

STATEWIDE PAYROLL MEETING¹ CALENDAR YEAR END

NOVEMBER 13, 2017



Introductions

- 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
 - Brian Dodge

Contact Information

- Agency Payroll Resource Contact List
- Employee Resource Contact List
- Agency Contact List
 - Accounting
 - Payroll
 - Human Resources
 - Ideally, we'd like at least two people to ensure coverage in case the primary contact is out of the office.
- Please send any updates to Central Payroll electronically
 - (602) 364-2215 (fax)
 - Central.Payroll@azdoa.gov



Website Registration

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

Register for Updates

Email Address *

First Name

Last Name

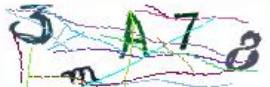
Agency

Title

Work Phone Number Extension

E-Newsletter *

- Arizona Financial Information System (AFIS)
- CFO Meetings & Communications
- GAO Financial Reporting & infoAdvantage
- GAO Policy & Procedure
- GAO Training & CPE Events
- Statewide Payroll & Related Information
- Travel Policies & Procedures



What code is in the image? *

Enter the characters shown in the image.

**IMPORTANT
ANNOUNCEMENT**

**IMPORTANT
ANNOUNCEMENT**

Recent Accomplishments

- SB1428: PSPRS Retirement Changes [July 2017]
 - Agencies that have PSPRS eligible employees
- Unpaid Benefit Premium Billing Implementation [Aug 2017]
 - Policy & Procedures: www.benefitoptions.az.gov
 - Unpaid Benefit Premium Collection Process
 - Central Billing project initiated
 - [Web story](#) posted 8/3/17 with details
- SAAM Policy [Sept 2017]
 - 5510: [Self-Entry and/or Approval of Certain Transactions Relating to Compensation](#)
- Y.E.S. System Platform Upgrade [Oct 2017]
 - Current and past paychecks visible in a single place under the 'Pay' menu.

Next Year

- 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.
- Health Impact Program Payments (HIP)
 - Processed in conjunction with ADOA-Benefit Services Division (BSD)
 - Proposed plan to be combined on the employee's regular, bi-weekly paycheck during first quarter of 2018
 - Questions can be directed to: 602.542.5008
- HRIS Security
 - Requirement prior to upgrading HRIS to Infor Version 10
 - Reviewing the current process of security requests and setup
 - Goal is to simplify and reduce complexity
 - Currently about 1,800 power users
- SAAM Draft Policies
 - 9050: Employee vs. Independent Contractor
 - 9051: Independent Contractors Considerations and Concerns
 - TBD: Time Entry for Exempt Employees

New Unpaid Benefits Premium Collection Process

Central Billing Option

!!!NEW!!!

With changes in HRIS Unpaid Benefit Premium tracking, the General Accounting Office and Health Insurance Trust Fund (HITF) Accounting have developed a Central Billing Option available for all State Agencies using HRIS that simplifies the Unpaid Benefit Premium billing process.



How will it Work?



Agencies will continue to monitor the new Benefit Premium report available through the HRIS Data Warehouse and send to ADOA any necessary adjustments. Automatically, each non-pay week Monday, the General Accounting Office will prepare and mail the Billing Statements based on the unpaid benefit premiums in HRIS.

Reduces Workload

Taking care of this biweekly task will enable your agency personnel to focus on the higher value work of reviewing the information instead of filling out spreadsheets, preparing letters and billing statements, and folding and stuffing envelopes. It eliminates the need for your agency to send us copies of billing statements you mail to employees since we will already have the information. We pay the postage and the service is free!

How does my Agency Sign up?

Have your Agency Director or CFO email Stu.Wilbur@azdoa.gov requesting to sign up for Central Billing for Unpaid Benefit Premiums. Any questions? Contact Stu Wilbur at 602.542.1674.

Central Billing for Unpaid Benefit Premiums

- Approximately 200 billing statements each pay period.
 - 13 agencies already enrolled, which represent 71.3% of the billing activity
- Agencies currently signed up:
 - AU Auditor General
 - BD Board of Financial Institutions
 - CD Early Childhood Development
 - CH Department of Child Safety
 - CS Board for Charter Schools
 - DC Department of Corrections
 - DE Department of Economic Security
 - DJ Department of Juvenile Corrections
 - ID Department of Insurance
 - MI Mine Inspector
 - PI Pioneers' Home
 - PS Department of Public Safety
 - SD School for the Deaf and the Blind
- End of Year Goal: All agencies enrolled in Central Billing by 12/31/17.
- Encourage your accounting/benefit staff to coordinate and sign up.



Pay Code 950 – Special Processing Time Record

- Can now be entered by Agency Payroll.
- An hour only pay code that does not pay.
- Should be used when the sum of hours and the sum of wage equals zero.
 - HRIS deletes these time records during compute.
- GAO will add pay code 950 before compute for employees enrolled in Benefits who do not have a time record in order to collect the employer premium due.
 - To minimize 950 entry by Central Payroll, Agencies should enter known time for employees on the Missing Time Record Report by the 2 pm compute deadline

SOA Detail Time Entry (XR35.2) xr35.2

>> + Add Change < Previous ? Inquire > Next | Inquire v

Company STATE OF ARIZONA

Batch

Employee Date should be on or before termination date if applicable.

FC	Hours	Pay Code	Date	Rate	Shift	Pay Dist	Attend Code
A	1.00	950	11/17/2017				

Unpaid Benefit Premium – Manual Warrant

- Updates Coming Soon: Agency Payroll Guide [APG III L Manual Payments \(Handwrites\)](#)
- Please review Employee Payments to determine if the employee received no pay on compute and a pay code 950 was added to collect the Employer (ER) Premium.
 - If ER Premium was collected, and pay is owed for the PPE date:
 - a) Submit a GAO-70B to request a reversal of the zero dollar payment (added sheet on GAO-99A)
 - b) Process ZR80 Manual Payment using cycle 1, 2, or 3.
 - Cycle 5 should not be used when an employee received no pay on compute
 - Instead the zero dollar payment should be canceled (GAO-70B).
- Cycle 5 should be used when an employee received partial pay on compute but still has wages due.
 - Some EE and all ER premiums may have already been deducted/charged on compute
 - Select all pending one time deductions when keying Cycle 5
 - If there are low wages, select the earliest dated OTD first
- Make sure to always review and select all pending One Time Deductions on the “Payment” tab.
- Employees who are paid less than 30 hours, not including leave payouts, are responsible for paying the employer premium.
 - Please review the Benefit Premium Policy at <http://benefitoptions.az.gov>
 - Submit a GAO-73B to request one-time deductions required to be selected for the handwrite.

Unpaid Benefit Premium - OTD

- Please review the Benefit Premium Policy at <http://benefitoptions.az.gov>
 - Employees who receive payment for under 30 hours in a pay period, (not including leave payouts), are responsible for paying the employer premium.
 - Employees who owe the employer premium and are enrolled in both health and dental should have adjustments for both plans even when the dental is deducted from pay.
- GAO-73B created to allow adjustment of premiums through a one-time deduction when an employee owes the employer premium.
- The GAO-73B should list both the employee charge and the employer refund.
- Adjustments should be submitted before payroll compute if known to be needed.
 - Post-compute adjustments must be submitted on GAO-73B by noon on Friday
- New after tax deduction codes for employee to be charged the employer premium:

Deduction Code	Description
D181	DENTAL DELTA-ER PORTION
D183	DENTAL-TOTAL-ER PORTION
D185	DENTAL-CIGNA-ER PORTION (Jan 1 2018)
M181	MEDICAL-AETNA-ER PORTION
M183	MEDICAL-BCBS-ER PORTION
M185	MEDICAL-CIGNA-ER PORTION
M187	MEDICAL-UHC-ER PORTION

Incentive Strategies

- 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 December 21, 2017 payroll
 - If any errors occur, there is little time to correct in 2017
 - Central Payroll recommends any bonuses approved, to be paid before the end of the calendar year, be scheduled no later than the December 7th payroll.



Year End Payments

- November 23, 2017 - The warrant mailing for the pay date (Thanksgiving holiday), will occur on Friday.
 - New direct deposit accounts should be setup in HRIS by **November 14, 2017** to ensure the November 23, 2017, 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.
- December 6, 2017 - Overpays and payments to be canceled for payments through December 1, 2017.
- December 13, 2017 - Overpays and payments to be canceled for payments through December 12, 2017.
- December 14, 2017 and after - Any overpays that are submitted cannot adjust Federal or State tax since they have already been remitted.

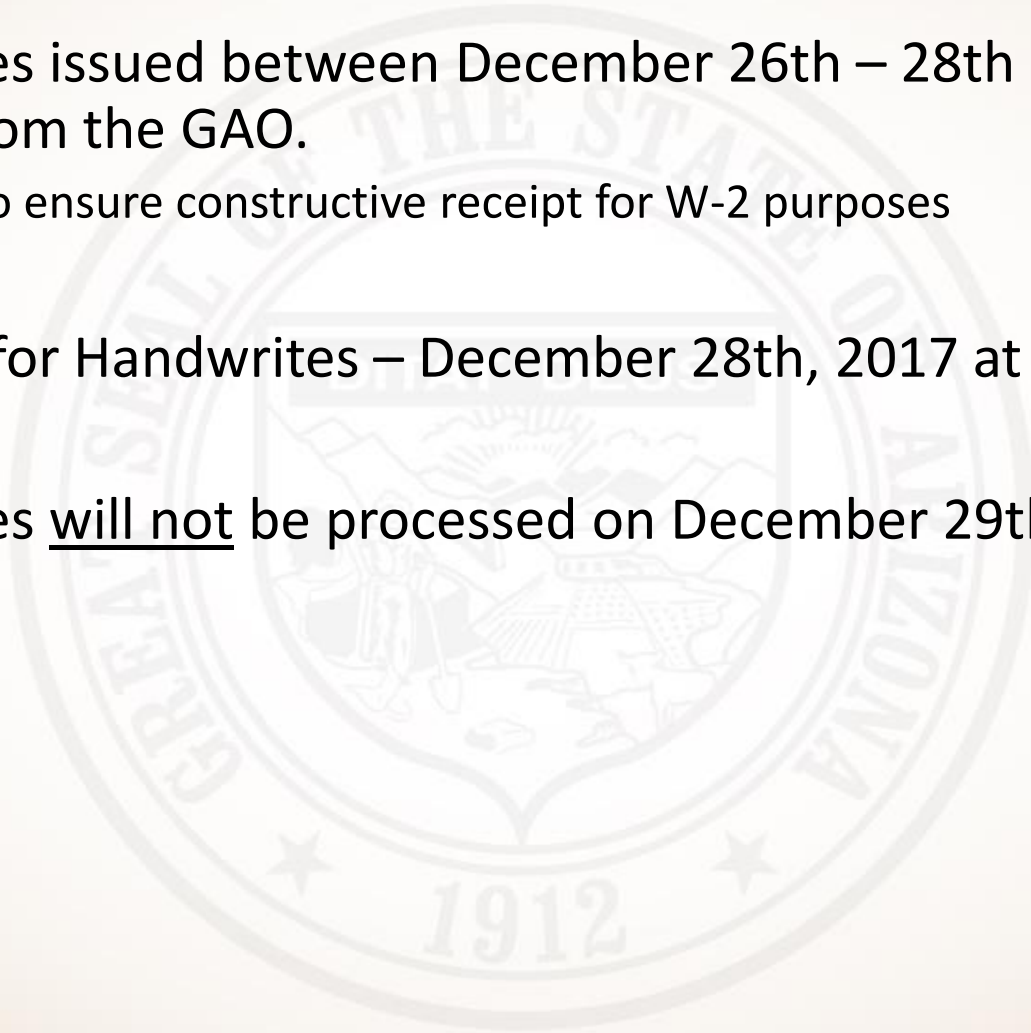




Final Payments in 2017

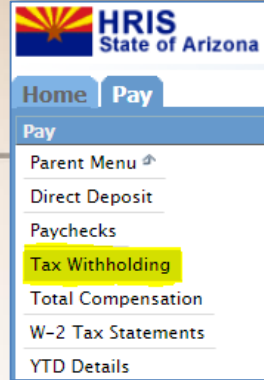


- Handwrites issued between December 26th – 28th will be mailed directly from the GAO.
 - This is to ensure constructive receipt for W-2 purposes
- Final Day for Handwrites – December 28th, 2017 at Noon
- Handwrites will not be processed on December 29th – 31st, 2017



New Data Warehouse Reports

A-4s and W-4s



- 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 are now available through the Data Warehouse, on-demand (no longer emailed by Central Payroll)
 - Employees that file “Exempt” cannot also ask to have an additional amount deducted. This form would be invalid.
- The 2017 DOR Form A-4 which indicated an employee is “Exempt” from paying State income taxes expires on **December 31, 2017**
 - Employees **must** file a new 2018 DOR Form A-4 to claim exempt status for the 2018 calendar year
 - If the employee does not provide a new Form A-4 by 12/31/17, 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 2017 IRS Form W-4 which indicated an employee is “Exempt” from paying Federal income taxes expires on **February 15, 2018**, Employees wishing to claim Federal exempt, **must** file a new 2017 IRS Form W-4 to claim exempt status for the 2018 calendar year
 - If the employee who previously claimed exempt does not provide a 2018 Form W-4 by 2/15/18, agencies must change the tax status on PR13 to Single with Zero withholding allowances on 2/15/18.
 - Forms will be posted to www.irs.gov

Data Warehouse Reports – Nov 2017

- **Federal Tax Exempt**
 - Listing of all employees with PR13 Tax Exm Flag indicated “Y”.
 - To remain tax exempt, employees must file a new IRS Form W-4 tax form by mid-February every calendar year. If employees do not file a new form, agency payroll must remove the Tax Exempt flag on PR13 and change the employee’s tax withholdings to the default rate of Single with 0 exemptions by the mid-February filing deadline. **Requires action annually.**
- **Invalid Tax Election PR13: Exempt with Additional Amount**
 - Pursuant to IRS instructions for Form W-4, an election to be exempt cannot indicate an additional amount. This is an invalid combination and must be updated as soon as possible.
 - Please contact the employee to remove the additional amount via www.yes.az.gov or by completing a paper W-4 to remove the exemption election from PR13. **Requires immediate action.**
- **Invalid Tax Setup: Code B**
 - The PR13 Tax Exempt flag currently has an invalid value of “B”. If the employee filed a paper IRS Form W-4 or AZ DOR Form A-4 to claim exemption from taxes, the Tax Exempt Flag should be “Y”
 - Please update the PR13 Tax Exm Flag to “Y” as soon as possible. **Requires immediate action.**

Data Warehouse Reports – Nov 2017

- **State Tax Exempt**

- To remain tax exempt, employees must file a new AZ DOR Form A-4 by December 31st of every calendar year. If employees do not file a new form, agency payroll must change the employee's tax withholdings to the default rate of 2.7% on PR14 and remove the Tax Exempt flag on PR13 (if it exists) by the December 31st deadline.
- If the PR13 Tax Exempt Flag is "Y" and the PR14 Arizona Formula is not 8, please verify the A-4 on file and correct the tax setup for the employee as soon as possible. **Requires action annually.**

- **Invalid Tax Election PR14: Exempt with Additional Amount**

- Pursuant to AZ Department of Revenue instructions for Form A-4, an election to be exempt cannot indicate an additional amount. This is an invalid combination and must be updated as soon as possible.
- Please contact the employee to remove the additional amount via www.yes.az.gov or by completing a paper A-4 to remove the exemption election from PR14. **Requires immediate action.**

Social Security and Medicare Deductions

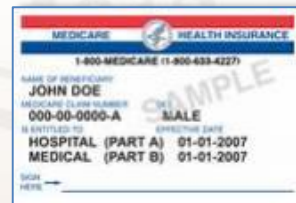
- Social Security:

- Effective January 1, 2018, the maximum amount of earnings subject to Social Security will increase to \$128,700
- 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%

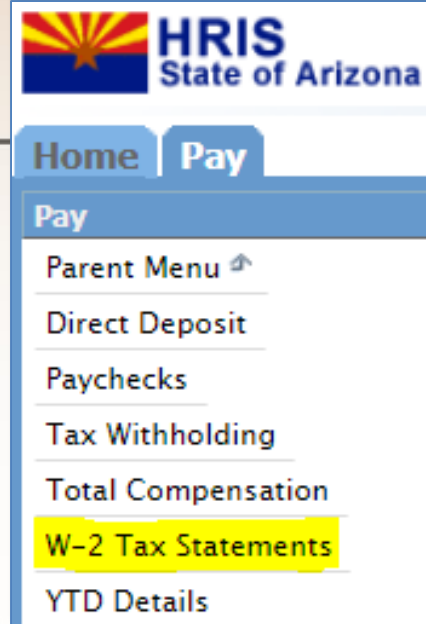


Leave Roll Back



- For the payday of January 18, 2018, an employee's annual leave balance will be adjusted to show the following:
 - **Deduct**: Annual leave used during the 12/30/2017 to 1/12/2018 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 12/30/2017 to 1/12/2018 pay period
- Last day to use Excess Leave before roll: 1/12/2018
- 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 1/1/2018

W-2s for 2017



- Schedule for Availability of 2017 W-2s
 - Jan 2nd – Deadline for updating mailing address
 - Jan 5th – Target online availability to those who consent
 - Jan 15th – Consent deadline to be removed from mailing
 - Jan 30th – Target mail date for those not consenting
 - Jan 31st – Available online to everyone
 - Feb 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”
 - 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 duplicate requests until February 1st, 2018
 - 2006 – 2016 W-2s will continue to be available online
 - Complete GAO – W2 Form and email to Central.Payroll@azdoa.gov to save time
 - Please do not give out Central Payroll phone numbers

Tax Table

- We are expecting changes to the Federal and State rates for 2018 and will communicate these when they are available by the IRS and DOR
- www.azdor.gov
- www.irs.gov

26 PAYS FEDERAL TAX ID NUMBER 86-6004791

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

If the amount of wages (after subtracting withholding allowances) is:

Not Over	But not over -	The amount of income tax to withhold is:
\$87	\$443	\$0
Over \$87	Over \$443	of excess over -
\$443	\$1,535	\$35.60 plus 10%
\$1,535	\$3,592	\$199.40 plus 15%
\$3,592	\$7,400	\$13.65 plus 25%
\$7,400	\$15,985	\$9.89 plus 28%
\$15,985	\$16,050	\$9.94 plus 33%
\$16,050		\$9.94 plus 35%

(b) MARRIED person BIWEEKLY TABLE

If the amount of wages (after subtracting withholding allowances) is:

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

To determine tax liability, deduct the following from gross pay:
 State sponsored dental, health, and vision care; dependent care; medical reimbursement, and vision care;
 Contributions for all retirement systems; employer contributions for employer's profit-sharing or annuity plans; employer contributions for employer's pension or profit-sharing or annuity plans; employer contributions for employer's pension or profit-sharing or annuity plans; employer contributions for employer's pension or profit-sharing or annuity plans.

To determine tax liability, deduct the following from gross pay:
 State sponsored dental, health, and life insurances; dependent care, medical reimbursement, and vision care;
 Contributions for all retirement systems; employer contributions for employer's profit-sharing or annuity plans; employer contributions for employer's pension or profit-sharing or annuity plans; employer contributions for employer's pension or profit-sharing or annuity plans; employer contributions for employer's pension or profit-sharing or annuity plans.

STATE WITHHOLDING STATE TAX ID NUMBER 07-0454000

PR14 AZ FORMULA	Rate	Optional
10	0.0%	Optional.
11	0.0%	Optional.
12	3.6%	Optional.
13	2.7%	Optional. (Default for employees who don't submit form A-4)
14	1.8%	Optional.
15	1.3%	Optional.
16	0.8%	Optional.
17	0.0%	Optional.
18	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



HRIS Critical Dates - November - December 2017

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
19 NOVEMBER	20	21 COMPUTE	22	23 PAYDAY 24 THANKSGIVING HOLIDAY	24 WARRANTS MAILED FROM GAO	25
26	27	28	29	30	1 DECEMBER	2 PAY PERIOD BEGIN
					PAY PERIOD END	
3	4	5 COMPUTE	6 Overpay (GAO-70A) deadline for payments through 12/1/17	7 PAYDAY 25	8	9
10	11 Recommend Agency run Data Warehouse Reports of 2017 Tax Exempt EEs.	12	13 Overpay (GAO-70A) deadline for payments through 12/12/17	14	15	16 PAY PERIOD BEGIN
					PAY PERIOD END	
17	18	19 COMPUTE	20 GAO Payroll Final date to process Overpays with adjustments to Federal/State withholding tax	21 PAYDAY 26	22	23
				Overpays for years 2017 and prior cannot refund Federal/State withholding taxes		
24	25	26	27	28	29	30 PAY PERIOD BEGIN
Overpays for years 2017 and prior cannot refund Federal/State withholding taxes						
	CHRISTMAS HOLIDAY		Cancel Payments Deadline for payments through 12/26/17. Must be canceled via Overpayment Worksheet	Last chance to pay in 2017 Noon deadline for handwrites	If EE who was State tax exempt in 2017 didn't file A-4 for 2018 by 12/31/17, 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
31	1 JANUARY	2 COMPUTE	3	4 PAYDAY 1	5	6
Overpays for years 2017 and prior cannot refund Federal/State withholding taxes						
	NEW YEARS HOLIDAY					
NO HANDWRITES	NO HANDWRITES					

HRIS Critical Dates - January - February 2018

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1 JANUARY HOLIDAY NEW YEARS	2 COMPUTE 2PM deadline for W2 address updates	3	4 PAYDAY 1	5 Target Date: 2017 W-2's Online for those who consent. Notification e-mails will be sent as required by IRS	6
7	8	9	10 Prior Year Adjustments	11	12 Last day to use Excess Annual Leave before Roll PAY PERIOD END	13 PAY PERIOD BEGIN
14	15 HOLIDAY MARTIN LUTHER KING JR. Last day to consent to not receive W-2 by mail	16 COMPUTE ANNUAL LEAVE ROLL	17	18 PAYDAY 2	19	20
21	22	23	24	25	26 PAY PERIOD END	27 PAY PERIOD BEGIN
28	29	30 COMPUTE Target Date: W-2s mailed to address as of 1 / 2 / 18	31 2017 W-2's Online for ALL Employees wanting duplicate W-2s should be directed to YES	1 FEBRUARY PAYDAY 3 GAO - W-2 for requesting paper duplicates accepted	2	3
4	5	6	7	8	9 PAY PERIOD END	10 PAY PERIOD BEGIN
11	12	13 COMPUTE	14	15 PAYDAY 4 If EE who was Federal Tax exempt in 2017 didn't file W-4 for 2018 by 2 / 15 / 18, set to Single/Zero	16	17

State Agency Feedback

- Data Warehouse Reports
 - Considering converting some bi-weekly payroll queries to on-demand reports in the HRIS Data Warehouse.
- What is the hardest data to extract?
 - Pre-Compute vs. Post Compute Data
- What reports would your agency consider helpful?
- Required Data Elements
 - Process Level, Department
 - EIN, Name
 - Status, FTE

Report	Rank
Process Level with Active Employee without Time Records	
Over 100 hours keyed	
All Pay Over \$6,000	
HR11 Shift not equal to Time Record Shift	
Over 16 hours keyed to one day	
HR11 Pay Rate not equal to Time Record Pay Rate	
Other: Please describe _____	

State Agency Feedback

- SAAM 5515 [Time Reporting](#)
- Some agencies are asking for more detailed guidance, especially for proper time reporting for exempt employees such as:
 - Exempt employees working on holidays or weekends
 - Partial day absences
 - Flexible Work Schedules (i.e. 4 X 10's)
 - Telecommuting, training, etc.
 - What situations are problematic to your agency that a policy would address?
 - What scenarios would you like covered?
- If your agency is developing or has published a policy, can you please email to Central.Payroll@azdoa.gov for us to review.



The End

any questions



Next Meeting:

Fiscal Year End

Statewide Payroll Meeting

Monday, May 14, 2018

ADOA Conference Room 300

