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December 2, 2004

Corrected Payroll Letter 865

To: HR Administrators, Payroll Officers, Personnel Officers, Fiscal Officers, Labor Relations Officers and EEO Officers of All Departments, Institutions, Boards and Commissions

From: Dan R. Parks, State Payroll Administrator

Subject: 2% Ratification Payment

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Certain collective bargaining agreements and the exempt benefit bill (HB 640) provide that eligible employees will receive a 2% payment in their payroll checks dated December 10, 2004. The Office of Collective Bargaining and the Human Resources Division Policy Development Office have provided clarification below as to who is eligible for the payment, and how the payment will be calculated. Other items that are discussed include the posting of the pay exception, accounting for the payment, withholding taxes, child support, and fringe payroll costs.

### **Eligibility – Union Employees**

All union employees on active payroll on November 14, 2004 (pay period ending 11/27/2004) who are represented by the following Collective Bargaining agreements, and who are employed in one of the eligible appointment types shown below, and whose appointment date is prior to the Effective Date below, are eligible:

<u>Union</u>	<u>Collective Bargaining Units</u>	<u>Effective Date</u>
OCSEA – Statewide	03,04,05,06,07,08,09,13,14	March 6, 2003
OCSEA – Attorney General	45	March 6, 2003
OCSEA – Auditor	50	March 6, 2003
OCSEA – Treasurer	55	March 6, 2003
OSTA – Troopers	01	June 30, 2003
OSTA – Sergeants	15	June 30, 2003
FOP	02	November 4, 2003
FOP – Attorney General	46	March 6, 2003
SCOPE/OEA	10	March 6, 2003
SEIU/District 1199	11 and 12	March 6, 2003
CWA – Secretary of State	40	March 6, 2003



**Eligibility – Non-Union (Exempt) Employees**

All non-union (exempt) employees on active payroll on November 14, 2004 (pay period ending 11/27/2004) who are employees of the Governor’s Cabinet Agencies and the Boards and Commissions appointed by the Governor or one of the participating elected offices, and who are employed in one of the eligible appointment types shown below, and whose appointment date is prior to the Effective Date below, are eligible:

<u>Exempt Group</u>	<u>Collective Bargaining Units</u>	<u>Effective Date</u>
Exempts – Under control of the Governor	22, 23, 33, 35, 99	March 6, 2003
Exempts – Secretary of State	41	March 6, 2003
Exempts – Attorney General	47	March 6, 2003
Exempts – Treasurer	56	March 6, 2003

**Additional Eligibility - Union and Non-Union (Exempt) Employees**

Employees on “active payroll” include employees who are continuously and actively working; or those who are on Disability Leave (I08), Workers’ Compensation (I09), Occupational Injury Leave (I10), Military Leave (I01), laid off and recalled, or on a voluntary leave of absence.

Eligible full-time appointment types:

- 01 – Full-time Permanent
- 08 – Fixed Term Salaried (Board/Commission Members only)
- 11 – Full-time Interim Internal
- 21 – Full-time Project Employee

Eligible part-time appointment types:

- 04 – Part-time Permanent
- 13 – Part-time Interim Internal
- 17 – Established Term Regular
- 18 – Established Term Irregular
- 20 – Part-time Project Employee



### **2% Payment Calculation**

All eligible employees will receive a payment using the following calculation:

$$\begin{aligned} \text{Payment Amount} &= \text{Prorated Hours } (\textit{Hours Worked} \text{ divided by } 2080) \\ &\quad \times 2080 \text{ hours} \\ &\quad \times \textit{Rate} \\ &\quad \times 2\% (.02) \end{aligned}$$

Hours Worked is set based on appointment type. Full-time appointments are credited with 2080 hours (80 hours per pay period X 26 pay periods) with exception of employees who were on a leave of absence. Part-time appointments are credited with the number of hours worked during pay period ending November 13, 2004, plus the hours worked from the prior 25 pay periods. For part-time employees hours worked will be calculated based on the total number of hours the employee was in active pay status. Unpaid leave will not be included in this determination. Note - Firefighters at the Adjutant Generals Office are scheduled for 2704 hours during the year, and will have their Payment Amount calculated based on 2704 hours, rather than 2080 hours.

The following leave of absences will affect Hours Worked for both full-time and part-time appointments, as they are voluntary leaves:

- I02 – Leave of Absence
- I07 – Educational Leave
- I11 – Union Leave
- I19 – Voluntary Cost Savings Program

Rate is determined by the job classification that the employee holds November 14, 2004 (pay period 11/27/2004). The Rate will be the maximum step of the pay range that the employee's job classification has been assigned, unless otherwise clarified below:

- Article 21.02 SCOPE Contract: Degree Level (1-4). Paid at step eleven (11).
- Blind / Deaf School Teachers: Degree Level (1-4). Paid at step eleven (11) of Blind and Deaf School Teachers Salary Schedule (HB 94).
- SEIU/District 1199: Maximum step of the pay range, excluding PAIL.
- Exempt Schedule - E1: Pay Range 01 – 18. Maximum step of the pay range. (Note: Step 6 is the maximum step of pay ranges 12-18)
- Exempt Schedule - E2: Pay Range 41 – 49. Maximum rate of the pay range.
- Administrative Staff: Pay Range 00. Paid at employee's base rate of pay.
- Board/Commission Members: Appt Type 08. Paid at employee's base rate of pay.
- Step 'X': Maximum step of the pay range. Not step 'X' rate.
- Temporary Work Level (TWL): Maximum step of the pay range of the position that the employee permanently holds, not at the TWL pay range. The TWL rate, by definition, is a supplemental rate.
- Internal Interim Appointments: Maximum step of the pay range of the position that the employee is filling as an internal interim appointment.

**Child Support**

For employees who are paying child support, state law requires that DAS notify the Child Support Enforcement Agencies (CSEA) concerning any lump sum payment of more than \$150.00. The CSEA has 30 days to notify DAS of any arrearages that an employee may have, and the Courts may order all or part of the lump sum payment be sent to the Court to cover such arrearages. In October, DAS will notify CSEA that such a payment is going to be made in December. This will give the courts time to notify DAS so that employees not in arrears, will be able to receive their 2% payments on pay day December 10, 2004.

**Posting on Payroll**

A computer program will automatically post the 2% payment to each eligible employee's payroll record. The pay exception will appear as follows:

PLUS 1.00 ADJ \$\$\$\$.\$\$ LUMP SUM

**Accounting**

The cost of the 2% payment will be charged to the employee's base CAS Reference Number (REFNO) and captured under payroll object of expense:

020-23 Lump Sum Payments

To charge the 2% payment to other accounting codes (account splits), post any number of ACCT lines and amounts that do not exceed the total 2% payment.

ACCT \$\$\$\$.\$\$ - REFNO=00001 020-23

Should the number of account split pay exceptions required exceed the limit of eight, please notify the HRD Payroll Support Unit for assistance. They will be able to create a second payroll record that will hold the 2% payment, along with the requested ACCT lines.

**Withholding Taxes**

The 2% payment is a supplemental wage (lump sum) payment and will be taxed at the following rates:

Federal Tax Rate – 25%

Ohio Tax Rate – 3.5%

Medicare Tax Rate – 1.45% (if applicable)

City Tax Rate – Normal Percentage

School District Income Tax Rate – Normal Percentage

**Retirement Contributions**

The 2% payment is not subject to retirement contributions.

**Check-off Charges**

The 2% payment will be included in all percentage based check-off charges that use employee gross pay as the basis for the calculation. These include the following objects of expense:

- 035-04 - Workers Compensation (rates vary by agency)
- 035-10 - Disability Leave Fund (1.70%)
- 035-11 - Accrued Leave Fund (2.15%)
- 035-18 - Parental Leave Fund (0.13%)
- 043-03 - Central Accounting System (0.295%)
- 043-09 - Enterprise Services (0.251%)

If you have any questions concerning the 2% Ratification Payment, please contact your agency's HR Administrator. For issues concerning union employees, please contact Jillian Froment by email at ([Jillian.Froment@das.state.oh.us](mailto:Jillian.Froment@das.state.oh.us)) or by phone at (614) 466-0570. For issues concerning exempt employees, please contact Robert Patchen by email ([Robert.Patchen@das.state.oh.us](mailto:Robert.Patchen@das.state.oh.us)) or by phone at (614) 466-7567. Please contact HRD Payroll Support concerning payroll processing related questions. For any other questions, please contact the Payroll Administration Office at (614) 466-6915.

DRP/jam