

Financial Services Update

Vol. 1 - No. 7

July 2006

Greetings from Financial Services:

Every month, over 10,000 payroll transactions that include timesheet entry, new employee processing, benefits, garnishments, hardship leave, and employee separations are made to ensure ODOT employees receive their pay.

This month's update focuses on payroll processing that impacts all employees of the Department. Payroll is a critical part of Financial Services and an additional position was allocated to the unit 6 months ago to improve service levels.

The Department's detailed payroll performance measures can be found at:

<http://mcadcfmx.odot.state.or.us/cf/PerfRpts/FSB/FSBDashboard.swf>

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Payroll Processing and Responsibilities

How Payroll Affects All ODOT Employees

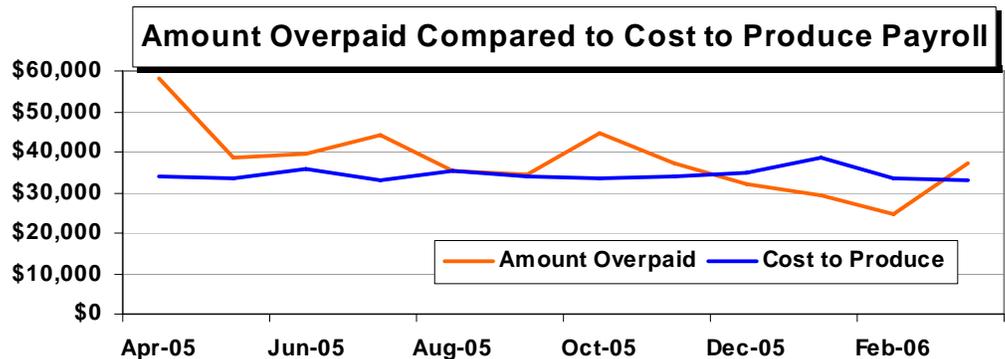
Have you ever thought about how your paycheck gets to you each month? Have you ever wondered about the process involved in receiving a paycheck? It may sound easy, but there are a lot of people and processes involved in producing an employee paycheck each month.

The Payroll Unit processes an average of 6,500 paychecks, 50 new hires, 70 separations, 50 hardship leave requests and 235 garnishments a month. This article provides some background about the system and the challenges that payroll operations present.

The Oregon State Payroll Application (OSPA) currently pays over 34,000 employees at more than 120 state agencies. This system handles more than 40 "benefit packages" based on union representation or other classifications. OSPA communicates with four other statewide systems in order to get employees paid—the Position Personnel Data Base (PPDB), the Statewide Financial Management Application, and Department of Treasury.

Payroll is processed twice each month. The processes are referred to as Run 1 (preliminary) and Run 2 (final). Run 1 normally occurs between the 21st and 25th of the month for payment on the "1st". This is considered the exception run and assumes that each full-time permanent employee will work and be paid their base pay for the entire month. Part-time and temporary employees' time for the first half of a month must be entered during Run 1 to generate a paycheck.

Run 2 happens between the 4th and 9th of the following month. This is considered the "clean-up" run and when all employee timesheets must be entered by field timekeepers into OSPA in order to pay any additional money owed to the employee and record any leave taken during the month. These two runs make up one month's payroll. It is important to understand that nothing on the data base is updated until a final run has been made. A final run produces the payroll register in both paper and electronic formats. The register constitutes the official payroll record for the Department.



Final Paycheck Deadlines

Labor laws set the following specific time limits within which an employee's final wages must be paid:

- Employee quits with less than 48 hours notice, excluding weekends and holidays, within 5 days
- Employee quits with notice of 48 hours, final check is due on final day worked
- Employee is discharged, final paycheck is due no later than the end of the next business day
- Employer and employee mutually agree to terminate the relationship, the check is due by the end of the following business day

Financial Services is a branch of ODOT's Central Services Division. Financial Services provides centralized accounting, financial reporting, payroll and benefits, budget development, economic and financial analysis, business planning, debt administration, cash management, the Oregon Transportation Infrastructure Bank, tax collection and auditing, revenue forecasting, tax policy analysis and cost allocation services.

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Voluntary and Other Deductions

Voluntary deductions can include anything from deferred compensation, parking, savings bonds, and charitable contributions to medical, dental, life, long-term care, and disability insurance premiums. These deductions are taken after state, federal, and FICA taxes and impact the net pay of an employee.

An employee's insurance benefits selection will drive the voluntary deduction on his/her paycheck. For calendar year 2006, medical and dental plans are subsidized by the employer. However, if an employee opts for life and disability insurance, the cost of premiums is deducted from the employee's paycheck.

PEBB.Benefits is the online system employees use to sign up for insurance options at the time of hire, during open enrollment, or if they have experienced a qualifying status change. Employees have 60 days from date of hire to complete and submit enrollment forms. Insurance for new employees is effective the first of the month following signing, dating, and submission of forms to the Payroll Unit. Open enrollment for benefits occurs every year during the

month of October and all changes are effective beginning January 1st.

Other deductions may also contribute to an employee's net pay being less than expected. This may include union dues, additional tax withholdings for taxable fringe benefits (e.g., non-overnight meals, education), salary advances, and garnishments.

Leave Without Pay and Overpayments

Approximately 5% of ODOT's employees are overpaid each month. These overpayments can be anything from a small workers' compensation adjustment of a few cents to a full paycheck that was an overpayment received by an employee who may have been on leave without pay for the month. Leave without pay can happen for a variety of reasons. If an employee has a workers' compensation claim, is approved for the Family Medical Leave Act or Oregon Family Leave Act, or hovering with low leave balances, managers and employees should use this information as a reminder that action may need to be taken on an employee's timesheet prior to the end of the month to prevent overpayment. If an employee is overpaid, by law the Department must take steps to collect the overpayment.

How Can Employees and Managers Help Alleviate Paycheck Problems?

- Submit a personnel action in the PPDB system prior to cutoff to activate new employees or for pay and/or address changes
- Enter employee time into OSPA prior to payroll cutoff dates and all leave without pay prior to Run 1 cutoff
- Submit a personnel action using the "PAY-DISTR" four-digit code as the location identifying where an employee's check should be mailed
- Complete employee benefit-related information within 60 days from date of hire and submit qualifying status changes (e.g., marriage, divorce, birth) within 60 days of status change
- Submit a personnel action for employees expected to be on leave without pay for 15 days or more