

Pay Cycle Change

Frequently Asked Questions

What is the pay cycle change?

Beginning September 15, 2018, all full-time Umpqua Community College employees who are now paid on the current pay cycle basis will transition to an arrears pay cycle. This means employees will be paid one pay period after the actual time worked. Recognized as a best practice at colleges and businesses across the country, the arrears pay cycle will eliminate the perception of “guessing” employees now have when filling out timesheets before the end of the pay period. It will also enable Umpqua Community College to decrease payroll errors, provide more accurate and timely reporting of employee benefits, reduce the amount of employee time spent completing and correcting time sheets, and ensure a more efficient payroll process.

Who is affected by the transition?

All full-time Umpqua Community College employees will be transitioned to an arrears pay cycle on September 15, 2018.

What will happen to my paycheck?

To introduce the desired one pay period lag into the pay cycle, payment of the September 15, 2018 paycheck, that would have covered your hours worked from September 1, 2018 to September 15, 2018, will be paid to you on September 30, 2018.

Will I be paid on September 15, 2018?

You will not receive a regular paycheck on Sept. 15; however, to prepare for the smooth transition from the current pay cycle to the arrears pay cycle, Umpqua Community College will offer a one-time, interest-free transition payment to be made to you on September 15, 2018 in a sum not to exceed the net pay of your May 15, 2018 paycheck.

This transition payment is not a wage – it is designed to help you pay for usual expenses that would normally be covered by your regular paycheck after taxes and withholdings. The

transition payment will be automatically repaid as a deduction from your paycheck starting September 30, 2018 over a period of 6, 12, or 24 months, depending on your choice. Prior to receiving your transition payment, you must sign a payroll deduction form authorizing the repayment of the transition payment in full according to the 6, 12, or 24-month repayment option you choose. If you separate from employment with Umpqua Community College before having fully repaid the transition payment, the remaining transition payment balance will be deducted from your final paycheck.

You must decide whether or not you wish to receive a transition payment, and submit a signed payroll deduction form to the Payroll Department by May 31, 2018.

What happens to the money I would have been paid on September 15, 2018?

The money you would have been paid on September 15, 2018 will be paid to you on September 30, 2018.

Since an arrears pay cycle includes a one pay period lag, upon end of service you will now receive two paychecks (example: An employee who terminates employment on June 30 would be paid for June 1-15 *and* for June 16-30).

Do I have to take the offered transition payment?

No. You may elect not to receive a check on September 15, 2018. During the beginning of the fiscal year 2017/18, Umpqua Community College will bring financial institutions on campus to help employees plan for this payroll transition. Assistance will be offered with planning and setting up savings accounts if you prefer to set aside funds to cover what would have been your September 15, 2018 paycheck. The one year delay in implementation is intended to provide employees time to prepare for the transition.

Do I have to pay back the transition payment?

Yes. If you decide to take a transition payment, it will be paid back to the Umpqua Community College within the following options: 6, 12, or 24-month repayment periods. The repayment will be automatically deducted from your paycheck starting with your September

30, 2018 paycheck and will be taken before any other voluntary deductions such as health insurance, flexible spending accounts, and credit union arrangements. Employees who choose to receive a transition payment must sign a payroll deduction form authorizing the deduction of your repayment amount from each paycheck. Deduction forms can be found on the web and in the Payroll Office. If you separate from employment with Umpqua Community College before having fully repaid the transition payment, the remaining transition payment balance will be deducted from your final paycheck.

What amount of transition payment may I request?

You can request a transition payment in a sum not to exceed your net paycheck amount for May 15, 2018 paycheck, excluding any overtime salary for the pay period. You may also elect not to receive any transition payment from the College.

Can I choose not to transition to a pay-in-arrears schedule?

No. All full-time Umpqua Community College employees who are paid under the current pay cycle will be transitioned to the pay-in-arrears cycle. However, you can opt-out of the transition payment by notifying payroll by May 31, 2018.

Will my salary be reduced?

No. This transition will not result in a salary reduction. Paychecks are simply moved to a pay-in-arrears cycle.

How will I be paid after the transition?

Beginning with your September 30, 2018 paycheck, you will continue to receive your paycheck twice a month on the 15th, and the last day of each month. The only change is the lag – you will be paid one pay period after you have worked and reported the time for that payroll period.

How will I benefit?

You will no longer have to fill out your timesheet prior to the end of the pay period. This eliminates the “guessing” that many employees now feel they must do. It also greatly reduces the number of timesheet corrections you will have to make.

The new pay cycle will decrease the likelihood of payroll errors, resulting in more accurate and timely pay as well as more accurate reporting of your leave balances and accrued benefits. It should reduce the amount of time that college employees at all levels spend on completing, approving, and correcting time sheet records. Improved operating efficiency for the College benefits us all.

How was my paycheck calculated before this transition?

Prior to September 30, 2018, all full-time Umpqua Community College employees had been paid under a current pay cycle. That is, a paycheck had been issued on September 15 to cover the pay period of September 1 to September 15. However, our current pay cycle means that employees submit time sheets prior to actually having worked the entire pay period in order for payroll to process paychecks in time. As a result, if an employee is sick or takes an unplanned absence, he or she will later have to submit an adjusted Absence Report form to update vacation or illness absences. The result is a costly, time-consuming, and sometimes inaccurate payroll process.

Will the new pay cycle affect my sick and vacation day accruals?

No. The accrual of sick and vacation days will be unaffected by the payroll change. You will continue to accrue these benefits on a monthly basis as usual.

I have garnishment deductions from my paycheck. How will they be calculated after the transition?

The calculation of your deductions will not change under the arrears cycle payroll system. Because transition payments are not considered a wage or earned income, they are not subject to withholdings of any kind, including taxes, child support, or other court-mandated

garnishments. Thus, no withholding will be taken from the September 15, 2018 transition payment. **IT WILL BE YOUR SOLE RESPONSIBILITY TO ENSURE THESE OBLIGATIONS ARE PAID DURING THE TRANSITION UNTIL THE ARREARS PAY CYCLE BEGINS ON SEPTEMBER 30, 2018.**

How will my Federal, and State tax withholdings be affected by the transition payment?

These withholdings will not be affected. The transition payment is not considered a wage or earned income. You are only taxed on earned income; therefore, this transition payment would not qualify for taxation.

How will my optional deductions be affected?

These changes listed below only affect the 2017/2018 plan year. After that, the deductions return to their current schedule.

Employee-paid long-term disability	Readjusted to 11 deductions instead of 12
Health insurance	No effect
Optional life insurance	Readjusted to 23 deductions instead of 24
Flexible spending account (FSA)	Readjusted to 23 deductions instead of 24
Health spending account	Readjusted to 23 deductions instead of 24

Due to the transition period, the 24 deductions for the 2017/18 plan year (beginning October 1, 2017 – ending September 30, 2018) will be readjusted to 23 deductions. The last payment will be September 30, 2018. No deduction will be taken from the September 15, 2017, transition payment. *If any of the above deductions apply to you, you will see these adjustments beginning with your October 15, 2017 paycheck.*

Will my PERS contribution be paid from the transition payment?

No. PERS contributions will not be made from the transition payment. According to state laws, contributions to PERS can only be made if there is a wage or earned income. Since the

transition payment is neither a wage nor earned income, no PERS withholdings will be taken from the transition payment.

Will my PERS account be impacted by the arrears cycle transition?

A number of factors influence your PERS account, most of which are governed by the PERS Board and their regulations. This makes it difficult to determine if the transition to arrears will have an impact on your PERS accounts. In most cases, the impact should be minimal.

Who may I contact with questions?

You may contact your HR/payroll liaison, or email Yvonne.Hernandez@umpqua.edu with any questions.