaining Contract) if a unit member has exhausted all their sick leave and still cannot return to work due to illness or injury. This is typically used in cases of long term illness/injury and does require a doctor's verification.

Differential pay is also used for Parental/Baby Bonding leave (up to 12 weeks). Differential pay for Parental Leave/Baby Bonding must be at least 50% of the daily rate of pay per the CA Ed Code.

How does Differential pay work?

First, calculate the daily rate of pay by taking the annual salary and dividing it by 184 (Traditional and Modified Traditional work year) or 175 (Year Round work year).

NOTE: All examples are based on the Traditional/MT schedules.

Next, subtract the negotiated rate of \$210 for differential pay. The result is how much you would get paid for each day you are on differential.

Example: H22 annual salary is \$113,813.

$\$113,813 / 184 = \618.55 is the daily rate.

$\$618.55 - \$210 = \$408.55$ is the daily differential pay.

$\$408.55 / \$618.55 = 66\%$ of your regular daily rate of pay.

Differential pay will affect members differently based on where they are on the salary schedule. This is because members have different salaries but everyone is deducted \$210. Deducting \$210 per day is going to have more of a negative impact on a member that is in the beginning of the salary schedule compared to the end of the salary schedule.

Example: D4 annual salary is \$62,404.

$\$62,404 / 184 = \339.15 is the daily rate.

$\$339.15 - \$210 = \$129.15$ is the daily differential pay.

$\$129.15 / \$339.15 = 38\%$.

The member on D4 is only paid 38% of their daily rate compared to 66% of the member on H22.

Individuals who have enrolled in disability insurance (The Standard or other policy) will be able to make up some of that difference. **Disability insurance does NOT apply to baby bonding leave.** Sample Disability Worksheet [HERE](#).

What does this mean for your monthly paycheck while on differential pay?

Many members might be surprised by how much is taken out of their paycheck on a monthly basis while on differential pay. This is partly because our monthly pay is paid on a 12 month basis while differential pay is based on the daily rate and the actual number of days worked in that month.

For a traditional schedule, there are 184 work days that we are paid for, but it is spread out over the 12 months. We basically get paid $184/12 = 15.33$ days per month. There are no work days in June and July, but you are still paid those 15.33 days per month. Some months there may be 20 work days, but are still only being paid 15.33.

Example: In October 2023, there were 22 work days. If you were on differential pay the entire month, the District would deduct \$210 for each day - $22 \times \$210 = \$4,620$.

H22 regular monthly pay is \$9484.42. If on differential pay for Extending Leave or for Parental/Baby Bonding for the month of October, their monthly pay would be $\$9484.42 - \$4620 = \$5244.42$. $\$5244.42/\$9484.42 = 55\%$. That is lower than their daily rate of pay percentage for differential pay of 66% (see above explanation). That is because the District deducted 22 days of pay and we only get paid 15.33 days per month.

Example: D4 regular monthly pay is \$5200. If out on differential pay for Extended Illness Leave for the entire month of October, their month pay would be $\$5200 - \$4260 = \$940$. That is only 18% of their regular monthly paycheck.

Again, this is why it is very important, especially for members that are lower on the salary schedule to have disability insurance to make up some of that difference. ([The CTA Endorsed Policy - The Standard](#))

If out on differential pay for Parental/Baby Bonding, their daily rate of pay on differential must be at least 50%.

Example: The Daily rate of D4/184 calendar is \$339. $\$339/2 = \169.50 (compared to the 38% at \$129.15). So the District can only deduct \$169.50 per day for differential instead of the normal \$210 that would be $22 \times \$169.50 = \3729 . Regular monthly pay of \$5200 - $\$3729 = \1471 . That is still only 28% of the regular monthly paycheck. Some members might think that if Parental/Baby Bonding must be 50% of their daily rate, they would receive 50% of their monthly paycheck. However, because of some months having more work days than actually are paid (22 in October vs the 15.33 days that is your regular monthly salary).

**The bottom line is differential pay will affect members differently based on where they are on the salary schedule, how many work days there are in a month and whether or not you have disability insurance.*

Does Differential Rate impact my CalSTRS Service Credit?

Potentially, yes. A year of service credit is determined by the reporting of earned salary over earnable salary. For simple terms, if an individual earned \$100,000 and their contracted salary for the year was \$100,000, then 1.0 year of service credit is earned. $\text{Earned } \$100,000 / \text{earnable } \$100,000 = 1$. If someone earned \$90,000 but their earnable was \$100,000, $\$90,000/\$100,000 = .9$ year of service credit.

Any docking of pay, whether it is differential or a straight dock, can impact an individual's service credit. There are nuances to additional work for additional pay (subbing, intersession, etc.) which can assist towards making a person's service credit a 1.0. Remember, you cannot earn more than 1 year of service credit. Anything over the earnable contracted salary may be reported to the [CalSTRS DBS](#) or not at all depending on when you joined CalSTRS. See [CalSTRS Understand your benefits](#).

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