

AGENDA ITEM # 32

September 23, 1997

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Discuss direct deposit and payroll time changes.

County Treasurer Vivian Wood addressed the court regarding direct deposit and payroll time changes, but no action was taken on this agenda item.

Williamson County

Vivian L. Wood

County Treasurer



MEMORANDUM

Date: September 22, 1997

To: Judge John Doerfler
 Commissioner Mike Heiligenstein
 Commissioner Greg Boatright
 Commissioner David Hays
 Commissioner Jerry Mehevec

From: Vivian L. Wood
 County Treasurer

Re: Payroll Issues

The discussions in regard to direct deposit for payroll and the needed changes for the pay period have been ongoing since January. There are several areas that need continued discussion before the decision is made to go to a payroll direct deposit process for County, Adult Probation and Health District employees.

The present pay periods are from 12:01 a.m. Friday through Thursday midnight, covering a 14-day period of time. All payroll time sheets are due in our office on the Friday preceding payroll the next Friday. We are still getting time sheets and changes of information on days worked, time off, terminating employees and new hires on Tuesday and in some instances on Wednesday. The Auditors come in on Wednesday to begin their review of the randomly selected employees on the payroll master we ran on Tuesday afternoon or evening. On Wednesday night another payroll master is run with any corrections made. The Auditors continue their work on Thursday. The master with the check numbers on it is taken to the County Judge for review and an approval signature as soon as we can get the check run completed. In order to complete the process, checks are being cut before the Auditor has finished the review of all vacation, sick, and comp times submitted for every County employee.

Funding requirements for the County, Adult Probation and the Health District are submitted for approval and the data is given to each department. Each entity brings the check to our office. The payroll checks are signed, separated, burst

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apart, put into departmental sections and readied for pickup on Friday morning. The checks are readied for deposit on Thursday night and hit our payroll account on Friday morning.

When the data given to us is incorrect, late, or we make an error not found in our review of the master and the time sheets and the Auditor's review of data submitted, further steps have to be taken in a very short period. The prepared checks have to be voided, reconfigured, and reprocessed. The checks may affect our submission to the federal government, the retirement system, or escrow and the funding requirements have to be changed appropriately.

The depository bank requires that a tape of all direct deposit paychecks and the amount of funds for each one, and the funds from each entity must be to the bank on Wednesday morning of payroll week. This time frame allows the bank to process the funding to all county employee's banks by the beginning of business on Friday. This procedure is common to all banks.

In order to accomplish the direct deposit function, the pay period must change to provide the required time to process payroll correctly. The last time payroll was changed, from twice monthly to bi-weekly, the pay period was changed and the County and Health District were required to pay additional funds to cover the cost of the change in pay periods. The time frame for submittal of pay information was not extended long enough to accomplish the process for direct deposit.

Presently the County and Health District are on the same pay schedule. However, when the change from twice monthly to bi-weekly was made the Adult Probation department did not make the change. We are paying their employees through the Friday payday. This creates problems if the employee resigns, does not come to work for whatever leave issue is involved. Also, if there is a Thursday or Friday holiday of pay week we pay the employee for time not worked at the time the paycheck is issued which could be as much as three days. This issue must be resolved even if we do not go to direct deposit.

We have visited with Judge Doerfler, Auditor's staff, other department heads, and with our depository bank to be sure we have the information needed to make the changes we feel are necessary. Judge Doerfler has asked that we visit with you in regard to this issue and to provide data that may be used to arrive at a decision on the possibility of direct deposit. I do not believe that direct deposit will provide as much of a money savings as it will serve as a more efficient method of paying County employees accurately and in a timely manner. Employees who work shifts will benefit by having their pay on the same day as other employees.

The bottom line as always is funding for the transition. In order to change the pay period so that we have eight working days instead of the present four, we need an additional four days for County and Health District employees and ten

days for Adult Probation. These changes would facilitate having the funding to the bank on Wednesday morning for direct deposit. Or, as the case may be, the day appropriate to accommodate a payroll falling on a designated holiday. The proposed changes for the County employees are estimated to cost \$340,000 and for the Health District employees the cost is estimated at \$36,000. The Adult Probation employees estimated cost is \$82,000, this amount is larger because the initial change was not made in 1992.

In order to achieve a reduction in the amount the three entities have to pay for the changes in cash, which we have been told was not appropriate even though it was done in 1992, we propose that the employees be encouraged to help fund the change by exchanging two days of vacation or comp time (we also feel employees with sick time accumulations of over two hundred hours be allowed to use that time). The entities would pay for the other two days. Adult Probation could exchange four days of allowed time and pay for the additional four days. The employees do not lose the four, or eight days. They are paid for the time worked at the time they leave the County.

The changes could be initiated beginning with the first pay period in November. Each November pay period would be short two days, or as in the case of Adult Probation, five days, and the process would be complete. We would then be back on schedule for the December pay periods. The cost of living increase and any merit raise given would also help in keeping the cost from being too onerous for County employees. The payday will not change.

Money savings would be realized in the reduction of the costs of printed checks, banking costs which include encoding, statement sort, amount to approximately .21 cents per check each pay day. That appears to be a small amount, but multiplied by the approximately 865 paychecks being cut this week, times 26 paydays per year, it amounts to \$4,722.90. This amount, of course, does not include preparation cost. Additional employees will add to that cost.

The cost of storage and time spent in reconciliation of each statement would be less. Costs associated with personnel coming into the office each payday to pick up payroll would be reduced and hopefully with a courier on line the outlying areas would receive their pay checks in a timely manner. The savings would be realized over a long period of time. There is a cost for direct deposit each month but it is not per employee using the direct deposit system. We do not have an exact cost of direct deposit, but will visit with the bank when it is appropriate. I have had conversation with the bank in regard to their ability to provide this service in the future and have been assured they will be able to do so.

I appreciate your attention to this issue and will be happy to respond to questions or concerns at this time or on an individual basis.

September 1997							November 1997						
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21	22	23	24	25	26	27	16	17	18	19	20	21	22
28	29	30					23	24	25	26	27	28	29
							30						

PAYROLL

October 1997

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12	13	14	15	16	17	18
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13 DAY PAY PERIOD WEEK DAYS						
26	27	28	29	30	31	

October 1997							December 1997						
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PAYROLL

November 1997

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PAY

13 DAY PAY PERIOD
9 WEEKDAYS

November 1997							PAYROLL														January 1998						
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16	17	18	19	20	21	22															18	19	20	21	22	23	24
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NEW PAY SCHEDULE						
28	29	30	31			

December 1997

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PAYROLL

January 1998

February 1998

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September 1997							November 1997						
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PAYROLL

October 1997

Sun	Mon	Tue	Wed	Thu	Fri	Sat
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NORMAL PAY PERIOD						
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PAY

November 1997							January 1998																
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December 1997

Sun	Mon	Tue	Wed	Thu	Fri	Sat
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AGENDA ITEM # 33

September 23, 1997

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Consider approving amendment to the 1997/98 budget order.

Moved: Judge Doerfler

Seconded: Commissioner Boatright

Motion: To approve amendment to the 1997/98 budget order with clarification for exempt and non-exempt sick leave and holiday time.

Vote: Motion carried 4 - 0

< Clerk copy here >

Clarifications to Budget Order

Under Federal law, there is a legal entitlement to compensatory time only if a nonexempt employee actually works more than 40 hours during a 7-day work period. The following rules regarding overtime represent an effort to go over and beyond the minimum requirements in the interest of fairness. They are to apply only to nonelected county or precinct employees who are **not** subject to the guaranteed salary with fluctuating hours plan. The examples are designed as general illustrations of the principles involved, as well as of the sort of situations that the clarifications are intended to address.

Definitions: "Nonexempt employees" include all county and precinct employees who are subject to the overtime regulations of the Federal Fair Labor Standards Act. "Authorized paid leave" includes holidays, sick leave, vacation, compensatory time taken, personal leave, military leave, jury duty, and all similar forms of compensation allowed by the annual budget order.

1. Nonexempt employees may only work on a county holiday or outside normal working hours at the express direction of their supervisor or with the express permission of their department head or designee. Additional hours worked without such authorization will not be compensated, except to the limited extent required by Federal law.* It is the responsibility of the department head to enforce this policy and to prevent the filing of claims for unauthorized compensation.

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Example 1: An employee is sick on Monday, then gets permission to work 8 extra hours later in the week; under the policies described below, the employee will not be charged with any expenditure of sick leave.

Example 2: Another employee is sick the same day, then works 8 extra hours **without** permission; the employee is charged with 8 hours sick leave and accrues no compensatory time.

* The county is required to credit time-and-a-half for hours actually worked beyond 40 in a 7-day work period, to the extent that the employer "suffered" the extra hours to be worked.