

12.1 Introduction

The Payroll staff is responsible for the accurate and timely production of payroll, ensuring compliance with federal and state laws, and District policies.

12.2 Definitions

Common terms unique to payroll procedures are listed below:

- Faculty load: method of tracking teaching assignments used to generate faculty contracts, create payroll assignments, and to pay faculty accurately. It is a tool to monitor and ensure District policies on pay and workload are accurately implemented.
- Deductions: Monies deducted from an employee's gross pay, including:
 - Federal withholding
 - Medicare
 - Metlife (for part-time employees)
 - Group insurance
 - Optional Retirement (ORP) or Teacher Retirement (TRS) (for full-time employees)
 - Child support
 - Levies
 - Tax deferred contributions (403b and/or 457 Plan)-voluntary savings plans
 - Charitable donations
- Benefits: Monies paid by the State or District, including:
 - State portion of TRS or ORP
 - District portion of TRS or ORP
 - District matching Medicare
 - District portion for medical and dental insurance
 - Bereavement leave
 - Critical illness
- Reallocation-an adjustment made to move salary expense from one organization to another.
- Tax-sheltered annuities-retirement annuities purchased by an employee through a deduction in pay.
- Non-exempt employee-employees required to record hours worked each day, who are compensated at 1.5 times the hours worked for hours worked over forty (40) hours per week. Compensation may be in the form of compensatory or "comp" time, but can be in the form of paid wages.
- Exempt employee-employees held accountable for accomplishing responsibilities of their position and salary is not based on number of hours worked.
- TimeClock Plus-web entry time keeping system-for all employees to request leave and non-exempt employees to record time worked.

12.3 TimeClock Plus

12.3.1 Time Entry

Nonexempt employees must clock in online or at a time clock upon arrival at work and clock out at the end of the day. Employees clock out for lunch and clock back in when returning to work. Supervisors review and approve employees' weekly time by Tuesday of the following week. All employees are required to request leave

through TimeClock Plus. Exempt employees are not required to clock in to TimeClock Plus to document hours worked, since pay is based on accomplishing responsibilities, not hours worked.

12.13.1.1 Payroll Review

Payroll reviews all time submitted on a weekly basis. Payroll reviews TimeClock Plus reports to make sure supervisors, and or HR have signed off on employees' time, employees have at least forty hours accounted for each week, overtime is not accrued on leave, and comp time is not earned and taken in the same week. After all exceptions are resolved, the week's payroll cycle is closed by Payroll.

12.3.2 Eligible Leave

Eligible leave must be requested and approved electronically through TimeClock Plus for the following leave types and corresponding job codes:

- Vacation (170)
- Sick leave (180)
- Comp time taken (189)
- Personal day (169)
- Wellness (172)
- Professional leave (390)
- Paid Class Time (173)
- Extended Family Sick Leave (183) requires HR approval
- Critical Illness (185) requires HR approval
- Bereavement (240) requires HR approval
- Jury Duty (395) requires HR approval
- Military (230) requires HR approval

12.3.3 Holiday and Other Leave

Holiday and other leave provided at the District's discretion (e.g. inclement weather, All College Day) is posted to TimeClock Plus by the Payroll staff.

12.3.4 Overtime and Comp Time

Employees are required to have some combination of worked hours and leave totaling forty (40) hours each week. Hours worked in excess of 40 hours are eligible to be paid at 1.5 times hours worked over 40 in a week. Overtime can only be earned on worked hours, not leave time. Compensation may be in the form of compensatory or "comp" time, but can be in the form of paid wages. Earned "comp" time is recorded on TimeClock Plus using the job code for comp time earned (190).

12.3.5 Payroll Calendar

Payroll publishes a calendar each year that is posted on CougarWeb listing the pay dates and the cutoff dates each month. Payroll is processed for all overtime and/or "comp" time as well as leave through the cutoff date. Leave taken and overtime/comp time earned after the cutoff period is reflected in the following month's pay. (See Exhibit 12.1-*Payroll Calendar*) Relevant data is fed into Banner

from TimeClock Plus including all overtime hours and leave. Leave balances in Banner are updated and pay for overtime is based on documentation exported from TimeClock Plus to Banner.

12.3.6 Accruals

Accruals for sick leave and vacation are earned as of the end of each month. Earned and unearned vacation is posted to employees' accrual balance at the beginning of each fiscal year. Earned sick leave is posted to employees' leave balance at the end of each month, after the payroll has finalized for the month.

12.4 Payroll Processing

Payroll is responsible for processing paperwork submitted by Human Resources (HR) including:

- New employee setup
- Benefits
- Deductions
- Sub forms
- Leave without pay (LWOP)
- Direct Deposits
- Mid-term Course Reassignment Form-form used to identify substitutes for faculty not teaching (see Exhibit 12.2-*Mid-term Course Reassignment Form*)
- Monthly levies
- Reclassifications
- Terminations
- Family Medical Leave Act

Paperwork submitted by HR to Payroll for processing is reviewed by Payroll for proper authorization and accuracy. All data entry for payroll processing is reviewed after it is keyed into Banner. Errors are corrected and reports run to check corrections.

The revenue and receivables accountant wires funds equaling the net amount of payroll payable from the operating bank account to the payroll bank account. Documentation for the total amount transmitted is supported by the monthly payroll reports.

After payroll is finalized for the month, all payroll transactions are fed to Finance to either general ledger accounts (balance sheet accounts) or operating ledger accounts (expense accounts). The Payroll and Accounting Staff are responsible for ensuring feeds from Banner-HR/Payroll are fed properly to Banner Finance each month. In addition, salary encumbrances are relieved for the amount recorded as expense for the month.

12.5 Faculty Load

All faculty teaching and nonteaching assignments are entered on faculty load through the division. Division Deans, Vice-Presidents/Provosts, faculty and HR reviews faculty load for accuracy, appropriateness, and completeness before Payroll processes payroll. Specific guidelines for entering faculty load on the Faculty Load In-house Process (FLIP) are documented in the *Faculty Load Guidelines Manual*, which is updated every fiscal year by HR.

(See Exhibit 12.3 for *Faculty Load Guidelines Manual*.) Faculty load is prepared for Fall, Spring, and Summer semesters. Flex classes processed through faculty load are designated by changing process flags to “Y” for classes that are not 16-weeks long with normal census dates.

Payroll staff verifies each course is linked to a valid organization number.

Payroll reviews faculty load to verify accuracy of overload and part time contracts for payments made to faculty. For full time faculty, the Payroll staff verifies the percentage load is close or equal to 100% for the semester.

12.6 Reallocations

Reallocations are necessary when salaries are charged to one organization, but should have been charged to another. Typically a Department will notify Payroll when a salary is charged to the incorrect organization number. A correction is made in Banner-Payroll which is then fed to Banner-Finance. Corrections for labor distribution must be made for each month the salary was charged to the wrong organization number. In addition to making a correction for the prior periods the faculty expense was charged to the incorrect organization, Payroll updates the employee’s payroll records to ensure the correct organization is charged for future periods.

12.7 Processing Benefits

Medical and dental benefits are offered to all full time employees through Employee’s Retirement System (ERS). The Texas State Legislature appropriates a specific amount for insurance premiums it pays on the District’s behalf. Since the premiums exceed the amount appropriated to the District by the State for coverage, the District pays the difference. Premiums for employee-only coverage are paid by the State and/or the District; the employee does not have a deduction taken from his pay for any premiums. All other coverage, except employee-only, require the employee to pay a portion of the premium, in addition to the contributions made by the State and/or District. Employees notify ERS directly when making changes to their coverage. Change notices are available for download by HR and the Payroll staff. Documentation for changes in coverage is provided by HR and processed by the Payroll staff.

By the middle of the following month, ERS provides an insurance and TexFlex Summary report which documents total premiums for the period, funds paid to ERS (local funds), payments paid on the Districts behalf by the state, and employee payments. Financial Billing Detail is available from ERS as needed. The Payroll staff is responsible for reconciling the ERS detail to the payroll detail.

The Texas State Legislature enacted new legislation during the 83rd Texas Legislature which redefined the State contribution rate for community colleges. Based on the latest legislation passed, the Legislature mandates the state contribution rate for employees in Teacher’s Retirement System (TRS), is 6.8% for FY 2014 and FY 2015. Senate Bill 1812 limits state contributions to the pension plan for community colleges to 50% of the contribution amount with the remaining 50% required to be paid by the District. For employees enrolled in Optional Retirement Plans, the required state contribution rate is 6.6% which the State pays 50% (or 3.3%) and the district pays 50%.

The District recently entered into an agreement with JEM Resource Partners which administers the retirement distribution funds to the ORP and tax sheltered annuity (TSA) providers on behalf of the District. The Payroll staff submits documentation to JEM supporting an electronic payment transmittal sent after payroll is finalized each month. Employees communicate directly with JEM to make changes in contribution amounts, ORP/TSA carriers, etc.

12.8 Self Service

Through Banner Self-Service on CougarWeb employees are able to view the following:

- Benefits and deductions
- Pay information
- Tax Forms including W4 Tax Exemptions or Allowances, Electronic W-2 consent, W-2 Wage and Tax Statement
- Jobs Summary/descriptions
- Leave Balances

12.9 Payroll Payables

After Payroll finalizes payroll for the month, the Payroll staff processes payables for deductions made from employees' pay and for benefits paid for employees. Payroll reports document all employee deductions and benefits. Checks and/or ACH wires for the following payables are generated based on the payroll register:

- Retirement contributions and deductions for TRS and ORP
- Tax Sheltered annuities
- ERS/Group insurance deductions
- Federal withholding, Medicare
- MetLife
- Levies
- Child support
- Charitable donations

The District invoices the State for the portion of Optional Retirement it pays.

The Payroll staff submits a report to TRS through TRAQS with the total compensation paid on which employer payment is due, and the total amount of employer contribution due-equal to 6.8% of the compensation paid. Monthly deposits are remitted to TRS through electronic transfers (TEXNET).

12.10 Supplemental Checks

Supplemental checks are issued for vacation payoffs when an employee terminates employment with the District. Vacation payoffs are always issued after the month in which the employee terminates employment. Otherwise, requests for supplemental checks must be accompanied by written justification and authorized by employee's supervisor, dean, and appropriate vice president, or provost. A *Supplemental Check Request* form (Exhibit 12.5) must be submitted to payroll.

12.11 Direct Deposits

Employees receive their paychecks by a direct deposit to their bank account. New employees complete an authorization agreement for automatic deposit form providing their bank account and routing information and return the completed form to the Payroll staff. (See Exhibit 12.4 *Direct Deposit Authorization Form*) The employee's first paycheck is a manual check. Subsequent checks are direct deposits after Payroll processes the direct deposit authorization form.

12.12 Taxes

The District is subject to the \$100,000 one-day deposit rule as described in the IRS Employers Tax Guide, Circular E. This reference guide is maintained by Payroll. Taxes owed for federal withholding, and Medicare are deposited by phone and the funds are withdrawn from the bank by an ACH withdrawal. The 941 quarterly report is prepared from the monthly, supplemental, and void payroll reports.

12.13 Year End Processes

12.13.1 Calendar Year End

The Banner W-2 generating process is run prior to January 31. The totals are reconciled to the 941 quarterly reports for the year, January 1 through December 31, before printing the W-2's or making them available on Banner Self-Service for download.

The W-2s are required by Federal law to be mailed out or made available by January 31 to all employees. The W-2 file is sent electronically by March 31, with a Wage File Identifier to SSA. The Payroll staff checks the status of the file online within one to six weeks.

12.13.2 Fiscal Year End

As part of the fiscal year end process, the Payroll staff runs a vacation accrual report in order for accounting to record a vacation accrual for the fiscal year. Unused vacation leave carried forward from one year to the next is limited to 15 days for each employee. Upon termination, employees are paid for earned but unused vacation for the current year and up to the 10 day maximum allowed for unused vacation carried over from the prior year.