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February 1, 2006

MEMORANDUM

TO: Payroll & Personnel Officers

FROM: Semi-monthly Transition Group

SUBJECT: Payroll information for employees

Beginning April 3, 2006, in accordance with Section 36-6-1, *Code of Alabama, 1975*, all employees, whether subject to the state Merit System or not, who are currently being paid biweekly two weeks in arrears, will be paid semi-monthly one payday in arrears.

Attached is an informational statement with a payday calendar that should be distributed to your employees as soon as possible.

If an employee has additional questions, please have the employee contact the designated **agency** representative. If you need additional information, **payroll/personnel officers** may contact the GHRS hot-line at (334) 242-2188. Employees should **not** contact the hot-line.

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Attachment

Semimonthly Payroll Information for Employees

Effective Payday April 3, 2006

- **PAY DAY**

Pay day will be on the 1st and 16th of each month. If a payday falls on a weekend or a holiday, the payday will be moved up to the last scheduled workday before the payday. The only exception to this schedule would be if October 1st fell on a Saturday, Sunday or holiday, payment would be made on the next succeeding work day.

Beginning April 1, 2006, the semi-monthly pay periods will be the 1st through the 15th and the 16th through the last day of the month..

- **PAY CHECKS**

- Hourly Employees - Pay checks will vary for hourly employees as the number of working days varies per pay period. There could be a variance from 9 to 12 days or 64 to 96 hours in any given pay period. An hourly employee's paycheck will vary from pay period to pay period based on the scheduled number of work hours.
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- Salaried Employees – Under the current biweekly pay schedule, salaried employees are paid one twenty-sixth of their salary every 2 weeks. To calculate your new pay rate for the new semimonthly pay schedule, multiply your current biweekly rate by 26 to determine your annual salary and divide the annual amount by 24. This rate will remain constant unless hours are entered for Leave Without Pay. As there will be two fewer pay periods, your semi-monthly pay check will be approximately 8.33% larger than your biweekly salary.
- To accommodate the change to semi-monthly, pay normally received on Friday, March 31, 2006, will not be paid until Monday, April 3, 2006, but will be paid at the higher semi-monthly rate.

- **DEDUCTION CHANGES**

Any deduction that currently comes out of 24 paychecks will remain the same (PEBSCO/PERAF, HLCRE & DPCRE). The same amount will be deducted from each pay check. However, for the transition year only, there will be 25 paydays (including 12/29/06).

Bi-weekly Child Support Withholding deductions will be recalculated to accommodate the pay day frequency change. The amounts withheld will be slightly higher, but will only be withheld 24 times in a calendar year, rather than 26 times. This will alleviate the current problem of deducting 3 payments in the months with three BW paydays. As the day of the week for payday will vary from payday (not always on a Friday), custodial parents should be notified that the schedule for receipt of their child support payments will also change.

- **ANNUAL AND SICK LEAVE**

The amount of annual and sick leave you accrue each pay period will change, but the amount you accrue over the course of the year will not vary from the statutory amounts. For example, instead of accruing 4 hours a pay period 26 times a year for a total of 104 hours, 4 hours and 20 minutes will be accrued 24 times a year for a total of 104 hours. Leave usages will still be taken in 15 minute increments, but upon separation from State

service, all accrued eligible leave will be paid.

THINGS EMPLOYEES SHOULD DO TO PREPARE FOR THIS CHANGE

- Review any automatic bank drafts or loan payment schedules you have set up with your bank.

Review your current budget to determine the impact of the pay frequency schedule. You will not be paid every other Friday, but could receive pay on any day of the week based on the pay date of the 1st and the 16th. A payday calendar for 2006 will be attached to verify the new pay dates.

- Review any payment schedules for mortgage payments, utility bills, installment loans, etc. to insure that the change in paydays does not result in not paying your bills on time.