STATEWIDE PAYROLL MEETING
CALENDAR YEAR END

NOVEMBER 26, 2018
Introductions

- Central Payroll
  - Tracey Cappuccio
  - Karen Turner
  - Sam Tekien
  - Lalita Farr
  - Vahn Vo
  - Misty Delgado
  - Travy Phan
  - Everett Rubio
  - Marla Grossman, RASL
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

Agancy [NON-STATE EMPLOYEE]

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

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Enter the characters shown in the image.

Submit
Recent Accomplishments

• CORP Defined Contribution Plan [July 2018]
  – For any CORP members hired on/after 7/1/2018
• Move to I/O Data Center [Sept 2018]
  – State Data Center closing 12/31/2018
  – All hardware supporting HRIS needed to be moved
  – No interruption of connectivity
• Military Leave Roll [Oct 2018]
  – Processed 10/10/2018
  – Emails sent to agencies
  – Questions: email Central.Payroll@azdoa.gov
• Electronic Payments for Benefit Premium Billing [Nov 2018]
  – New website where employees can pay their premium bills online
  – $3 convenience fee
Coming Months

- Health Impact Program Payments (HIP)
  - Processed in conjunction with ADOA-Benefit Services Division (BSD)
  - Plan is to combine on the employee’s regular, bi-weekly paycheck at the end of first quarter 2019
  - Questions can be directed to: 602.542.5008

- Deferred Compensation Elections
  - Currently, only flat dollar elections
  - New option will include percentages
State of Arizona Accounting Manual Policy Updates

• Section 05 Internal Controls
• Section 50 Travel
  – 5015 Travel by Individually Operated Motor Vehicle [Oct 2018]
  – 5045 Travel Requests and Authorizations [July 2018]
• Section 55 Payroll and Personnel
  – 5545 Alternate Retirement Contributions for Re-employed and Contracted Retirees [Nov 2018]
  – 5558 Accepting Gifts [June 2018]
• Section 90 Special Topics
  – 9050 9051 9052 Contactor, Temporary Workers [Aug 2018]

https://gao.az.gov/publications/saam
Tax Cuts and Jobs Act (TCJA)

***The State, as an employer, cannot recommend or advise employees regarding their tax withholding elections. The information provided here is informational and should be cascaded to all employees to have them consult their personal tax advisors to determine if they should make any changes.

- The IRS has initiated the “Paycheck Check-up” campaign encouraging taxpayers to review their personal withholding tax situation by using the IRS Withholding Calculator
- Publication 5307: Tax Reform - Basics for Individuals and Families published by the IRS, covers some of the provisions of the TCJA
- Employees can view and update their tax elections by visiting the Y.E.S. website
Deferred Compensation

● Final Paycheck Deferral Form
  ○ Employee must obtain the Form from Nationwide and work with Nationwide on selecting an appropriate deferral amount within the IRS time requirements
  ○ Agency Payroll Office can assist in directing employee to YES to obtain last paycheck stub and to the Agency Payroll Guide: Paycheck Estimator

● Nationwide Retirement Solutions
  ○ Coming Soon: New option to elect a percentage for both Pre-tax 457(b) and Roth After-Tax 457(b)

● IRS Deferral Limits increase in 2019
  ■ Standard Deferral $19,000
  ■ Age 50+ Catch-up $6,000
  ■ Special 457(b) Catch-up $38,000

● Contact https://www.arizonadc.com 1-800-796-9753
Workers Compensation

- 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
  - F. Accrual of leave. An employee shall continue to receive full leave accrual as long as the employee uses two or more hours of paid leave each day
    - If eligible for leave accruals, add hours on LP70.1
      - Enter the pay period ending date as the ‘Tran Date’
      - Enter “Industrial Leave” as the ‘Description’

- “ADOA Industrial & Leave Usage Calculator”
  - Use 630/630F to record hours equivalent to Workers’ Comp payment
  - Maximum Leave hours to record Sick, Annual, Holiday, Comp, LWOP

- Contact Risk Management to receive payment details
  - Workers.Comp@azdoa.gov

November 26, 2018
Statewide Payroll Meeting
Retirement Systems

- **PSPRS, CORP, EORP plans**
  - Check membership status of new hires/rehires to determine appropriate plan and contribution rate [http://www.psprs.com/](http://www.psprs.com/)
    - Demographic Data & Employment Status Changes
  - New GAO-ACR-PSPRS Form for Leased/Contracted retirees paid via AFIS

- **Corrections Officer Retirement Plan**
  - CORP eligible employees hired on or after 7/1/2018, are enrolled in the Defined Contribution Plan
  - Employees elect contribution rate from 5% - IRS Maximum %

- **Arizona State Retirement System 20/20 Tracking**
  - Use “ASRS Eligibility Review (code 9) Report” in the Data Warehouse
  - Employee has worked at least 20 weeks of 20 or more hours in each week in a fiscal year, they may be eligible for ASRS membership
    - Notify agency human resources if employee has met 20/20
    - Review pay history for missed contributions
Benefit Premium - OTD

- **Benefit Premium Policy** [http://benefitoptions.az.gov/benefit-premium](http://benefitoptions.az.gov/benefit-premium)
  - Employees who receive payment for under 30 hours in a pay period, may be responsible for paying the employer premium
  - Qualified Life Event (QLE) includes change in employment status or work schedule (Leave Without Pay). Contact agency benefit liaison for more information

- **Benefit Premium Billing**
  - Unpaid Benefit Premium Collection Process, now accepts Credit Cards
  - Central Billing utilized by 99% of Agencies

- **GAO-73B Adjustment of premiums through a one-time deduction when an employee owes the employer premium**
  - Submit before payroll compute (Tuesday @ noon) if known to be needed
  - Post-compute adjustments must be submitted by noon on Friday
  - After tax deduction codes for employee to be charged the employer premium:

<table>
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<th>Deduction Code</th>
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<td>M187</td>
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Platinum Pass Detail

- Employees are encouraged to sign up for the Commuter Club through Capitol Rideshare at https://capitolrideshare.az.gov/commuter-club
  - Commuter Club members are able to obtain detail for their usage of the Platinum Pass
- Payroll deductions are for the prior calendar month ride charges
HRIS Adjustments

- HRIS will delete employee time records when the following occur:
  - The sum of compensation and hours for all of the employee’s time records is zero
    - Agencies can add pay code 950 for one hour to allow time records to process
    - Pay code 950 does not pay, but the added hour will prevent the records from being deleted
  - The sum of compensation is negative
    - Adjustments using different increments of hours might cause a compensation rounding difference

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- HRIS will delete

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- HRIS will process if a one hour pay code 950 is added
ETE Time Card Consolidation - Eff. 12/15/18

- Agencies using Regular ETE (ZS35) will be converted to Labor ETE (ZS37)
- Labor ETE allows employees to charge hours paid to an accounting template made available to them
  - If no template is selected, the default labor is used

- Training Requirement Change:
  - Employee ETE Training - use HRIS0063 (HRIS0061 no longer available)
  - Supervisor/Proxy ETE Training - use HRIS0064 (HRIS0062 no longer available)
- Current Employees: Training not required but is encouraged if your agency will utilize labor templates
ETE Time Card Consolidation

- Agency Account Template: HRIS Form ZS04
  - Agency Account Templates can be made available to the whole Agency, a specific Process Level or further restricted to a Department
- The same accounting information can be used for multiple templates
- The Account Template name must be unique
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 20, 2018 payroll
  ○ If any errors occur, there is little time to correct in 2018
  ○ Central Payroll recommends any bonuses approved, to be paid before the end of the calendar year, be scheduled no later than the December 6th payroll
Leave Roll Back

• For the payday of January 17, 2019, an employee's annual leave balance will be adjusted to show the following:
  ○ **Deduct**: Annual leave used during the 12/29/2018 to 1/11/2019 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 12/29/2018 to 1/11/2019 pay period

• Last day to use Excess Leave before roll: 1/11/2019

• 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 1/1/2019
Year End Payments

- December 20, 2018 Last regular pay date in 2018
- Handwrites (Manual Warrants)
  - Issued December 26th – 27th will be mailed directly to employee from the GAO to ensure constructive receipt for W-2 purposes
  - Final Day for Handwrites – December 27th, 2018 at Noon
  - Handwrites will not be processed on December 28th – January 1st

- **DEADLINES for Payment Reversals**
  - **December 21, 2018** - Deadline to submit GAO-70A Overpayments and GAO-60 Warrants to be canceled with Federal/State tax credits
  - **December 24, 2018 and after** - Any GAO-70A Overpayments cannot adjust Federal or State tax since they have already been remitted to tax authorities
W-2s for 2018

● Schedule for Availability of 2018 W-2s
  ○ Dec 31st – Deadline for updating mailing address in Y.E.S.
  ○ Jan 4th – Target online availability to those who consent
  ○ Jan 14th – 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

● 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, 2019
  ○ 2006 – 2017 W-2s will continue to be available online
  ○ Complete GAO – W2 Form and email to Central.Payroll@azdoa.gov
Social Security and Medicare Deductions

● Social Security:
  ○ Effective January 1, 2019, the maximum amount of earnings subject to Social Security will increase to $132,900
  ○ 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%
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
  - Employees that file “Exempt” cannot also ask to have an additional amount deducted. This form would be invalid
- The 2018 DOR Form A-4 which indicated an employee is “Exempt” from paying State income taxes expires on December 31, 2018
  - 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 12/31/18, 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 2018 IRS Form W-4 which indicated an employee is “Exempt” from paying Federal income taxes expires on February 15, 2019
  - Employees wishing to claim Federal exempt, must file a new 2019 IRS Form W-4 to claim exempt status for the 2019 calendar year
  - If the employee who previously claimed exempt does not provide a 2019 Form W-4 by 2/15/19, agencies must change the tax status on PR13 to Single with Zero withholding allowances on 2/15/19
  - Forms will be posted to www.irs.gov
Data Warehouse Tax Reports

- **Invalid Tax Election PR13: Exempt with Additional Amount**
  - Invalid tax election combination
  - Requires immediate action

- **Invalid Tax Setup: Code B**
  - The PR13 Tax Exempt flag currently has an invalid value of “B”
  - Requires immediate action

- **Invalid Tax Election PR14: Exempt with Additional Amount**
  - Invalid tax election combination
  - Requires immediate action

- **Federal Tax Exempt**
  - Listing of all employees with PR13 Tax Exm Flag indicated “Y”
  - Requires action annually

- **State Tax Exempt**
  - Listing of all employees with PR14 Arizona Formula 8
  - Requires action annually
### HRIS Critical Dates - November - December 2018

<table>
<thead>
<tr>
<th>Sunday</th>
<th>Monday</th>
<th>Tuesday</th>
<th>Wednesday</th>
<th>Thursday</th>
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<tbody>
<tr>
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<td>19</td>
<td>20 COMPUTE</td>
<td>21</td>
<td>22 PAYDAY 24</td>
<td>23</td>
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<td>6 PAYDAY 25</td>
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**Overpays for years 2018 and prior cannot refund Federal/State withholding taxes**

#### November Dates
- **Thanksgiving Holiday**
- **Pay Period End**

#### December Dates
- **Deadline to submit Overpays with adjustments to Federal/State tax**
- **Pay Period End**
- **Pay Period Begin**

**Notes:**
- Recommend Agency run Data Warehouse Reports of 2018 Tax Exempt EEs.
The End

any questions

Next Meeting:
Fiscal Year End
Statewide Payroll Meeting
Monday, May 13, 2019
ADOA Conference Room 300