

Statewide Payroll Meeting Calendar Year End



NOVEMBER 14, 2016



ADOA-GAO

General Accounting Office

Introductions

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- **Central Payroll**
 - Stu Wilbur
 - Tracey Cappuccio
 - Sam Tekien
 - Karen Turner
 - Lalita Farr
 - Vahn Vo
 - Misty Delgado
 - Travy Phan
 - Marla Grossman, RASL
- **Systems Integration**
 - Joanna Greenaway
 - Somer Phegley
 - Stephanie Neves

Contact Information

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- **Agency Payroll Resource Contact List**
- **Employee Resource Contact List**
- **Agency Contact List**
 - Human Resources
 - Payroll
 - Accounting
- **Send any updates to Central Payroll electronically**
 - (602) 364-2215 (fax)
 - Central.Payroll@azdoa.gov



Website Registration

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<https://gao.az.gov/register-updates>



 **ADOA-GAO**
General Accounting Office

 PUBLICATIONS AFIS PAYROLL / RASL FINANCIALS
PROJECTS

Register for Updates

Already have an account? Login here to change preferences:
<https://enewsletter.az.gov/Members.aspx?SID=e51d6dbe-b2b3-47fd-a3a9-163da25961c4>

Join our mailing list

First Name:

Last Name:

Email Address:

Re-Enter Email Address:

Recent Accomplishments

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- **Transit Card Renewal** [Sept 2016]
 - Deactivated 5,581 cards
 - Renewed 3,319 cards
- **New Transit Card Distribution Process** [Oct 2016]
 - Identified key steps in the transit card process that could be improved
 - ✦ New Assignment Procedures: Agency capability deployed
 - ✦ New Distribution Procedures: Mailed to home address
 - ✦ Overall timing from application to receipt of the card: reduced from an average of 7 days to 4 days
- **In Development**
 - Developing capability for employees to apply through YES and have a card automatically assigned.

Coming Months

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- **Health Impact Program Payments (HIP)**
 - Processed in conjunction with ADOA-Benefit Services
 - Separate handwrite mailed to the employee's address of record
 - Questions can be directed to: 602.542.5008
- **New FLSA Overtime Provisions**
 - Being handled by ADOA Class & Comp
 - New wage threshold: \$913/week; \$47,476/year
 - FAQ: http://www.hr.az.gov/ClassComp/CC_2016FLSAChanges.asp
- **ADOA Class & Comp Job Code Consolidation**
 - Information will be sent to Agency Directors regarding impacts
 - Employee Group criterion being restructured. Agencies will be engaged for updates and validation.

Employee Time Entry (ETE)

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- Time record standardization
 - Statewide agency deadline from Fri at 6PM to Sat at 6PM
- Central Payroll is the primary support for ETE
 - Technical issues still need to be directed to HRIS Help Desk
- **68%** (26,290 / 38,797) of employees statewide are on ETE.
 - What can we all do to get to 100%?
 - Email your questions/concerns/ideas!

Incentive Strategies

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- Fiscal Year Incentive Plans
 - Once approved, can use plan until further notice*
 - Please contact ADOA HR if you have any questions
- Please coordinate with Agency Leadership as soon as possible to ensure bonuses can be paid as intended
 - Contact GAO Central Payroll to coordinate timing
- No bonuses should be scheduled for Dec 22, 2016 payroll
 - If any errors occur, there is little time left to correct in 2016
 - Central Payroll recommends any bonuses approved to be paid before the end of the calendar year be scheduled no later than the December 8th payroll.

*ADOA HR approval required only for agencies in the State Personnel System

Data Warehouse Reports – June 2016

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- **Terminated Employee with Absence Plan Balance**
 - Listing of terminated employees with a balance in Annual, Holiday, Compensatory, Merit/Recognition or Personal Leave. **Requires action.**
- **Terminated Employee with Sick Leave Balance**
 - Listing of employees who have terminated more than 2 years ago and have a sick leave balance. **Requires action.**
- **Terminated Employee with active Direct Deposit**
 - Listing of terminated employees with open direct deposit accounts that must be ended. **Requires Action.**
- **Donated Leave Report**
 - Listing of Donated Leave batches that require processing action: Aging Batch, Closed Batch with Errors or Balance, Open Batch for terminated employees.
- **Donated Leave Open Batch**
 - Listing of ALL open Donated Leave batches.

Data Warehouse Reports – Soon

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- **Terminated Employees not in Final Termination Status**
 - Requires action.
- **Active Employees with Last Date Paid**
 - Listing of active employees who have not been paid in over 60 days. Evaluate to determine if they should remain active. **Requires action.**
- **Pay Plan with invalid Cash/Comp User Field**
 - Listing of employees with Pay Plan and an invalid Cash/Comp User Field combination. **Requires Action.**

Canceled Payments & Overpay Deadlines

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- December 7, 2016 - Overpays and payments to be canceled for payments through December 1, 2016



- December 14, 2016 - Overpays and payments to be canceled for payments through December 13, 2016



- December 15, 2016 and after - Any overpays that are submitted cannot adjust Federal or State tax since they have already been remitted.

Final Payments in 2016



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- The warrant mailing for the November 24, 2016 (Thanksgiving holiday) pay date, will occur on Friday.
 - New direct deposit accounts should be setup in HRIS by **November 15, 2016** to ensure the November 24, 2016, payment is paid electronically.
- Direct Deposit file is scheduled to be released to B of A at its normal time on Wednesday with a Thursday effective date.
- Handwrites issued on 12/27, 12/28 and 12/29 will be mailed from the GAO.
- Final Day for Handwrites – December 29, 2016, at Noon
- Handwrites will not be processed on December 30-31, 2016



A-4s and W-4s



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- Employees can change non-exempt A-4 and W-4 elections anytime thru Y.E.S.
 - Filing “exempt” for Federal and State withholding must be done with **paper**
 - Reports listing the employees who may be impacted by these requirements will be sent electronically in the third week of December
 - Employees that file “Exempt” cannot also ask to have an additional amount deducted. This form would be invalid.
- The 2016 DOR Form A-4 which indicated an employee is “Exempt” from paying State income taxes expires on **December 31, 2016**
 - Employees **must** file a new 2017 DOR Form A-4 to claim exempt status for the 2017 calendar year
 - If the employee does not provide a new Form A-4 by 12/31/16, agencies must change the tax status on PR14 to withhold tax at the default 2.7% (Formula 13)
 - Forms will be posted to www.azdor.gov
- The 2016 IRS Form W-4 which indicated an employee is “Exempt” from paying Federal income taxes expires on **February 15, 2017**, Employees wishing to claim Federal exempt, **must** file a new 2017 IRS Form W-4 to claim exempt status for the 2017 calendar year
 - If the employee who previously claimed exempt does not provide a 2017 Form W-4 by 2/15/17, agencies must change the tax status on PR13 to Single with Zero withholding allowances on 2/15/17.
 - Forms will be posted to www.irs.gov

Social Security and Medicare Deductions

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- **Social Security:**

- Effective January 1, 2017, the maximum amount of earnings subject to Social Security will remain the same at \$127,200
- Both employee and employer tax scheduled to remain at 6.2%

- **Medicare:**

- Still effective since January 1, 2013, The Patient Protection and Affordable Care Act includes a provision that imposes an additional 0.9% Medicare withholding on taxpayers receiving wages from their employer in excess of \$200,000.00 per year.
- Medicare Tax on wages up to \$200,000.00 will be 1.45%
- Medicare Tax on wages in excess of \$200,000.00 will be 2.35%





Leave Roll Back

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- For the payday of January 19, 2017, an employee's annual leave balance will be adjusted to show the following:
 - **Deduct**: Annual leave used during the 12/31/2016 to 1/13/2017 pay period
 - **Forfeit**: Annual leave hours in excess of the maximum (240 hours for covered employees, 320 hours for uncovered employees)
 - **Add**: Annual leave accrued during the 12/31/2016 to 1/13/2017 pay period
- Last day to use Excess Leave before roll: 1/13/2017
- Holiday leave balances will not be included in the calculation of determining excess leave
- Family Sick leave balances will be reset to 40 hours automatically by Absence Management 1/1/2017

W-2s for 2016

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- Schedule for Availability of 2016 W-2s
 - Jan 6th – Target online availability to those who consent
 - Jan 30th – Target mail date for those not consenting
 - Jan 31st – Available online to everyone
 - Mar 1st – Requests open for additional paper copies

- Please encourage employees to:
 - Consent to receive W-2 electronically
 - ✦ visit <http://yes.az.gov>,
 - ✦ click “Log in to YES”, enter YES username (EIN) and password,
 - ✦ click “Pay”
 - ✦ click “W-2 Tax Statements”, enter the YES username (EIN) and password,
 - If you have already authorized, you will see a green bar on the left menu with “Authorized” above it.
 - If you are not already authorized, click “Authorize Electronic W-2”, then click “Agree”.
 - Obtain W-2s and any needed duplicates from Y.E.S.
 - ✦ Central Payroll will still provide duplicate paper W-2s, but will not accept requests until March 1st, 2017
 - ✦ 2006 – 2015 W-2s will continue to be available online

Tax Table

- We are expecting changes to the Federal and State rates for 2017 and will communicate these when they are available by the IRS and DOR

(a) SINGLE person (including head of household) -

BIWEEKLY TABLE

If the amount of wages (after subtracting withholding allowances) is:		The amount of income tax to withhold is:	
Not Over	\$87		\$0
Over	But not over -		of excess over -
\$87	\$443		\$87
\$443	\$1,535	\$35.60	\$443
\$1,535	\$3,592	\$199	\$1,535
\$3,592	\$7,400	\$7	\$3,592
\$7,400	\$15,985	\$	\$7,400
\$15,985	\$16,050	\$	\$15,985
\$16,050		\$3.6%	\$16,050

(b) MARRIED person

TABLE

If the amount of wages (after subtracting withholding allowances) is:		The amount of income tax to withhold is:	
Not Over	\$329		\$0
Over	But not over -		of excess over -
\$329	\$1,042	10%	\$329
\$1,042	\$3,225	15%	\$1,042
\$3,225	\$6,171	25%	\$3,225
\$6,171	\$9,231	28%	\$6,171
\$9,231	\$16,227	33%	\$9,231
\$16,227	\$18,288	35%	\$16,227
\$18,288		39.6%	\$18,288

Update Coming Soon
(these are 2016 Rates)

To determine tax liability, deduct contributions for all retirement systems, state sponsored dental, health, and life insurances, dependent care, medical reimbursement, and vision care; Contributions for all retirement systems, state sponsored dental, health, and life insurances, dependent care, medical reimbursement, and vision care; plus pay: number of withholding allowances X \$155.80 ; plus dependent care, medical reimbursement, and vision care; plus contributions for all retirement systems, state sponsored dental, health, and life insurances, dependent care, medical reimbursement, and vision care; plus tax sheltered annuities; bus cards and private transportation.

STATE WITHHOLDING

STATE TAX ID NUMBER 07-0454000

PR14 AZ FORMULA	=	% of Gross Taxable Wages	
10	=	5.1%	Optional.
11	=	4.2%	Optional.
12	=	3.6%	Optional.
13	=	2.7%	Optional. (Default for employees who don't submit form A-4)
14	=	1.8%	Optional.
9	=	1.3%	Optional.
15	=	0.8%	Optional.
8	=	0.0%	If EE does not expect to have any tax liability this year. Must file Annually.

FICA (SOCIAL SECURITY AND MEDICARE) TAXES

	WAGES SUBJECT*	EMPLOYEE	EMPLOYER
SOCIAL SECURITY	up to \$127,200	6.20%	6.20%
MEDICARE	up to \$200,000	1.45%	1.45%
	over \$200,000	2.35%	1.45%

*To determine taxable Social Security and Medicare income, deduct the following from gross pay: State sponsored dental, health, and life insurances, dependent care, medical reimbursement, and vision care.

MINIMUM WAGE

	MINIMUM WAGE	Effective for hours worked on or after
FEDERAL	\$7.25	7/24/09
STATE*	\$8.05	1/1/15

*The Arizona Minimum Wage Act does not apply to State Government employees

Critical Dates – December

December 2016						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
20 NOVEMBER	21	22 COMPUTE	23	24 PAYDAY 24 HOLIDAY THANKSGIVING	25 WARRANTS MAILED FROM GAO	26
27	28	29	30	1 DECEMBER	2 PAY PERIOD END	3 PAY PERIOD BEGIN
4	5	6 COMPUTE	7 Cancel Payment/Overpay Deadline for payments thru 12/01/16	8 PAYDAY 25	9	10
11	12 GAO to send report of 2016 A-4 Tax Exempt EEs to agencies. If EE doesn't file A-4 for 2017 by 12/31/16, set to 2.7% Default	13 GAO to send report of 2016 W-4 Tax Exempt EEs to agencies. If EE doesn't file W-4 for 2017 by 2/15/17, set to Single/Zero	14 Final date to turn in Overpays (GAO-70A) with adjustments for Fed/State Withholdings	15 Overpays for years 2016 and prior cannot refund Fed/State withholdings	16 PAY PERIOD END	17 PAY PERIOD BEGIN
18	19	20 COMPUTE	21	22 PAYDAY 26	23	24 Overpays for years 2016 and prior cannot refund Fed/State withholdings
						NO HANDWRITES
25	26	27	28	29	30	31 PAY PERIOD BEGIN
						Overpays for years 2016 and prior cannot refund Fed/State withholdings
	CHRISTMAS HOLIDAY (OBSERVED)			Last chance to pay in 2016. Noon deadline for handwrites.	If EE who was State tax exempt in 2016 didn't file A-4 for 2017 by 12/31/16, set to 2.7% Default Family Sick Leave Reset PAY PERIOD END SECURITY ON FOR ALL	
NO HANDWRITES	NO HANDWRITES	HANDWRITES MAILED	HANDWRITES MAILED	HANDWRITES MAILED	NO HANDWRITES	NO HANDWRITES

Critical Dates – January - March

January/February/March 2017						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2 NEW YEAR'S HOLIDAY	3 COMPUTE 2PM deadline for W2 address updates	4	5 PAYDAY 1	6 Target Date: 2016 W-2's Online for those who consent. Notification e-mails will be sent as required by IRS	7
8	9	10	11	12	13 Last day to use Excess Annual Leave before Roll PAY PERIOD END	14 PAY PERIOD BEGIN
15	16 MARTIN LUTHER KING JR. HOLIDAY	17 COMPUTE ANNUAL LEAVE ROLL	18	19 PAYDAY 2	20	21
22 Last day to consent to not receive W-2 by mail	23	24	25	26	27	28 PAY PERIOD BEGIN
29	30 Target Date: W-2s mailed to address as of 1 / 3 / 17	31 COMPUTE 2016 W-2's Online for ALL Employees wanting duplicate W-2s should be directed to YES	1 FEBRUARY	2 PAYDAY 3	3 PAY PERIOD END	4
5	6	7	8	9	10 PAY PERIOD END	11 PAY PERIOD BEGIN
12	13	14 COMPUTE	15 If EE who was Federal Tax exempt in 2016 didn't file W-4 for 2017 by 2 / 15 / 17, set to Single/Zero	16 PAYDAY 4	17	18
19	20 PRESIDENT'S DAY HOLIDAY	21	22	23	24 PAY PERIOD END	25 PAY PERIOD BEGIN
26	27	28 COMPUTE	1 MARCH W-2 paper duplicate requests will not be accepted until 3 / 1 / 17	2	3	4

PSPRS Buy Backs

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- Setting up a process to handle these centrally, similar to ASRS buy backs
 - If your agency received any Agreements by email, send them to Central.Payroll@azdoa.gov
- Employee has to work directly with PSPRS for the calculation and to setup the Agreement
- Treated as a post-tax deduction
- Deductions can be suspended and reactivated
- Lump sum amounts can be deducted from termination pay

Workers Compensation Payments & Payroll

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- **Personnel Rule - Industrial Leave (R2-5A-D602):**
 - A.3.: An employee shall use leave in an amount necessary to receive total payments (leave payments plus Workers' Compensation payments) that do not exceed the gross salary of the employee
- **Emails are being sent by Risk Management to Agencies regarding Workers Compensation payments to active State employees**
- **GAO has developed a calculator to assist**
 - Risk Management pays 14 or 30 calendar days; Payroll pays 14 days
 - ✦ May not always align with payroll pay period
 - Converts to a daily rate

Payroll Entry for Workers Comp Payments



Payroll Entry for Workers' Comp Payments

Enter Data in Green Cells

Date:

Employee Name:

Agency:

Employee ID Number (EIN)

Date of Injury: 8/1/2016

Employee Current Daily Pay Rate \$17.8398

Typical Scheduled Hours per Day 8.0

Enter Typical 1st Day Off (ie Sun) Sat

First Day paid by Workers' Comp: 8/12/2016

Enter Typical 2nd Day Off (ie Sat) Sun

Last Day paid by Workers' Comp: 8/25/2016

Enter Typical 3rd Day Off (if any)

Total Days covered by Workers' Comp Payment 14

Regular working days covered by Workers' Comp Payment 10

WORKERS' COMPENSATION SUMMARY

Period Begin Period End Amount Paid Date Paid

Workers' Compensation Payment #1 8/12/2016 8/25/2016 \$951.16 8/26/2016

Workers' Compensation Payment #2

TOTAL PAID by Workers' Compensation: \$951.16

DAILY ADOA WORKERS' COMP CALCULATION

Date	Day	REGULAR HOURS typically would have worked	BASE PAY typically would have earned	WORKERS' COMP PAYMENTS PAID DURING SAME TIME	HRIS ENTRY			RECOVERY (if necessary)		
					Industrial Hours to Record 630/630F	Maximum Leave Hours to Record	Maximum Wage Amount	Hours Paid	Hours to Recover	Gross Pay to Recover
8/12/2016	Fri	8.0	\$ 142.72	\$ 67.94	5.33	2.67	\$ 47.63	8	(5.33)	\$ (95.09)
8/13/2016	Sat			\$ 67.94						
8/14/2016	Sun			\$ 67.94						
8/15/2016	Mon	8.0	\$ 142.72	\$ 67.94	5.33	2.67	\$ 47.63	8	(5.33)	\$ (95.09)
8/16/2016	Tue	8.0	\$ 142.72	\$ 67.94	5.33	2.67	\$ 47.63	8	(5.33)	\$ (95.09)
8/17/2016	Wed	8.0	\$ 142.72	\$ 67.94	5.33	2.67	\$ 47.63	8	(5.33)	\$ (95.09)
8/18/2016	Thu	8.0	\$ 142.72	\$ 67.94	5.33	2.67	\$ 47.63	8	(5.33)	\$ (95.09)
8/19/2016	Fri	8.0	\$ 142.72	\$ 67.94	5.33	2.67	\$ 47.63	8	(5.33)	\$ (95.09)
8/20/2016	Sat			\$ 67.94						
8/21/2016	Sun			\$ 67.94						
8/22/2016	Mon	8.0	\$ 142.72	\$ 67.94	5.33	2.67	\$ 47.63			
8/23/2016	Tue	8.0	\$ 142.72	\$ 67.94	5.33	2.67	\$ 47.63			
8/24/2016	Wed	8.0	\$ 142.72	\$ 67.94	5.33	2.67	\$ 47.63			
8/25/2016	Thu	8.0	\$ 142.72	\$ 67.94	5.33	2.67	\$ 47.63			
		80.0	\$ 1,427.20	\$ 951.16	53.30	26.68	\$ 476.04	48.00	(31.98)	\$ (570.52)

• Green = Entry Cell

HRIS ENTRY

○ Record hours equivalent to the Work Comp payment to 630/630F

○ Maximum leave hours to enter

○ If leave is exhausted, key to 640/640F

RECOVERY

○ If the employee has already received a payment over the maximum hours, you must recover the difference

Workers Compensation Payments & Payroll

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- Agencies should be utilizing pay code 630/630F for the Risk Management portion of the payment
 - Pursuant to Personnel Rules, all leave must be used to make up the difference between Work Comp payment and 100% of gross pay
 - 640/640F should only be used once all leave is exhausted
- If employees qualify, Agencies must manually add leave accruals using LP70
 - If hours used is less than 2 hours to get to gross salary, add the accrual
- Risk will be emailing reports daily
- If the employee has returned to work during the Work Comp payment period or separated State service, contact your liaison or email: WorkersComp@azdoa.gov

Benefit Arrears

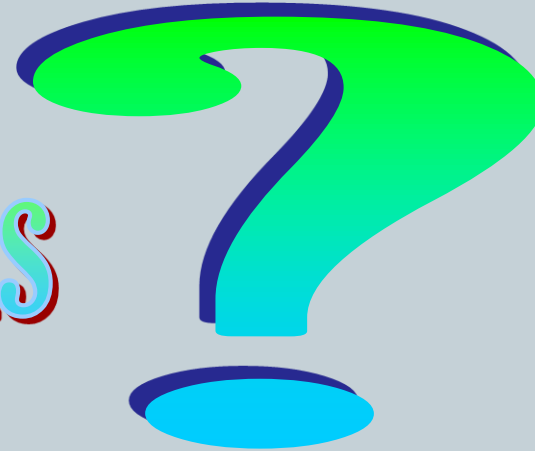
25

- The GAO and Benefits Division are working to improve the process related to employees with missed benefit deductions due to low pay or missing time records.
- As the workgroup is currently reviewing the process, we are reaching out to agencies for feedback.

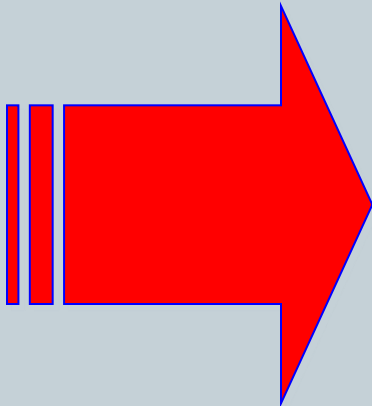
The End



any questions



Next Meeting:



Fiscal Year End
Statewide Payroll Meeting
Monday, May 15, 2017
ADOA Conference Room 300