

FREQUENTLY ASKED QUESTIONS

1. Q: In the Semi-Monthly Payroll Informational session we learned that the April 3, 2006 check is going to be at the new semi-monthly rate. However, the first two payrolls after the conversion to semi-monthly look like the old biweekly payroll periods – just 14 days long. I'm confused.

A: The month of March 2006 is a transition month to allow us to move to regular semi-monthly pay periods which will be the 1st thru the 15th and the 16th thru the last day of the month. There were several reasons for having semi-monthly pay periods that are slightly shorter than normal during the transition period, but the most important note for employees is that the new semi-monthly pay rates and accrual rates will be used.

2. Q: I heard that some employees are paid on a semi-monthly current basis. Is that true, and if so, what is the difference between semi-monthly **current** and semi-monthly **arrears** pay?

A: Paychecks for a limited group of State employees, composed of those employees whose salary is set by law, are prepared on a semi-monthly current basis, which means that the employee is paid at the end of the pay period for work performed (or reported) in that pay period. The pay dates for these employees are the 15th and the last day of the month. So, an employee working May 1 – May 15, 2006 will be paid for that work on May 15, 2006. Examples of employees whose salaries are set by law and thus are paid on a semi-monthly current basis include: judges, the Governor, and the Treasurer. These employees will continue to be paid in the same manner, with no change.

Payment to a State employee on a semi-monthly arrears basis means that the employee is paid typically a full pay period later than the pay period in which the time was worked and reported. See the Pay Frequency Calendar 2006 for exact pay dates. The pay date can range from a couple of days before the end of the next pay period to the day following the end of the next pay period. Determination of the pay dates is made in accordance with the law. Most State employees will be paid on a semi-monthly arrears basis.

3. Q: Is this something new – being paid in arrears? I've never heard of this.

A: No, it is not new. Employees are paid now on a biweekly, in arrears basis. The only timing change is to go to semi-monthly pay periods and checks since most employees have been paid in arrears for years. We are trying to be careful to distinguish semi-monthly arrears rather than just saying semi-monthly pay because there are some employees who are paid on a semi-monthly current basis now and will continue to be paid in this manner.

4. Q: Since the payroll on March 17 will be for the pay period ending March 3, will the payday on April 3 be for the full amount of March 1-15 or will it be prorated for March 4-15?

A: Employees will be paid on March 17, 2006 for all time and leave reported through March 3, 2006. This check will still be at the old biweekly rate. The check on April 3, 2006 will be for the pay period March 4-17, 2006 and will be for the full semi-monthly rate of pay that the employee will receive in any semi-monthly period. Of course this assumes that the employee has no exception events in the period March 4-17, 2006 that would reduce pay, such as leave without pay.

5. Q: The contract employees with whom our agency does business have contracts specifying when they will be paid. Will the State still comply with those contractual payment terms?

A: Contract employees will continue to be paid per the existing contractual terms. Upon contract renewal, the new terms should specify that the contract employee(s) will be paid on

a semi-monthly, arrears basis. Agencies are responsible for ensuring that the contractual terms are changed.

For agencies with biweekly contract employees, there will be additional payroll registers and files (if the agency currently receives a PCEF or XPAYD file from ISD). There will now be separate payrolls run for biweekly contract employees and semi-monthly, arrears, employees, until all contracts are renewed. This means that the reports from the regular payroll cycle will not include the information for contract employees until the terms of those contracts are changed. So, your agency may need to make arrangements for the additional checks, payroll reports, and files that will be generated as a result of running a biweekly payroll for the contract employees and the semi-monthly arrears payroll for regular (non-contract) employees.

6. Q: Okay, I understand that contract employees who are currently paid on a biweekly basis will still be paid on a biweekly basis. Does this mean their checks will be available on the same schedule as they are currently?

A: Yes. Contract employees paid on a biweekly basis will continue to be paid in arrears, two weeks after the pay period in which the work is performed. However, upon contract renewal, these employees will be paid on a semi-monthly arrears basis, as discussed in Q # 5.

7. Q: My agency has some contract employees who are paid on a monthly basis. Will they continue to be paid on the same schedule they are now?

A: Yes. Contract employees paid on a monthly basis will continue to be paid on a monthly basis. There are no plans at this time to convert monthly contract employees to a semi-monthly arrears pay basis.

8. Q: Is it correct that hourly temps who work hours during the week of 3/20-3/24 & 3/27-3/31/06 will receive their pay on Friday, April 14th?

A: Yes

9. Q: Will I be able to enter the hours that are worked in late March 2006 on Monday, April 3rd or do I have to wait until Tuesday, April 4th to enter those hours?

A: We anticipate that the system will be fully available for data entry the entire day of Monday, April 3rd. Of course GHRs must always reserve the right to bring the system down if unforeseen problems arise.

10. Q: When will the first leave be accrued (earned) for employees paid on a semi-monthly, arrears basis?

A: The first leave will be calculated by GHRs during the payroll to be run for the April 3, 2006 check. The accrual date will be March 17, 2006, which is the last day of the pay period. Reminder: Leave accruals are always dated the last day of the pay period.

11. Q: To determine whether an employee has worked sufficient hours to meet the threshold for leave accruals, what are the dates used by GHRs in checking the hours for the first semi-monthly pay period?

A: GHRs will check the hours worked on March 4 through March 17, 2006 to determine if the employee has worked sufficient hours to meet the threshold for the leave accrual that will be dated March 17, 2006. Reminders: a) The first semi-monthly leave accruals will be calculated during payroll processing for the April 3, 2006 check; and b) Beginning April 1, 2006, leave thresholds vary between pay periods, due to the varying number of work

days in pay periods, as discussed in the Semi-Monthly Payroll informational sessions Jan-Feb 2006.

12. Q: Are leave accruals for part-time 50% and 75% employees table-driven?

A: Yes, the leave accrual rates for 50% and 75% part-time employees are specified in tables within GHRS and the accruals are automated. However, remember that 25% part-time employees must have their leave accrued manually, just as they do now.

13. Q: Will inter-agency transfers still be done on the first day of the pay period?

A: Yes. There is no change to the State Personnel Department's policy for inter-agency transfers.

14. Q: Since there are a varying number of hours in different pay periods, will the pay rate for my hourly employees fluctuate?

A: No. Hourly employees have a set hourly rate that does not vary between pay periods. These employees will get that rate for all regular time worked, leave pay, and SOT. If they work OTIME, they will receive 1.5 times that hourly rate. If they are out on leave without pay, they will be docked at this same hourly rate.

15. Q: What should I do with my batches of documents for any non-semi-monthly employees?

A: Contact Payroll and request that these batches be processed manually. Time-to-Gross (automated) processing will only be run during a semi-monthly cycle, so Payroll needs to be alerted there are batches to be processed outside the semi-monthly cycle.

16. Q: For new employees, I heard that the effective date should be the first day of work. Is this a new policy?

A: No, this policy is in effect currently and is not the result of the change to a semi-monthly, arrears pay cycle.

17. Q: I noticed that there is only one pay day in July 2006. Does this have any impact on when I make a new hire's ESMT effective?

A: No. The ESMT for all new hires should be effective as of the first day of work. We might suggest advising any new employee what their first pay day will be. For example, a new employee who starts to work July 1-15, 2006 will receive his/her first paycheck on August 1, 2006 and an employee who starts work July 16-31, 2006 will receive his/her first paycheck on August 16, 2006.

18. Q: Thanks for the 2006 Pay Frequency Calendar. Can you provide a 2007 calendar? This would be helpful in dealing with our contract employees.

A: The 2007 Pay Frequency Calendar is not yet ready. We do not have an anticipated date of delivery at this time.

19. Q: We have special leave forms/slips that our agency has developed and used for a long time? Can we continue to use them?

A: An agency may use whatever means of recording leave and time that works best for their employees and is in compliance with any applicable laws, Fiscal Policies and Personnel Rules. It is strongly recommended that the agency use some means of recording time and leave for non-exempt employees that takes the 7-day FLSA work cycles into consideration.

The timesheet template Excel file, available on both the Comptroller's and State Personnel's web sites, identifies the FLSA cycle day for each calendar date from March 4, 2006 through December 31, 2006.

20. Q: The timesheet Excel file provided by the Comptroller and State Personnel could be useful to us. If we make copies of the worksheets in that file and distribute them electronically, can employees enter time directly into the worksheets and then print them off for signature?

A: The timesheet template file was intended to highlight the correlation between calendar dates and FLSA cycle dates. The team did not put in formulas to sub-total and total amounts, nor are the fields necessarily ready for data entry. Some work would need to be done by your agency to enable the worksheets for entry directly through Excel. However, some agencies may, after some minor changes specific to their agency, be able to print the timesheets, duplicate them and distribute for handwritten updates by employees.

21. Q: Are any actions required by individual employees before the conversion to semi-monthly arrears?

A: Possibly. Employees should evaluate any additional tax withholdings they have previously authorized, both for federal and state taxes. They might want to increase the withholding since it will be taken fewer times, although please keep in mind that there are 25 checks in 2006, not 24. They may also want to reevaluate their deferred compensation deduction, i.e. for PBSCO or PERAF. Also, if an employee has a United Way deduction, they may want to think about the fact that it will be taken 13 times in 2006 unless the deduction has an expiration date before the 25th payroll.

If the employee is having child support deductions taken from his/her check, (s)he might want to advise the ex-spouse/partner that the timing of child support payments will be different, i.e., the payment made to the custodial parent from the applicable Payment Center (the entity receiving the child support deduction amount from the State) will be made on a different schedule than in the past.

22. Q: I understand that the policy is to use leave in only 15 minute increments. However, leave is not always accrued in 15 minute increments. For example, for some employees paid on a semi-monthly arrears basis, the annual leave accrued each pay period is 5h25m and for some other employees it is accrued as 7h35m. Will the employee lose those extra minutes? Also, will the QLBL screen reflect all the leave earned, even if the accrual is not in 15 minute increments?

A: The State's policy concerning incremental leave usage has not changed. Employees must use leave in 15 minute increments, or greater increments if required by their agency. At the time an employee separates from State service, (s)he will be paid for every minute of leave that is eligible for payment, so those extra minutes will never be lost. The QLAU (Leave Accruals and Usages by Month Inquiry) screen will accurately reflect every minute of the accruals and of course the QLBL (Employee Leave Balance Inquiry) screen will reflect a leave balance amount that includes every minute of leave accrued, with any usages deducted.

23. Q: I don't understand why an employee who is out on leave without pay (LWOP) for a day would be docked at a different rate, depending on the pay period in which the LWOP is taken. Why would the rate be different?

A: The salary rate for an employee paid on a semi-monthly, arrears, basis is specified at a semi-monthly rate. Thus, regardless of the number of hours in a pay period (i.e., 72, 80, 88 or 96) the employee will receive that same semi-monthly rate if the employee works the full pay period. However, when leave is used or the employee is docked, as in the case of

LWOP, the hourly rate for those hours needs to be calculated based on the number of hours in the pay period to ensure that the employee's salary is appropriately adjusted. The following examples, using employee Jane S. with a semi-monthly pay rate of \$1,856.70, may help the reader to understand why the hourly rate must vary:

- Scenario 1: For the pay period August 1-15, 2006 which has 11 work days (on the SSSS work schedule), Jane S. was on LWOP for the entire pay period. The timekeeper entering her time entered a total of 88 hours of ULWOP. This resulted in zero gross pay for Jane, as shown below:

$$\$1,856.70 - (\$1,856.70/88 \times 88) = 0.00$$
- Scenario 2: For the pay period August 16-31, 2006 which has 12 work days (on the SSSS work schedule), Jane S. was on LWOP for the entire pay period. The timekeeper entering her time entered a total of 96 hours of ULWOP. This resulted in zero gross pay for Jane, as shown below:

$$\$1,856.70 - (\$1,856.70/96 \times 96) = 0.00$$
- Scenarios 1 and 2 demonstrate how recording the actual hours that the employee was on LWOP results in gross pay being correctly reduced to zero, regardless of the number of days in the pay period. If a standard hourly rate of pay was used each pay period, recording the actual number of hours of LWOP would not result in zero gross pay.
 - To prove this point, calculate a standard hourly rate for Jane and then apply it to Scenarios 1 and 2. For example, $\$1,856.70 \times 24 = \$44,560.80$. Divide this annualized amount by 2,080 (standard number of work hours in a calendar year): $\$44,560.80/2,080 = \$21.42/\text{hr}$.
 - Using this standard rate in Scenario 1, Jane would owe the State money after the pay period, as shown below:

$$\$1,856.70 - (\$21.42/\text{hr} \times 88\text{hrs}) = \$1,856.70 - \$1,884.96 = (\$28.26)$$
 This means that Jane would still owe the State \$28.26.
 - Using this standard rate in Scenario 2, Jane would owe the State even more money after the pay period, as shown below:

$$\$1,856.70 - (\$21.42/\text{hr} \times 96\text{hrs}) = \$1,856.70 - \$2,056.32 = (\$199.62)$$
 This means that Jane would still owe the State \$199.62.
- Scenario 3: For the pay period August 1-15, 2006 which has 11 work days, Jane was on LWOP for 1 day. The timekeeper recorded 8 hours of ULWOP. Using a variable hourly rate approach, this will result in gross pay of \$1,687.91, as shown below:

$$\$1,856.70 - (\$1,856.70/88 \times 8) = \$1,687.91$$

A way to cross-check this calculation is to multiply the amount by which her pay was reduced for the one day of LWOP by the number of days in the pay period to determine if the result is equal to her semi-monthly rate of pay.

$$1,856.70/88 \times 8 = 168.791. \quad 168.791 \times 11 \text{ days} = \$1,856.70$$

- Scenario 4: For the pay period August 16-31, 2006 which has 12 work days, Jane was on LWOP for 1 day. The timekeeper recorded 8 hours of ULWOP. Using a variable hourly rate approach, this will result in gross pay of \$1,701.98 as shown below:

$$\$1,856.70 - (\$1,856.70/96 \times 8) = \$1,701.98$$

As noted in Scenario 3, a way to cross-check this calculation is to multiply the amount by which her pay was reduced for the one day of LWOP by the number of days in the pay period to determine if the result is equal to her semi-monthly rate of pay. $1,856.70/96 \times 8 = 154.725$. $154.725 \times 12 \text{ days} = \$1,856.70$

24. Q: How can I determine what my overtime rate will be after conversion?

A: Your overtime rate will be consistent every pay period and will be the same after conversion to semi-monthly as it was when you were paid biweekly, assuming that you had neither an annual raise nor a personnel action that reduced your salary after conversion. Overtime is paid at a standard hourly rate that is independent of the varying number of hours in a pay period. The hourly rate for straight overtime (SOT) is equal to 1/2080 of your annualized salary. The rate for time-and-a-half overtime (OTIME) is equal to 1/2080 of your annualized salary multiplied by 1.5. (Note: if you did have an annual raise or a reduction in salary after conversion, your semi-monthly SOT and OTIME rates would be different from the biweekly rates but would still be calculated as noted in the preceding part of this answer.)

Let's use Jane S. as an example (see Question #23). Her biweekly rate was \$1,713.90 so her annualized salary would be calculated as: $\$1,713.90 \times 26 = \$44,561.40$. Her standard biweekly hourly rate was $\$44,561.40/2080$ or \$21.42. This hourly rate of \$21.42 was used as her biweekly SOT rate. Her biweekly OTIME rate was $\$44,561.40/2080 \times 1.5 = \32.14 . After conversion, her semi-monthly rate will be \$1,856.70, so her annualized salary would be calculated as $\$1,856.70 \times 24 = \$44,560.80$ (slight rounding differences in the annualized salaries). Her standard hourly rate will be $\$44,560.80/2080$ or \$21.42. This hourly rate of \$21.42 will be used as her semi-monthly SOT rate, which is the same as the biweekly SOT rate. Her semi-monthly OTIME rate will be $\$44,560.80/2080 \times 1.5 = \32.14 , which is the same as the biweekly OTIME rate.

25. Q: We've been told that our total leave accruals each year will not change. I've worked through some numbers, and it seems like they are changing to me. For example, I've been with the State for 9 years now and the chart in the presentation for the informational session says that I'm going to accrue 5 hours and 25 minutes each semimonthly pay period. I accrue 5 hours each biweekly pay period now. For a semi-monthly pay period I will receive 126 hours ($5.25 \times 24 = 126$), but I receive 130 hours ($5 \times 26 = 130$) a year now on the biweekly cycle.

A: The number 25 cannot be treated as .25 in your calculations because it represents actual minutes not a fraction of an hour. In other words, the accrual includes 25 minutes each pay period not 25% (.25) of an hour which would be just 15 minutes. If you are trying to verify the accrual amount, it may be easier to consider the hours and minutes separately. For example, 5 hours \times 24 pay periods = 120 hours. Then determine the total minutes for the year which would be 25 minutes \times 24 pay periods = 600 minutes. These 600 minutes equate to 10 hours, which when added to the 120 hours results in a total of 130 hours for the year. Since you received 130 hours when paid biweekly and will receive 130 hours when paid semi-monthly, your total accruals for the year are equal.

26. Q: I'm trying to calculate what I will be paid when I leave State service. In the informational session we were told that an employee who leaves before 3/4/06 will be paid in the biweekly cycle, so I'm assuming that an employee who leaves on March 4th or a later date will be paid any separation payments in the semi-monthly cycle. Is that correct? When you say "paid in the normal, biweekly cycle" does that mean that if I leave before March 4, 2006, then I'll receive my check for separation leave payments on the second Friday following the end of the pay period in which I leave? In the session we also learned that separation payments will be at a standard hourly rate, so I'd like to know how this differs from what I'd be paid currently, i.e. before the conversion to semi-monthly.

A: You are correct that if you leave State service on March 4th or later, your separation payments will be paid in a semi-monthly arrears pay cycle. Regarding your question about leaving State service before March 4, 2006 and when you will receive your separation leave payment(s), the answer depends on the timing of the appropriate entries into GHRS. If you

depart before March 4, 2006, you will receive your separation leave payments the second Friday following the end of the pay period in which your agency processes the request for payment of the leave balances.

Regarding your question concerning the standard hourly rate, assuming that you had neither an annual raise nor a personnel action that reduced your salary after conversion, your standard hourly rate will not change when you are paid on a semi-monthly basis. For example, let's consider Jane S. (see Question #23) again. Her biweekly rate was \$1,713.90 so her annualized salary would be calculated as: $\$1,713.90 \times 26 = \$44,561.40$. Her standard biweekly hourly rate is $\$44,561.40/2080$ or \$21.42. After conversion, her semi-monthly rate will be \$1,856.70, so her annualized salary would be calculated as $\$1,856.70 \times 24 = \$44,560.80$ (slight rounding differences in the annualized salaries). Her standard semi-monthly hourly rate will be $\$44,560.80/2080$ or \$21.42.

27. Q: I have a 50% part-time, exception pay employee who works 5 hrs/day Tuesday through Friday every week. In the informational session there were some statements about part-time employees needing to work the scheduled hours for a pay period, and one of the examples was an 88 hour work period for which a 50% employee would be scheduled to work 44 hours. So, I looked at the calendar and noticed that the May 1-15, 2006 pay period has 88 hours and covers two full weeks plus an extra Monday. My employee would only work 40 hours since he doesn't work on Mondays. What should I do? I need help with the May 16-31, 2006 pay period too. My employee would work 20 hours May 16-19, then 20 hours May 23-26 and 10 hours on Tuesday through Wednesday, May 30-31, for a total of 50 hours, but the information we received indicated that a 50% employee will only be paid 48 hours in a 96 hour pay period.

A: For the pay period May 1-15, 2006, you will need to record a negative 4 hours to offset the 44 hours that will be automatically generated by GHRS, to ensure that the employee is paid for just 40 hours. For the pay period May 16-31, 2006, you will need to add 2 hours to the employee's time to ensure the employee is paid for all of the 50 hours worked since GHRS will only automatically pay for 48 hours.

28. Q: Regarding this statement made in the presentation at the informational session "Employees who are hired or separate in the middle of the pay period will have their pay prorated based on the number of hours in a pay period.", is pay prorated using every day in the pay period. For example, in the June 1-15, 2006 pay period, will all 15 days be used in prorating the pay?

A: No. The system assumes that employees are off on Saturdays and Sundays, so only Monday through Friday will be considered in the proration. Thus, if an exception pay employee is hired on June 5, 2006, the system will pay the employee 9/11 of his/her semi-monthly pay rate for the pay period June 1-15, 2006.