ADOA – General Accounting Office

AGENCY PAYROLL GUIDE: EMPLOYEE DEDUCTIONS
# EMPLOYEE DEDUCTIONS

## Table of Contents

### OVERVIEW 3
- AGENCY PAYROLL FUNCTIONS 3
- DEADLINES 3
- DEDUCTION MAINTENANCE BY DIVISION 3

### HELPFUL RESOURCES AND DOCUMENTS 4
- POLICIES 4
- STEP BY STEP TRAINING 4
- FORMS 4

### AGENCY MAINTAINED 4
- COLONIAL LIFE 4
- RENT/UTILITIES 5
- RETIREMENT 5
- SECC 5
- TAXES 6
- TRANSPORTATION 6
  - *Van Pool or Private Transportation* 6
  - *Platinum Pass Transit Card* 6
- UNION DUES 6

### BENEFIT DEDUCTIONS 7
- GAO-73B REQUEST FOR A ONE-TIME UNPAID BENEFIT PREMIUM ADJUSTMENT 7

### GAO/VENDOR MAINTAINED 8
- DEFERRED COMPENSATION 8
- EMPLOYER RELATED EXPENDITURES (ERES) 8
- GARNISHMENTS 8
- ONE-TIME DEDUCTIONS 9

### REPORTS 9
- DEDUCTION AUDIT REPORT PR280 9
- DEDUCTION BY PAYMENT REPORT PR275 9
- DEDUCTION TOTALS REPORT PR276 9
- ONE-TIME DEDUCTIONS AUDIT REPORT ZR280 9
- CONTACTS 9
Overview

The objective of this quick reference guide is to provide general information on the process of maintaining deductions in HRIS as it relates to the Agency Payroll Specialist role. The guide is not intended to be all-inclusive and may not offer step-by-step instructions.

*Employee deductions are odd-numbered; Employer deductions are even-numbered.*

*Deductions marked with an asterisk “*” in the check description field are taken on a pre-tax basis.*

Agency Payroll Functions

1. Maintain active employee voluntary deductions
2. End-date voluntary deductions upon written request or employee separation

Deadlines

- Compute Tuesday 12:00 pm (Noon): GAO-73A, GAO-73B and Garnishment documents
- Compute Tuesday 2:00 pm: GAO73 – Request to Add/Change/Stop deductions must be entered
- Pay week Friday 12:00 pm (Noon): GAO-73B Adjustments for Benefits Billing Statements

Deduction Maintenance by Division

Overview of responsibilities by division

<table>
<thead>
<tr>
<th>Agency</th>
<th>GAO Central Payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Voluntary deductions listed on GAO-73</td>
<td>- Social Security and Medicare tax rates</td>
</tr>
<tr>
<td>- Transit card final billing</td>
<td>- MQGE tax rates</td>
</tr>
<tr>
<td>- ACR for ASRS &amp; PSPRS</td>
<td>- Retirement service purchase buyback</td>
</tr>
<tr>
<td>- Retirement election percentage on defined contribution plans</td>
<td>- Creditor garnishments</td>
</tr>
<tr>
<td>- Post tax retirement (via GAO-73A)</td>
<td>- Administrative wage garnishments</td>
</tr>
<tr>
<td>- Benefit premium adjustments (GAO-73B)</td>
<td>- Bankruptcy payments</td>
</tr>
<tr>
<td>- Union dues</td>
<td>- Child support, spousal support</td>
</tr>
<tr>
<td>- Utilities/Rent</td>
<td>- Levies (IRS, DOR, DES)</td>
</tr>
<tr>
<td></td>
<td>- Student loans</td>
</tr>
<tr>
<td></td>
<td>- IRS Lock-In letters</td>
</tr>
</tbody>
</table>

ADOA Benefit Services Division

<table>
<thead>
<tr>
<th>Vendor</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Retirement</td>
</tr>
<tr>
<td>- Medical, Dental, Vision</td>
</tr>
<tr>
<td>- Health savings account</td>
</tr>
<tr>
<td>- Short term disability</td>
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<tr>
<td>- Long term disability</td>
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<tr>
<td>- Flex spending</td>
</tr>
<tr>
<td>- Dependent care</td>
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<td>- Group life / Supplemental life</td>
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</table>
Helpful Resources and Documents

Policies

ARS 38-612 Administration of payroll salary deductions

SAAM 5015 Travel by Individually Operated Motor Vehicles

SAAM 5555 Taxability of Certain Fringe Benefits Including Awards and Prizes

Benefit Premium Policy

Step by Step Training

HRIS Training Agency Payroll Specialist Deductions

Forms

GAO-73 Authorization to Start, Change or Stop a Voluntary Deduction

GAO-73A Request for a One-Time Deduction

GAO-73B Request for a One-Time Unpaid Benefit Premium Adjustment

Benefits Operations Research Request Form

Agency Maintained

Deductions are maintained by the Agency Payroll Specialist on PR14.1. An employee can request to start or stop any of these deductions by submitting the Form GAO-73 Authorization to Start, Change or Stop a Voluntary Deduction. All of these deductions must be stopped when an employee terminates. Detailed instructions for HRIS entry are in the Agency Payroll Specialist: Deductions HRIS training.

Voluntary Deductions must be stopped when an employee terminates, if they are not stopped and the employee returned to State service, the deductions automatically begin with the employee’s first paycheck.

Colonial Life

Colonial Life insurance was a previous vendor of short-term disability and other insurances to state employees. In 1995, the Court of Appeals ruled an employee with a current policy is grandfathered into the plan and can continue to have payroll deductions. The plan is closed off to new enrollees.

Change to Coverage: Employee contacts Colonial Life directly to change the policy/coverage. Colonial Life will notify GAO of the new deduction amount. No Agency Action.

Stop the Coverage: There are three options to stop coverage/deductions:

1. Employee contacts Colonial Life directly to stop the policy
   ▪ Colonial Life will notify GAO the deductions are to cease and to refund any premiums overpaid

2. Employee submits the GAO-73 form to agency to stop
   ▪ Agency will end date the 3409 deduction on PR14.1
3. Employee terminates from State service
   ▪ Agency will end date the 3409 deduction on PR14.1
   ▪ GAO will notify Colonial Life the employee terminated

Rent/Utilities
An employee living in agency provided lodging might have Rent and/or Utilities deductions established in HRIS per the agency policy. Each agency is responsible for maintaining the start/end date of the deductions.

If an employee is overcharged for Rent/Utilities, the amount can be refunded to the employee through payroll deduction. Submit the GAO-73A One-Time Deduction request form with a **NEGATIVE AMOUNT** listed to indicate a refund to the employee.

Retirement
Agency Human Resources set up employee retirement during the hiring action into the HRIS. Manual enrollment of employees into plans (due to automation rule errors) and overrides to the effective dates for retirement deductions due to changes in retirement code are handled by ADOA Benefits. Email **BenefitsOperations@azdoa.gov** for any corrections.

Responsibilities at a glance:

1. ADOA Benefits maintains retirement rates
4. GAO Central Payroll maintains employee retirement service purchase agreements
5. Agency Payroll maintains:
   ▪ PSPRS/CORP defined contribution plan rates by employee
   ▪ Post-tax retirement deductions during industrial leave
   ▪ Alternate Contribution Rate (ACR) setup


SECC
The State Employees Charitable Campaign (SECC) is conducted under Executive Order 2005-20 in partnership with the state fiscal agent Valley of the Sun United Way, a 501(c)(3) charitable organization. Campaign funds are raised by the State of Arizona employees in support of over 400 charities. An employee can make a donation through payroll deduction.

The employee must authorize a new donation each year. GAO Central Payroll will upload payroll deduction contributions elected during the campaign to HRIS by January 1st.

**What if an employee wants to stop the SECC deduction?** Employee can request a stop by submitting the GAO-73 to the payroll office. Payroll will change the **end date** on PR14.1 to the date the stop is entered. The employee cannot receive a refund of deductions, as the monies have already been sent to Valley of Sun United Way.
Taxes
Employee tax withholdings will default as defined by federal and state laws. GAO Central Payroll maintains tax rate tables. An employee can change federal and Arizona tax withholdings, at any time, through the Y.E.S. website. A paper form is required to claim tax exempt, remove existing tax exempt or elect non-Arizona state tax withholdings.

Agency Payroll specialist are responsible for entering tax withholdings for paper forms received. View Agency Payroll Guide section IV.G. Taxes for more information.

Transportation
Van Pool or Private Transportation
An employee may have Van Pool or Private Transportation deductions established in HRIS per the agency policy. Each agency is responsible for maintaining the start/end date of the deductions.

If an employee is overcharged for Van Pool or Private Transportation, the amount can be refunded to the employee through payroll deduction. Submit the GAO-73A One-Time Deduction request form with a NEGATIVE AMOUNT listed to indicate a refund to the employee.

The value of personal use of State-provided vehicle for personal use is taxable to the employee. The non-cash amount is added to HRIS on ZR30.1 as pay code 500 AUTO USE. Refer to the agency policy for requirements.

Platinum Pass Transit Card
An employee using the Platinum Pass will have monthly payroll deductions to 3607 BUS-PHX based on usage. An employee issued a replacement card will have a one-time deduction to 3513 BC REPLCE. The Agency Transit Card Specialist performs all maintenance to an employee transit card. Refer to Agency Payroll Guide – Transit Cards for more details.

- Never end date the 3607 Deduction on PR14.1
- Bus deduction is a month behind the period of usage
- Select final billing charges into a handwrite of a dismissed employee
- Ensure the One-Time Deduction tab is reviewed before creating a handwrite

Union Dues
ARS 38-612 provides for a payroll deduction for dues in a recognized association composed of employees and former employees of the state when specific criteria are met and employee elects to contribute. The following organizations currently meet the criteria to have payroll deductions:

- Associated Highway Patrolmen of Arizona    Deduction: 3133 DUES-DPS-EE
- Fraternal Order of Police Arizona           Deduction: 3135 DUES-FOP-EE
- Arizona Police Association                 Deduction: 3139 DUES-APA
- Arizona Correctional Peace Officers Association Deduction: 3145 DUES-AZCPOA-EE

Employees enroll directly with the organization completing the organization’s payroll deduction authorization form. The organization will send the form to the agency for entry in HRIS.
**What if an employee wants to stop the dues deduction?** Employee can request a stop by submitting the GAO-73 to the agency office. Payroll will add an end date on PR14.1 using the date the stop is entered. The employee cannot receive a refund of deductions, as the monies have already been sent to the organizations.

**Benefit Deductions**

ADOA Benefit Services Division is responsible for establishing medical, dental, vision, life insurance, disability, health savings accounts and flex spending account deductions in HRIS. An employee must contact ADOA Benefits to make changes to any of these deductions. Benefit Premiums are deducted from the bi-weekly employee paycheck.

**GAO-73B Request for a One-Time Unpaid Benefit Premium Adjustment**

An employee not meeting the requirements of the Benefit Premium Policy is responsible to pay the agency costs of medical and dental premiums [https://benefitoptions.az.gov/benefitpremium](https://benefitoptions.az.gov/benefitpremium)

- Agencies are responsible for identifying and requesting benefit premium adjustments for employees not eligible to have the employer premium paid by the agency

Agencies submit the GAO-73B Request for a One-Time Unpaid Benefit Premium Adjustment form to charge the employee using after tax deduction codes and refund the agency using the regular employer deduction codes.

<table>
<thead>
<tr>
<th>EIN</th>
<th>EMPLOYEE FULL NAME</th>
<th>DEDUCTION CODE</th>
<th>DEDUCTION DESCRIPTION</th>
<th>DEDUCTION AMOUNT</th>
<th>UNDER 30 HOUR REPORT PAY PERIOD</th>
<th>COMMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>MONICA GELLER</td>
<td>M187</td>
<td>MEDICAL-UNDER PORTION</td>
<td>182.68</td>
<td>12/15/21-12/24/21</td>
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<tr>
<td>2</td>
<td>MONICA GELLER</td>
<td>D185</td>
<td>DENTAL-ORAH ER PORTION</td>
<td>228</td>
<td>12/15/21-12/24/21</td>
<td></td>
</tr>
</tbody>
</table>

GAO73B has two lines for an employee for each benefit in a coverage period.

1. Select the **ER (Employer) Deduction Code** from the Drop Down
   - Corresponding employee post-tax deduction code populates in first row
2. Enter post-tax Deduction Amount
   - The first line is a **positive** deduction amount to the post-tax deduction code to charge the employee for agency share of the premium
   - The second line populates with negative deduction amount to refund the agency
3. Select **Under 30 Hour Report** coverage period from the drop down
   - Report located in the HRIS Data Warehouse [https://reports.azdoa.gov/reports](https://reports.azdoa.gov/reports)
4. Email the GAO-73B form to BenefitPremium@azdoa.gov by pay week Friday 12:00 pm (Noon)
5. GAO enters the one-time deductions in HRIS
6. ADOA mails a Benefit Premium Billing Statement to the employee’s HRIS Mailing Address
GAO/Vendor Maintained

Deferred Compensation
State employees can elect to have payroll deductions for 457(b) and 401(a) deferred compensation plans. Employee enrolls directly with the state deferred compensation vendor. The deduction is uploaded to the HRIS bi-weekly on Day 8 (Wednesday non-compute week) through an automated interface file directly from the vendor.

*Never change a deferred compensation deduction in HRIS. Doing so may violate the IRS requirements and place the entire plan in jeopardy.*

- An employee must contact Nationwide (current vendor) directly to make changes to the deferral amount. Change is implemented no sooner than the first payroll of the month following the change.
- Employees should complete the Final Paycheck Deferral Form to request a new deferral amount at termination or retirement. An employee must log in to the account on arizonadc.com to locate the form under Manage Account, All Forms.

Employer Related Expenditures (ERE)
EREs are statutorily required deductions paid by the agency. Current ERE rates are located in Agency Payroll Guide section I.B. Rates are maintained by GAO Central Payroll.

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>DEDUCTION CODE</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNEMPLOYMENT INSURANCE (SUTA)</td>
<td>T202</td>
</tr>
<tr>
<td>TECHNOLOGY CHARGE (ADOA ASET)</td>
<td>3800</td>
</tr>
<tr>
<td>HR PRO RATA</td>
<td>3802</td>
</tr>
<tr>
<td>ACCUMULATED SICK LEAVE (RASL)</td>
<td>3804</td>
</tr>
<tr>
<td>WORKERS’ COMPENSATION</td>
<td>3806</td>
</tr>
<tr>
<td>HR PRO RATA (PERSONNEL BOARD)</td>
<td>3810</td>
</tr>
</tbody>
</table>

Garnishments
The GAO Central Payroll maintains all creditor garnishments, child support, spousal support, tax levies, student loans and administrative wage garnishments. These orders require the State, as the employer, to deduct a portion of employee’s non-exempt wages each pay period until further notice is received to stop withholding. The deduction amount is calculated in accordance with federal and state laws.

*Agencies should NOT accept service of any garnishment paperwork.* Refer the process server to: ADOA-GAO
100 N. 15th Avenue, Suite 302
Phoenix, AZ 85007
Any paperwork regarding garnishments received by the Agency must be sent directly to the GAO Central Payroll garnishments@azdoa.gov immediately upon receipt. Refer employees inquiring about their garnishment to Creditor Garnishment FAQs or Levy FAQ’s on the GAO website, to the creditor issuing the order, or directly to the GAO Garnishments Desk at (602) 542-6082 or garnishments@azdoa.gov.
One-Time Deductions

A one-time deduction is a deduction not taken on a regular basis for an employee. An arrears deduction is a one-time deduction the payroll system creates if an employee is on leave without pay or does not have enough net pay to cover deductions. The one-time deductions are created and maintained by GAO Central Payroll or ADOA Central Benefits. Agency Payroll Specialists can view one-time deductions on HRIS form XR39.1 or by drilling on the one-time deduction folder under the employee’s EIN.

To have a one-time deduction added:

1. Submit a GAO-73A to Central.Payroll@azdoa.gov by noon of compute Tuesday
   - A positive amount indicates a deduction
   - A negative amount indicates a refund

Reports

Refer to Agency Payroll Specialist Deductions training for detailed steps to run the reports.

Deduction Audit Report PR280

Run Deduction Audit Report PR280 to view changes made to an employee Deduction Master record. Use to see tax election changes.

Deduction by Payment Report PR275

Run Deduction Report PR275 to view payroll deduction amounts. Define report parameters to select records for a specific deduction or deduction class. If a deduction class is selected, the report includes all deductions associated with that deduction class.

Deduction Totals Report PR276

Run Employee Deduction Report PR276 to view employee deduction information. This report shows deduction history as a total, not by payment.

One-Time Deductions Audit Report ZR280

Run the One-Time Deductions Audit Report ZR280 to view the audit file of one-time deduction changes for an employee. *Always run in Report mode. Update option will purge data.*

Need Assistance?

Contacts

ADOA Benefits Options (602) 542-5008 [http://benefitoptions.az.gov](http://benefitoptions.az.gov) or [benefitsoperations@azdoa.gov](mailto:benefitsoperations@azdoa.gov)
Capitol Rideshare (602) 542-7433 [https://capitolrideshare.az.gov](https://capitolrideshare.az.gov)
Nationwide (602) 266-2733 [https://www.arizonadc.com](https://www.arizonadc.com)
Colonial Life (800) 325-4368
ASRS (602) 240-2000
PSPRS (602) 255-5575
SECC [https://secc.az.gov/](https://secc.az.gov/)