

dailynews.com

LAUSD teachers in tax nightmare after they' re sent incorrect W2 forms

By Connie Llanos, Staff Writer

Article Last Updated: 02/21/2008 12:32:34 AM PST

Massive payroll glitches that left Los Angeles Unified teachers under- or overpaid last year are creating a new nightmare as thousands of year-end tax forms also have been found to be inaccurate, district and union officials said Wednesday.

While LAUSD officials had promised that payroll problems would not affect teachers' year-end W2 tax forms, at least 3,400 have been identified as incorrect with less than two months remaining before the April 15 tax deadline.

And thousands more December pay stubs - which are usually used to verify annual income figures - now are not matching up with W2 figures, leaving many teachers concerned about possible errors.

"People have struggled all year long, and we are quite frustrated with the district," said Chuck Vaughn, a teacher at Farmdale Elementary School in El Sereno. "Now it's time for taxes, and it becomes a very serious issue."

District officials said that of the 3,400 incorrect W2s, at least 700 were because of incorrect

taxation of employee medical benefits.

Other mistakes have been attributed to payment errors that have occurred since the February launch of the district's new computerized payroll system.

David Holmquist, LAUSD's chief operating officer, said that while the district is working hard to correct the errors, it is also pleased that only about 2percent of the forms have been found to have errors.

Holmquist said the district also has contacted most of the employees who have received incorrect tax forms and will begin sending corrected forms by the end of the week.

Holmquist also said a 30-person team has been set up to address district employees' concerns over their tax forms. He said the district so far has received 451 inquiries out of the 120,000 tax forms that were sent out.

"We understand that there are all different flavors of issues out there because of what we have been through, but we want to talk to any employees who are having issues and we want to resolve these issues," Holmquist said.

Holmquist also said letters and memos were sent to district employees last month informing them that their pay stubs and W2s would not match up. Teachers were urged instead to use their W2s as their official end-of-year document.

Teachers still skeptical

dailynews.com

But for teachers like Cheryl Ortega at Logan Street Elementary School in Echo Park, the previous months' glitches with the district's payroll system - in which she was consistently overpaid - have left her wary.

"Why would you believe anything they say? I was told the payroll problems were fixed, and my February paycheck still isn't right," she said. "I got overpaid again."

Ortega said that when the figures in her W2 form didn't match her year-to-date pay-stub figures, she decided to hire an accountant to audit her finances - at her own expense.

"Why should I pay my accountant more money and take time off of work to fix these problems? I already work full time," she said. "This is very de-energizing."

The teachers union has hosted several meetings this week for teachers and school representatives to ask Internal Revenue Service and Franchise Tax Board officials questions about how to file their taxes when they disagreed with their employer's W2 figures.

David Goldberg, treasurer for United Teachers Los Angeles, said that after a year of struggling with incorrect paychecks - or no paychecks at all - teachers are on edge this tax season.

"This year there is a hypersensitivity, which is completely rational after you have gone through one of the worst computer breakdowns in California history," Goldberg said. "It's

completely rational for people to be skeptical."

About 100 people attended the two union sessions, but Goldberg also said the district has moved quickly on most of the W2 concerns.

At least 700 district employees whose year-end tax forms had incorrect medical-benefit deductions already have been contacted by the district, he said.

UTLA President A.J. Duffy said that after a disastrous payroll year, the union was braced for "the good, the bad, and the ugly" this tax season.

All things considered, he said, the issues teachers are now facing are minimal.

"The fact that only 100 people showed up at both our meetings is an anecdotal indicator that, for the most part, the W2s have been accurate," he said.

Still, Duffy said many teachers continue to complain to the union about their inability to get an appointment with the district staff to review their tax forms.

"Even though we believe these forms are accurate, there are lingering questions that people have, or in some cases it's just clarification of procedure," he said. "The district has improved its payroll process, but it is still not responsive in responding to these concerns."

But district officials said the tax team does not have a backlog of appointments and that

dailynews.com

employees should be able to get prompt attention.

LAUSD board member Tamar Galatzan said she understands employees' frustrations dealing with the payroll system.

Galatzan, who represents schools in the San Fernando Valley, said if teachers and other district staffers are not getting help from the district, they should reach out to board members.

"Hopefully this is the last big hump to go over to deal with this payroll crisis," Galatzan said.

IRS reassurance

At the UTLA meetings, IRS officials reassured teachers they would be able to write letters of explanation if they thought their W2 forms were inaccurate, and that teachers would be able to pay taxes based on what they believed to be their correct annual income.

Employees also can seek an extension to file, although any taxes that are owed still have to be paid April 15.

Still, many teachers say they feel like they are being penalized for a payroll mess that even the district's financial gurus have been unable to figure out.

Sandy Keaton, a district audiologist, said all of her paychecks last year did not properly deduct funds for a medical-benefits program she had signed up for.

While she was able to get her wages garnished to cover the cost of the benefits, her paychecks for the year are wrong.

And she said the system's new pay stubs are so confusing she doesn't know how to begin trying to check whether the figures in her W2 are correct.

"I am trying to work backwards now to see if this W2 is correct. If I can't understand my pay stub, how can I figure out if my W2 is right?"

connie.llanos@dailynews.com 818-713-3634