

DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES

Bureau of Human Resources

January 31, 1997

HUMAN RESOURCES MEMORANDUM 1-97

TO: Directors of Administrative Services, Agency Personnel
Officers and Managers, Payroll Technicians

SUBJECT: Processing Instructions for 2.25% Lump Sum Payments

The purpose of this memorandum is to provide instructions for the 2.25% lump sum payment to Executive Branch employees.

Calendar of Activities for Payment of Lump Sum Payments

1. Agencies will receive reports and detailed instructions for processing adjustments and corrections for lump sum payments on Monday, February 10. **Agencies are encouraged to read the provisions of this memorandum and to begin reviewing exceptions to routine processing, using information available to the agency such as that available through the HR warehouse, prior to receiving these reports. This will help to ensure that all employees receive proper payments on time.**
2. All adjustments and corrections are due to Accounts and Control Payroll no later than Friday, February 14.
3. Accounts and Control Payroll will process all corrections and adjustments during the week of February 17. Lump sum payments will be distributed to employees during the week of February 24.

Eligibility for Payment

1. Employees must be active or on leave as of Friday, January 31, 1997.
2. Employees who are redlined because their pay has been protected due to a reduction in authorized salary will receive a lump sum payment based on their redline rate of pay. Employees who are redlined for administrative reasons other than salary protection will receive lump sum bonuses based on their base rate of pay.

3. Employees must be either permanent or probationary classified employees or unclassified employees and must be assigned to one of the following administrative units. Not all unclassified employees will receive the lump sum payment. Payment to unclassified employees is subject to authorization from the salary setting authority. Employees cannot be in acting capacity, intermittent, or project appointments.

- A - Administrative Services
- B - Professional and Technical Services
- C - Institutional Services
- D - Supervisory Services
- E - Operations, Maintenance and Support Services
- H - Unclassified Title 5
- M - Governor's Special Assistants
- O - Statutory
- X - Confidential
- Y - Budget Memo/Financial Order Required
- Z - Ineligible for Bargaining

NOTE: Exceptions and special processing requirements are detailed later in this memorandum.

Calculation of Lump Sum Payments

1. Eligible Pay Periods: Employees will receive a lump sum payment equal to 2.25% of the employee's base rate actually paid for the first twenty-six paychecks in calendar year 1996. Note that "Cycle A" agencies received 27 paychecks during calendar year 1996. Lump sum payments will be calculated on the base pay paid to employees for the first 26 of the paychecks processed for Cycle A agencies, even if the employee did not receive pay for all of the first 26 pay periods.

2. Pay Types Included in Lump Sum Calculation: Payments beyond base pay, such as overtime, longevity pay, shift differentials, temporary compensation, stipends, 5% in lieu of retirement, and all other payments made to employees that are beyond the base rate of pay must be excluded when calculating lump sum payments. Vacation pay paid using Pay #24 in the MFASIS payroll system is considered base pay, provided the REGULAR and VACATION hours paid to the employee during the eligible pay periods does not exceed 2080 hours.

RETRO PAY (Pay #17 in the MFASIS payroll system) will also be included into the calculation of lump sum payments. RETRO PAY up to \$500 will automatically be included into the lump sum calculation. Agencies must review RETRO payments in excess of \$500, and correct the lump sum payment to include any additional RETRO pay that was paid for regular hours worked during the eligible pay periods. Reports will be distributed to assist agencies in identifying these employees.

Automated Payments

Payments will be automatically generated for all employees who meet the following criteria, with exceptions noted. Other employees who are eligible to receive the lump sum payments must be processed through the Bureau of Human Resources.

1. Employment status must equal 1 or 2 as of January 31, 1997.

2. Employees must be assigned to one of the following administrative units:

- A - Administrative Services
- B - Professional and Technical Services
- C - Institutional Services
- D - Supervisory Services
- E - Operations, Maintenance and Support Services
- H - Unclassified Title 5
- M - Governor's Special Assistants
- X - Confidential
- Y - Budget Memo/Financial Order Required
- Z - Not Eligible for Bargaining

3. Appointment type must be one of the following:

- C - Classified Appointment
- D - Unclassified Appointment
- F - State Trainee Appointment
- G - Trainee Appointment

4. The MFASIS system will calculate payments equal to 2.25% of the **REGULAR PAY, VACATION PAY, AND RETRO PAY** paid to each employee in the first 26 paychecks paid in calendar year 1996, not to exceed 2080 hours plus \$500 RETRO pay.

NOTE: It is assumed that regular pay and vacation pay were properly used to pay the employee the base rate of pay for regular authorized hours only. If these payments have been used for any other payments, these calculations will produce incorrect lump sum payments. Agencies must review their pay practices to ensure that these pay types have only been used to pay employees base rate. If other practices are identified, manual correction to system generated lump sum payments will be required.

NOTE: RETRO PAY will also be included into the calculation of lump sum payments. RETRO pay up to \$500 will automatically be included into the lump sum calculation. Agencies must review RETRO payments in excess of \$500, and correct the lump sum payment to include any additional RETRO pay that was paid for regular hours worked during the eligible pay periods. Reports will be distributed to assist agencies in identifying these employees.

Exceptions and Special Processing Requirements

1. No lump sum payments will be made to non-status employees who are working in acting capacity, intermittent or project appointments. However, employees who are currently working for the Department of Mental Health and Retardation, are working in classifications in the Institutional Services Bargaining Unit, and are currently in acting capacity status (Appointment type A or B) are eligible for the lump sum payment if they have been employed for more than six months. The Department must identify such employees and process the appropriate payments.

2. Some employees assigned to administrative units M, Y and Z will not receive lump sum payments. Agencies must review these payments and eliminate payments for any employee who is not to receive the lump sum payment.

3. Some employees may have terminated employment prior to Friday, January 31, 1996, but may remain active on MFASIS after termination in order to allow for final pay processing. These employees are not eligible for the lump sum payment, but will appear on reports as eligible for lump sum payment. Agencies must identify these individuals and cancel these payments.
4. Lump sum payments to teachers must be calculated and processed by each agency that employs teachers. Compute the amount of contract payments during the calendar year that are payments of the base daily rates in effect for each pay period. Do not include any stipends or other payments.
5. No employee may receive a lump sum payment for hours that exceed 2080 hours (REGULAR plus VACATION) for the 26 eligible pay periods. Those employees for whom the combined total of REGULAR and VACATION hours exceed 2080 must be reviewed by each agency and the agency must calculate the lump sum payment. When determining which hours to eliminate from the calculation for lump sum payment, eliminate those hours which were paid at the lowest pay rates.
6. Some fish hatchery workers' base pay has been paid in part through a special pay. Inland Fisheries and Wildlife must correct lump sum payments for these employees to include payment of this special pay in calendar year 1996.
7. Administrative Unit O employees will require individual processing, accompanied with authorization from the salary setting authority to pay the lump sum payment. Please send all authorization to the Bureau of Human Resources for processing.

Retirement Contributions

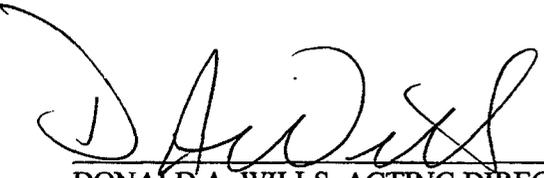
These lump sum payments are not considered earnable compensation for retirement purposes. No retirement deductions will be taken from these lump sum payments.

Method of Payment

A separate check will be issued for the lump sum payment. All employees will be paid on the same date, which will not be on a normal payroll cycle pay date. There will be no direct deposit of lump sum payments. Tax law requires the state to withhold Federal income tax at 28% and state income tax at 5% for all employees.

Questions

Please address questions to Jeannie Johnson, Bureau of Human Resources or to Betty Everatt, Bureau of Accounts and Control, as soon as possible, to ensure prompt and correct payment to employees.



DONALD A. WILLS, ACTING DIRECTOR
Bureau of Human Resources