

Civil Service Council (CSC) Meeting
May 21, 2002

Present: Vicki Bryan, Martha Burk, Barb Dallinger, Lin Hinds, Christa Lawhun, Andy Monninger, John Moss, Pat Schnitker, Bob Sipes, Keith Smith, Elaine Thoennes, Ron Thompson, Jack Wylie, Tammy Carlson, Marcia Strum, David Turner

Excused: Terry Brown, Chris Jackson

Guests: Marge Casey, Connie Fletcher, David Hall, Jackie Hux, Mauren Leisner, Greg Lyle, Jason Taylor, Katherine Taylor, Mary Weber, Teka Wooten

Christa Lawhun opened the meeting at 12:00 p.m.

David Hall, Payroll Office, and Greg Lyle, Student Accounts and formerly with the Payroll Office, were present to discuss bi-weekly payroll and direct deposit.

Semi-monthly vs Bi-weekly

Q. Can we do deduction conversions for health, dental, etc. like University of Illinois does for bi-weekly paychecks?

A. Mr. Hall said as he stated in early March there could be possible recalculation. 24 paychecks would have normal deductions and 2 paychecks would have taxes only. Bi-weekly paychecks mostly would be smaller; every check would be 75 hours.

Q. Does the University want bi-weekly or does Civil Service Council?

A. Staff voted a few years ago and it failed. There are still some staff who want the bi-weekly. The Council is only following up on questions raised by constituents. It was noted that in the last vote many staff in Facilities did not get to vote. The majority of eligible voters carried, meaning anyone who did not vote was a no vote.

Q. Why was it changed to a semi-monthly system?

A. In 1982 paychecks were changed from bi-weekly to semi-monthly. CMS in Springfield wanted the University to prorate actual days worked for first month worked and last month worked. Prorate could not be done with bi-weekly system. It should be noted that since that time CMS has reversed the prorate ruling – first month there is no charge and last month is charged full month now. In addition, before the change staff received the last December pay in January. Going to semi-monthly allows for a December pay date.

Q. If University staff votes and approves change to bi-weekly does CMS need to approve?

A. No, CMS does not need to approve before implementing.

Q. What problems can be expected with a bi-weekly system?

A. Creates problems such as a special run for the June 30 end of fiscal year check. If the check is small taxes can take all of it. Also, there is an estimated increased cost of 12.5% in processing fees, i.e. computer time.

Greg Lyle distributed a Monthly Cash Payment Analysis comparing semi-monthly to bi-weekly over the course of a year to demonstrate cash flow. Analysis shows smaller bi-weekly paychecks with two checks in a year larger. The larger checks fall when a third check in one month is issued and no extra deductions are being taken out, only taxes, retirement, and TDA.

Direct Deposit

- Student Accounts will keep same hours, no release time is being granted. Staff will need to use breaks or lunches. For those staff on 2nd and 3rd shifts they will need to come in sometime before or after their shift.
- Many places already have mandatory direct deposit for new hires: Northern University, Eastern University, General Electric.
- Direct Deposit will prevent delays in mail, no access to paycheck while on vacation or sick, misdirected checks, and theft.
- Many banks charge service charges but with direct deposit the fee is waived.
- Electronic Funds Transfer (EFT) saves 1 cent per check – a small amount for one check but not for all checks.

Q. Why are we penalized for Payroll problem?

A. From an auditing perspective there is a need to get control of checks out of Payroll and departments. There is also a cost savings at a time of state budget cuts.

Q. What percentage of staff are using direct deposit?

A. 79% of all Faculty/Staff: Hourly 77%, Exempt 86%, and AP 79%

Q. When are funds available?

A. EFT is done at 12:01 AM on payday

Q. What about extra help who don't work for periods at a time?

A. If they are active in system it will still go to where they previously directed. Payroll must be notified of any changes in bank account information.

Q. What is process for errors, i.e. not at bank in account?

A. Talk to bank first. Prior to 1 – 1 ½ years ago the University direct deposit consisted of a manual list and manual checks being delivered to local banks by the University Police. Now with EFT a pre-note is done to verify account and then all checks are done electronically.

Q. Will holiday pay in December be done on the 31st now?

A. No change in pay dates, last December paycheck will still be distributed before break.

The Council requested that David and Greg send a list of pros/cons of changing the system from semi-monthly to bi-weekly to be included in minutes and OpenLine. The Council thanked them for their time.

Raffle Drawing

The Council thanked the staff of Facilities Management for providing the raffle ticket bin. The drawing of winners for the Civil Service Council scholarship raffle was completed successfully with guests Maureen Leisner, Teka Wooten, and Mary Weber doing the honors of drawing tickets. Winners are listed on the Civil Service Council web page and will be published in OpenLine.

The meeting adjourned at 1:13 p.m.

The next regular Civil Service Council meeting will be held Tuesday, June 4th, at Noon, in the BSC Spotlight Room.

Per Council request, the following is a list of the advantages vs. the disadvantages of being paid semimonthly vs. biweekly from the Comptroller's Office perspective:

Advantages of a semi-monthly payroll distribution

1. During each pay period, deductions are "paid in full". Each payroll reflects an accurate deduction for each working period.
2. Per State Of Illinois Department of Central Management Services regulations, insurance premiums are to be deducted on a monthly or semi-monthly basis. In 10 out of 12 months, net pay will be greater.
3. From a household budgetary standpoint, most individuals live within a 28 through 31 day financial cycle. House, automobile, utilities, credit card and other bills become due on a monthly basis. A semi-monthly payroll provides the maximum amount of cash at bill paying time (see cscouncil.xls 28 Through 31 Day Payment/Budget Analysis spreadsheet).
4. From a processing perspective, the semi-monthly payroll is more cost effective for the university due to less mainframe utilization, staff costs, forms, bank charges etc.
5. The semi-monthly payroll is more conducive to the early Christmas break distribution.
6. The semi-monthly payroll accommodates the fiscal year. Split payrolls are virtually non-existent.

Disadvantages of a semi-monthly payroll distribution

1. Slightly less convenience when payroll staff edits time documents for proper overtime utilization.

Advantages of a biweekly payroll distribution

1. Slightly more convenient when payroll staff edits time documents for proper overtime utilization.

Disadvantages of a biweekly payroll distribution

1. Based on a 28 through 31 day financial cycle (see #3 above), 24 out of 26 paydays provide less cash at a time when monthly bills become due. As an example, during the "February short pay period(s)", the biweekly payroll distribution may pay less during February and March (see cscouncil.xls 28 Through 31 Day Payment/Budget Analysis spreadsheet).

An individual with a lower than average hourly rate could feel severe financial pressures during 10 out of the 12 bill paying months while awaiting the 2 "catch up" payrolls.

2. The biweekly payroll is more costly for the university due to increased mainframe utilization, staff costs, forms, bank charges, etc.
3. In most cases, the biweekly payroll is split into two pay periods during the June 30 fiscal year cutoff. One of the pay periods deducts taxes, retirement and TDA while the other deducts the same, plus most other voluntary deductions. Due to the smaller gross associated with a split pay period, individuals may experience missed deductions because of the smaller gross. If a deduction is missed, the individual would be required to pay the bill by cash or check.