

## WHAT HAPPENED AND WHY?

Change came to Missouri State when the new SunGard H.E. Banner Human Resources System began in 2009. On **December 15, 2008**, any employee who completed a time record (blue bubble sheet) began recording their time online using the Self-Service Banner (SSB) time record or their department began recording time worked through departmental time entry.

Prior to Banner, nonexempt salaried employees were paid a flat salary each month on the last banking day of the month for work performed from the first through the last working day of the month. This is called an anticipatory payroll. It was assumed that all days were either worked or covered with some type of paid leave. The first of the following month the time records were approved and turned in. This time reporting may have included earned and used compensatory time, vacation and sick leave, leave without pay, etc. This 'exception' time from the previous month was processed and applied to the next month's paycheck.

With the introduction of Banner, nonexempt employees were changed to a **lag** payroll which pays for *hours actually reported* through Self-Service Banner time entry or departmental time entry. Instead of being paid a fixed salary amount for a calendar month, employees now receive pay for time reported from the 16<sup>th</sup> through the 15<sup>th</sup> of the following month on the last banking day of that month. This is called a lag payroll.

The first Banner paycheck was received on January 30, 2009 and was for time reported from December 15, 2008 through January 15, 2009. The last non-Banner payroll was marked by the December 31, 2008 paycheck and contained pay for work between December 1, 2008 and December 15, 2008.

## TRANSITION PAYMENT

Missouri State recognized that the transition to the new lag payroll could create hardships for employees. In order for employees to receive a full month's pay in December and January, a **transition payment** of ½ of their normal monthly salary was added to their December 31, 2008 pay. Any overtime pay or leave without pay reported on the December 2008 blue bubble time record was adjusted on the January 30, 2009 pay.

The transition payment was intended to assist employees who have established their personal finances to match Missouri State's prior pay schedule. The transition payment was used as a bridge so the migration to the lag payroll would be smooth for the employees affected and may not have even been noticed by many.

Transition payments were not necessary for employees paid on an hourly basis (student and part-time employees), employees paid on an academic year basis rather than a fiscal year (faculty), fulltime exempt employees or those who began employment after **December 15, 2008**.

## HOW IT WORKS

With lag payroll processing, monthly paychecks are based on actual hours worked during the monthly pay period, not one-twelfth of annual salary. All annual salaries for nonexempt employees were converted to hourly rates by dividing their annual salary by 2,080 hours. Paychecks may have up to three days less pay in some months than when nonexempt employees were paid on a salaried basis due to the varying lengths of months (28, 30, or 31 days), causing a variation of the number of work days in the pay period.

The chart below demonstrates monthly fluctuations in gross pay for a nonexempt employee working Monday through Friday and earning the average annual salary of \$28,767 when transitioned to an hourly basis.

Pay Day	Work days	Hours	Per Hour	Gross Pay	Mo Salary	Variance
Jan 30	23	184	13.83	2,544.80	2,397.28	\$ 147.52
Feb 27	21	168	13.83	2,323.52	2,397.28	\$(73.76)
Mar 31	20	160	13.83	2,212.80	2,397.28	\$(184.48)
April 30	23	184	13.83	2,544.80	2,397.28	\$ 147.53
May 29	22	176	13.83	2,434.16	2,397.28	\$ 36.88
June 30	21	168	13.83	2,323.52	2,397.28	\$(73.76)
July 31	22	176	13.83	2,434.16	2,397.28	\$ 36.88
Aug 31	22	176	13.83	2,434.16	2,397.28	\$ 36.88
Sept 30	22	176	13.83	2,434.16	2,397.28	\$ 36.88
Oct 30	22	176	13.83	2,434.16	2,397.28	\$ 36.88
Nov 30	21	168	13.83	2,323.52	2,397.28	\$(73.76)
Dec 31	22	176	13.83	2,434.16	2,397.28	\$ 36.88
TOTALS		2088		28,878.03	28,767.39	\$110.64

In this example, there are 23 work days on the Jan 30 paycheck, 21 days on the Feb 27 paycheck, and 20 work days on the March 31 paycheck. For the nonexempt employee earning the average nonexempt annual salary of \$28,767, the monthly salaried amount is \$2,397.28. However the difference in the number of work days will result in gross earnings of \$2,544.80 on January 31, \$2,323.52 on February 27, and \$2,212.80 on March 31. The monthly variance in pay when compared to the salaried amount ranges from \$147.52 more pay in January to \$184.48 less pay in March. In fact, March will always have the lowest number of days paid because of fewer days in the last half of February. One of the benefits to the transition from the employee's perspective is that on an annual basis, nonexempt employees paid based on hours reported on a lag payroll will be paid for eight more hours a year than they were paid while being paid on the anticipatory salaried basis, actually increasing their annual take home pay.

## OVERTIME

Beginning December 15, 2008, the regular hours reported through Banner Self-Service time entry or departmental time entry that add up to over 40 hours in one week are automatically paid at straight time and the additional half time will be banked as compensatory time.

## FULL-TIME EXEMPT EMPLOYEE – FACULTY OR STAFF

There was a major change for the Full-time Exempt Employee, faculty or staff, receiving supplemental pay such as a car allowance, grants, or teaching. Supplemental pay will now receive all of their compensation each month-end instead of part on the 15<sup>th</sup> and regular pay at the end of the month.

## PART-TIME AND STUDENT EMPLOYEES (1000 Hour Employees)

In January 2009 all **Student Employees** and **Part-time Nonexempt Employees** moved from a monthly to a semi-monthly payroll. Each month work performed the 1-15<sup>th</sup> will be paid on the last banking day of the month, and work performed the 16<sup>th</sup> – 31<sup>st</sup> will be paid the following 15<sup>th</sup> day of the month.

Beginning December 1, 2008 all students and part-time 1000-hour employees who completed a ***paper time card*** or used the ***Zip Card readers*** started using the online time record form through Self-Service Banner (SSB) to enter time worked *for the entire month of December* or their department entered their time through departmental time entry *for the entire month of December*. On January 15, 2009 employees were paid for the entire month of December 2008 as usual. Continuing to use the Self-Service Banner time record, these employees recorded their time worked between the dates of January 1 – January 15 and then received their pay on January 30, 2009 for those hours.

The semi-monthly pay system was part of our effort to improve information processing at Missouri State University. The pay calendar found on the Payroll, Human Resources and Student Employment web sites shows the time period, the date the time record **MUST** be approved by the employee's supervisor and the date of pay. Any time records not approved cannot be paid, so pay special attention to these dates.