



CCBC

**The Community College
of Baltimore County**

**Payroll Department Manual
of Policy and Procedures**

**Prepared by CCBC Payroll Department
Updated August 1, 2007**

Table of Contents

1.	Introduction	4
1.1	Mission Statement	4
1.2	Scope of Authority	4
1.3	Payroll Organization	5
1.4	Payroll Related Inquiries.....	6
1.5	Payroll Processing Cycles	7
1.6	Data Submission Schedule	8
2.	Classification of Employees	9
2.1	Benefit Eligible	9
2.2	Non-Benefit Eligible	11
3.	Changes and Authorization in Payroll Data	12
3.1	Personnel Action Form	12
3.2	Temporary Hourly Authorization Form	12
3.3	Adjunct Contracts	12
3.4	Substitute & Special Pay Form.....	12
4.	Payroll Deductions	13
4.1	Mandatory Payroll Deductions	13
4.2	Optional Payroll Deductions	14
5.	Leave	16
5.1	Vacation	16
5.2	Sick	17
5.3	Family Sick	17
5.4	Urgent Personal Business	17
5.5	Religious Holiday	17
6.	Timekeeping	17
6.1	Methods	17
6.2	Responsibility	18
6.3	Pay Periods	18
6.4	Faculty, Professional, Classified	18
6.5	Physical Plant, Temporary Hourly, Student Employees	19

Table of Contents

continued

7.	Payroll Calculations	19
7.1	Base Pay	19
7.2	Overtime Compensation	20
7.3	Holiday Pay	20
7.4	Emergency Closing Policy	20
8.	Payments to Employees	21
8.1	Payroll Distribution	21
8.2	Direct Deposit	21
8.3	Handling of Paychecks	21
8.4	Out-of-Cycle Salary Distribution Policy.....	21
8.5	Salary Overpayment Procedures	22
8.6	Lost Paychecks	22
8.7	Vacation Pay Out	22
8.8	Stipends and Honorariums	22
9.	Employee vs. Independent Contractor	23
10.	Position Control	24
11.	Regulatory Reporting	25
11.1	Internal Revenue Service	25
11.2	W-2 Reporting	25
11.3	State Reporting	25
11.4	Maryland Higher Education Commission	26
12.	Record Retention	26
13.	Forms.....	26
13.1	Human Resources Forms.....	26
13.2	Payroll Forms.....	26
13.3	Tax Forms.....	26

1. Introduction

1.1 Mission Statement

The primary mission of the Community College of Baltimore County (CCBC) Payroll Department is to process data to produce accurate and timely payment of salary/wages of employees.

1.2 Scope of Authority

- 1.2.1 The **Payroll Department** is part of the Finance Office and is designated as the central office responsible for coordinating all payroll transactions, insuring delivery of payroll checks and direct deposit to employees, and maintenance and training of payroll related procedures.
- 1.2.2 **Human Resources** is responsible for overseeing the addition or deletion of employees from the payroll files, performing Banner file table maintenance, maintaining W-4 files, and coordinating changes in employee benefit programs. Human Resources also ensures that appropriate documents are being maintained as required by Federal, State and County regulations, in accordance with College policy.
- 1.2.3 **Organization Managers** are responsible for the accuracy and reliability of their department's payroll. Although much of the responsibility for preparing the payroll in the department is delegated to a staff person, department heads should be familiar with procedures. The following guidelines should be used as a tool for efficient payroll processing. It is the responsibility of the Organization Manager to:
 - 1.2.3.1 Initiate Personal Action Forms (PAF's) for new employees prior to extending an offer of employment and forwarding this information to the Human Resources Department. It is the responsibility of Human Resources to approve the PAF, extend the offer to the employee and, upon acceptance of the offer, submit the PAF to the Payroll Department prior to the hire date.
 - 1.2.3.2 Ensure that all paperwork for personnel changes is completed prior to the effective date.
 - 1.2.3.3 Inform all personnel under their supervision of the method of pay based upon payroll status (exempt vs. non-exempt) and the need to properly complete pay and leave forms.

- 1.2.3.4** Secure a signed letter from the employee upon resignation, detailing the disposition of the final check. The Organization Manager should complete a PAF and submit it with the resignation notice to the Human Resources Department immediately upon notification.
- 1.2.3.5** Ensure that internal control procedures are being observed within the department.
- 1.2.4** Supervisors or other certifying officials authorized to sign time and leave forms should comply with the Data Submission Schedule (see Section 1.5) and:
 - 1.2.4.1** Ensure that personnel have completed appropriate documents to be placed on the payroll.
 - 1.2.4.2** Ensure that documentation is completed prior to effective date.
 - 1.2.4.3** Instruct employees in proper maintenance and completion of pay and leave forms.
 - 1.2.4.4** Sign and forward all payroll authorization and leave forms in a timely manner.
 - 1.2.4.5** Ensure and evidence by their signature that the documentation submitted is an accurate reflection of activity (e.g. time worked, leave taken, etc.)

1.3 Payroll Department Organization

The Payroll Department has five Payroll Specialists who are responsible for processing two types of payroll – B1 (administrators, faculty and classified employees) and B2 (plant, student and temporary hourly employees).

1.3.1 The Payroll Department staff is as follows:

<u>Title</u>	<u>Name</u>	<u>Phone No.</u>	<u>Email Address</u>
Director of Payroll	Sheron Stewart	26-2448	ssewart@ccbcmd.edu
Supervisor of Payroll	Vacant		
Payroll Accountant	Wendy Baker	26-2290	wbaker@ccbcmd.edu
Sr. Payroll Specialist	Inicia Best	26-9629	ibest@ccbcmd.edu
Payroll Specialist	Mary Battaglia	26-2159	mbattaglia@ccbcmd.edu
Payroll Specialist	Tracey Duggan	26-2348	tduggan@ccbcmd.edu
Payroll Specialist	Gwen Waters	26-9874	gwaters@ccbcmd.edu
Payroll Specialist	Byron Wilson	26-2124	bwilson2@ccbcmd.edu

1.4 Payroll Related Inquiries

1.4.1 Payroll related inquiries should be directed to the payroll specialists. It is preferred that inquiries be documented in writing or by email. Types of inquiries include:

- **Address changes** – Documentation for Payroll/Human Resources records
- **Forms** – Explanation of Federal Withholding Form (W4), State Withholding Form (MD MW507/PA None), Direct Deposit Form (setup and changes), Timecards, or Attendance Exception Forms
- **Leave Balances** – Verification of vacation, sick, advanced sick, or personal business leave balances, as presented on the pay stub

1.4.2 The following inquiries should be directed to the Human Resource Department. Inquiries may include, but are not limited to:

- **Address changes** – Documentation for Payroll/Human Resources records
- **Benefit inquiries** – Coverage, deductions, setup, changes and additions
- **Employment verifications** – Verification for mortgages, loans and employment
- **New hire questions** – Explanation of agreed upon wages, benefits and deductions
- **Terminations/Retirements** – Explanation of policy/benefits

1.4.3 Employee Self Service is a web-based product which allows employees to view their personal payroll information via the Internet. To access Employee Self Service, employees should follow the instructions found on the Innerloop under Directory/Administration/Finance/Payroll. Information which can be viewed through Employee Self Service includes:

- **Benefits and deductions** – to view retirement plans and health care information.
- **Pay information** – to view direct deposit information, earnings and deduction history, and pay stub information.
- **Tax forms** – to view W-2 forms (current and prior years) and federal tax exemption forms.
- **Leave balances and history** – to view current leave balances and history of usage by pay period.

1.5 Payroll Processing Cycles

- 1.5.1** The Payroll Department processes two biweekly payrolls on alternating weeks. They are B1(administrators, faculty, and classified employees) and B2 (plant, student and temporary hourly employees).
- 1.5.2** An annual processing calendar, for both payrolls, is posted to the Innerloop at the beginning of each fiscal year (at directory/administration/finance/payroll). Strict adherence to the calendar is necessary for the proper payment of wages/salaries to employees in a timely fashion.
- 1.5.3** Scheduled payroll dates requiring an accelerated process, due to holidays or recess days, will be handled via a daily post item to all employees.

1.6 Data Submission Schedule

This schedule is provided to assist Organization Managers with the required time frame for submission of pertinent information to Payroll. Information received after the deadline will be processed in the subsequent payroll cycle.

Type of Form:	Due in the Payroll Department:
<p><u>Personnel Action Form</u> –(PAF) New Hire Request Change in pay status Termination/Resignation Leave Without Pay All other actions</p>	<p>Monday of the pay period on which employee is to be paid (due to Human Resources one week prior)</p>
<p><u>Temporary Hourly Authorization Form</u> New hires must include: I-9 form, federal and state tax forms Renewals must be completed each fiscal year.</p>	<p>Monday of the pay period on which employee is to be paid (due to Human Resources by employee’s first day of work)</p>
<p><u>Adjunct Faculty Contract</u></p>	<p>Monday of the pay period on which employee is to be paid</p>
<p><u>Substitute and Special Payment Request Form</u> Must include Sr. Staff level approval</p>	<p>Monday of the pay period on which employee is to be paid</p>
<p><u>Time Cards</u> Plant, student and temporary hourly employees</p>	<p>Monday following the end of the pay period being reported</p>
<p><u>Attendance Exception Reports</u> Administrators, faculty and Classified employees</p>	<p>Monday following the end of the pay period being reported</p>

2. Classification of Employees

2.1 Benefit Eligible

2.1.1 Administrator, Professional, Twelve-month Faculty

2.1.1.1 Pay Cycle – B1

2.1.1.2 Standard Bi Weekly Hours – 75.0

2.1.1.3 Benefits

Retirement, Health Insurance, Dental Insurance, Vision Insurance, Life Insurance, Long Term Disability, Accidental Death and Dismemberment Insurance, Voluntary Deductions

2.1.1.4 Leave

Illness in the Family, Personal Business, Religious Holidays, Sick leave, Vacation leave

2.1.2 Ten-month Faculty

2.1.2.1 Pay Cycle – B1

2.1.2.2 Standard Bi Weekly Hours – 75.0

2.1.2.3 Benefits

Retirement, Health Insurance, Dental Insurance, Vision Insurance, Life Insurance, Long Term Disability, Accidental Death and Dismemberment Insurance, Voluntary Deductions

2.1.2.4 Leave

Illness in the Family, Personal Business, Religious Holidays, Sick leave

2.1.3 Classified – Unit II (CWA)

2.1.3.1 Pay Cycle – B1

2.1.3.2 Standard Bi Weekly Hours – 75.0

2.1.3.3 Benefits

Retirement, Health Insurance, Dental Insurance, Vision Insurance, Life Insurance, Long Term Disability, Accidental Death and Dismemberment Insurance, Voluntary Deductions

2.1.3.4 Leave

Illness in the Family, Personal Business, Religious Holidays, Sick leave, Vacation leave

2.1.4 Classified – Unit III and IV

2.1.4.1 Pay Cycle – B1

2.1.4.2 Standard Bi Weekly Hours – 75.0

2.1.4.3 Benefits

Retirement, Health Insurance, Dental Insurance, Vision Insurance, Life Insurance, Long Term Disability, Accidental Death and Dismemberment Insurance, Voluntary Deductions

2.1.4.4 Leave

Illness in the Family, Personal Business, Religious Holidays, Sick leave, Vacation leave

2.1.5 Classified – 80 hour

2.1.5.1 Pay Cycle – B1

2.1.5.2 Standard Bi Weekly Hours – 80.0

2.1.5.3 Benefits

Retirement, Health Insurance, Dental Insurance, Vision Insurance, Life Insurance, Long Term Disability, Accidental Death and Dismemberment Insurance, Voluntary Deductions

2.1.5.4 Leave

Illness in the Family, Personal Business, Religious Holidays, Sick leave, Vacation leave

2.1.6 Physical Plant – Unit I

2.1.6.1 Pay Cycle – B2

2.1.6.2 Standard Bi Weekly Hours – 80.0

2.1.6.3 Benefits

Baltimore County Retirement, Health Insurance, Dental Insurance, Vision Insurance, Life Insurance, Long Term Disability, Accidental Death and Dismemberment Insurance, Eligible to join AFSCME, AFSCME Insurance, Voluntary Deductions

2.1.6.4 Leave

Illness in the Family, Personal Business, Religious Holidays, Sick leave, Vacation leave

2.2 Non-Benefit Eligible

2.2.1 Adjunct Faculty

2.2.1.1 Credit Pay Cycle – B1

Compensation is computed by multiplying the teacher load hours associated with their assignment by one of two standard rates of pay.

2.2.1.2 Non-Credit Pay Cycle – B1

Compensation by contractual amount, which is computed by multiplying contract hours by assigned hourly rate.

2.2.2 Temporary Hourly - Pay Cycle – B2

Rate of pay is determined by the Temporary Hourly Authorization form, approved by Human Resources.

2.2.3 Student Employees – Pay Cycle – B2

Rate of pay is determined by the Financial Aid Office. In accordance with the Internal Revenue Code, student employees are not subject to FICA and Medicare tax (except during summer, when not enrolled).

3. Changes and Authorization in Payroll Data

3.1 Personnel Action Form (PAF)

- 3.1.1** The Personnel Action Form is designed to be a flow through document for any job/pay change for full-time benefit eligible employees. The form originates in the department initiating the employee's assignment, adjustment or termination. The form is then submitted and approved in Human Resources and forwarded to the Payroll Department for entry into the Banner System.
- 3.1.2** It is important that each approving department take care to accurately complete the document in accordance with the instructions on the back of the form.

3.2 Temporary Hourly Authorization Form

- 3.2.1** The Temporary Hourly Employment Authorization form is used to hire or renew the authorization of a temporary hourly employee.
- 3.2.2** The form is completed by the Organization Manager requesting to hire the hourly employee and is forwarded to Human Resources for approval prior to the hire date.
- 3.2.3** Temporary hourly appointments are effective for the fiscal year and require re-submission and approval for the next fiscal year, beginning July 1, if appropriate.

3.3 Adjunct Faculty Contracts

- 3.3.1** Adjunct Faculty Contracts are completed in the instructional departments to compensate adjunct faculty for teaching assignments or to pay full-time faculty for overload appointments.
- 3.3.2** Adjunct Faculty Contracts must be documented on the approved form and must contain the name, social security number, total contract amount, start date for the payment and the number of pays requested.
- 3.3.3** The approval department (Academic or Continuing Education Dean) is required to obtain the necessary legal documentation (i.e. signed contract, Employment Eligibility Verification (Form I-9), and tax withholding forms) and forward to Human Resources for their files.

3.4 Substitute and Special Payment Forms

Substitute and Special Payment Forms are used to initiate payment for one-time substitute teaching assignments or honorariums. They are to be submitted to the appropriate Vice President for approval and forwarded to the Payroll Department for payment.

4. Payroll Deductions

Payroll deductions may be mandatory or they may require eligibility. All deduction changes must be submitted on the appropriate forms.

4.1 Mandatory Payroll Deductions

The college is required to withhold federal and state taxes in accordance with various legal requirements.

4.1.1 Federal Withholding – Deductions are withheld on the basis of the information supplied on the W-4 form. If a W-4 is not submitted, the default values are single and zero for the number of exemptions to be claimed.

4.1.2 FICA Withholding - FICA is divided into two categories. Social security is withheld at 6.20% and Medicare at 1.45%. Students are exempt from FICA withholding, except during the summer, if not enrolled. Non-U.S. citizens may claim exemption from FICA taxes; however, they must provide documentation to support this claim.

4.1.3 State Withholding

4.1.3.1 Maryland State - This is a combination of the State and Local (piggyback) taxes. Deductions are withheld on the basis of the information supplied on the MW507MD. If the MW507MD is not submitted, the default value is one exemption, and the local (piggyback) tax is withheld at the Baltimore County rate.

4.1.3.2 Pennsylvania State – Deductions are withheld at a flat percentage of 3.07%. A memo is needed from the employee requesting that Pennsylvania tax be withheld, attached to a MD State MW507MD with the *exempt from Maryland taxes* for the reason of non-residence.

4.1.4 Court Orders/Paybacks

Court orders/paybacks pertain to tax levies, garnishments, court ordered garnishments, payback of payroll advances and returns of overpayment. Upon receipt of documentation pertaining to this category of judgment, a deduction must be taken in the next payroll period.

4.2 Optional Payroll Deductions

The following are optional deductions, available to benefit eligible employees only:

	<u>Number of Pays Per Year</u>	
	<u>Ten Month Employees</u>	<u>Twelve Month Employees</u>
<u>Retirement Plans</u>		
Baltimore County EE Retirement System	All Paychecks	All Paychecks
Maryland State Bi-furcated System	20	20
Maryland State Pension Plan	20	20
Maryland State Retirement System	20	20
Optional Retirement Plans	20	20
Fidelity		
TIAA/CREF		
Valic		
<u>Health Insurance Plans</u>		
CareFirst Triple Choice	20	20
Optimum Choice	20	20
Kaiser Permanente	20	20
<u>Dental Insurance Plans</u>		
CareFirst Regional Traditional Dental	20	20
CareFirst Preferred Dental	20	20
<u>Other Insurance Plans</u>		
CareFirst BC/BS Select Vision	20	20
Life Insurance	20	20
Long Term Disability - LTD	20	20
Accidental Death & Dismemberment	20	20

Number of Pays Per Year

	<u>Ten Month Employees</u>	<u>Twelve Month Employees</u>
<u>Tax Sheltered Annuities</u>		
TIAA/CREF	20	24
VALIC	20	24
AETNA	20	24
American Century	20	24
Prudential	20	24
Horace Mann	20	24
Lincoln National	20	24
T. Rowe Price	20	24
Fidelity	20	24

Union Related Deductions

AFSCME Union Dues	N/A	All Paychecks
AFSCME Insurance	N/A	All Paychecks
CWA Union Dues	N/A	All Paychecks

Voluntary Deductions

First Financial Federal Credit Union	20	24
Savings Bonds	20	24
CCBC Foundation	variable	variable
United Way	20	20
Flexible Spending Accounts	20	20
Legal Resources	20	20

5. Leave – Accrual based on standard hours worked

5.1 Vacation (VAC)

5.1.1 Classified Employees

Permanent full-time employees earn leave in accordance with the following schedule:

- Less than 5 years service – 10 work days per year
- 5 to 10 years of service – 15 work days per year
- 10 or more years of service – 20 work days per year

5.1.1.1 A classified employee may carry forward into a new fiscal year a maximum of the vacation days earned in two fiscal years.

5.1.1.2 An employee whose employment terminates will be reimbursed for unused vacation up to an amount equal to two years accrual, not to exceed 300 hours.

5.1.2 Professional Employees

5.1.2.1 Ten-month faculty members do not earn vacation allowances. Twelve-month faculty, librarians, counselors and administrative employees earn 20 vacation days per year.

5.1.2.2 Ten-month faculty, librarians and counselors on administrative schedule (37.5 hour work week) earn vacation at a rate of 16 days per year.

5.1.2.3 No more than the number of vacation days earned in two fiscal years may be carried into a new year.

5.1.2.4 An employee whose employment terminates will be reimbursed for unused vacation up to an amount equal to two years accrual, not to exceed 300 hours.

5.1.3 Vacation Pay Out

When a termination occurs and the employee is due vacation, it is paid on the pay date following one full pay period after the termination date. This is done to ensure that all leave has been recorded and verification of all payments has been confirmed. All vacation payments must be approved by Human Resources to ensure compliance with policy.

5.2 Sick (SCK)– Professional and Classified

5.2.1 During the first year of employment, an employee earns one (1) day of paid leave for each month worked (12 days) and, in succeeding years, earns 1.5 days of paid sick leave for each month worked (18 days). There is no limit to sick leave accumulation.

5.2.2 At retirement, eligible employees may convert unused sick leave into membership service credit, as specified by the Maryland State Retirement System.

5.3 Family Sick (FAM)

Four of the employee's accumulated sick leave days per year may be used for illness in the immediate family and, if not used in one year, will accrue to a maximum of eight days.

5.4 Urgent Personal Business (PER)

Urgent personal business days (3 days per fiscal year) are immediately available for purposes of unavoidable emergency or to conduct business, which cannot be scheduled during non-working hours (i.e., house settlement, application for loan, etc.). Any unused hours are added to sick leave in the subsequent year. Use of urgent personal business days must be arranged in advance, with specific approval of the supervisor.

5.5 Religious (REH)

Two religious days are accrued each year and are available in accordance with Human Resources policy.

6. Timekeeping

6.1 Methods – Methods of timekeeping are dependent upon employee classifications.

6.1.1 The time by exception method accounts for time by only reporting exceptions to the standard work week (i.e., overtime, leave). This method is used on the B1 cycle for all benefit eligible employees (administrators, faculty, and classified employees).

6.1.2 The positive pay method requires reporting actual time for all hours, whether worked or on leave. Time is submitted by way of timecards. This method is used on the B2 pay cycle for all non-benefit eligible employees (student and temporary hourly employees).

6.2 Responsibility - Organization Managers are responsible for the accurate reporting of time and leave for their employees and submitting the information in a timely manner to the Payroll Department. All time must be approved by an authorized supervisor, manager or department head prior to submission. See Section 1.6 for the Data Submission Schedule.

6.2.1 It is the responsibility of the Organization Managers to notify the appropriate personnel (Human Resources or Payroll Department) of changes in employee status to maintain the accuracy of the payroll records for accurate and expeditious payments.

6.2.2 Exception reports and/or timecards received after the deadline for a specific pay will be processed in the subsequent payroll period. Faxed exception reports/timecards will not be accepted.

6.2.3 All timecards and exception reports must be filled out completely with the department and employee name clearly printed, hours calculated, and absences indicated with the appropriate absentee code. All timecards and exception reports must be signed by the employee and the supervisor. If a permanent employee is on long-term leave, and cannot sign the attendance exception report, the supervisor should submit the form without the employee's signature, and provide a copy to the employee upon his/her return to work.

6.3 Pay Periods

Pay periods begin on Saturday and end on Friday.

6.4 Faculty, Professional, Classified

6.4.1 All faculty, professional and classified employees (exempt or non-exempt, full-time or part-time) are paid in accordance with the time by exception method.

6.4.2 The payroll is paid on a current basis with only the exceptions (overtime) being paid two weeks in arrears. Instead of submitting time reports for every pay period, eligible employees fill out exception reports only for pay periods in which exceptions occur. When no report is submitted, employees are issued a check for their standard pay.

6.4.3 An exception report is required when any paid time off occurs (i.e., vacation, personal business, sick, bereavement). Holidays are considered standard time and do not require an exception report.

6.4.4 If an employee has leave balance to cover the hours reported, the transaction will appear on the paycheck of the following pay. If the employee does not

have adequate time to cover the hours submitted, the employee's pay will be docked accordingly.

- 6.4.5** Organization managers are responsible for the accurate reporting of exceptions for all employees under their supervision.

6.5 Physical Plant, Temporary Hourly, Student Employees

- 6.5.1** All plant, temporary hourly, and student employees must complete a timecard to be paid. This time is reported and processed for the pay interval that is paid two weeks in arrears. Employees who are eligible for benefits receive holiday payments.
- 6.5.2** Organization managers are responsible for the accurate reporting of time for all employees under their supervision.

7. Payroll Calculations

7.1 Base Pay

For each of the various classes of employee there is a standard method to disburse base pay, which is as follows:

- 7.1.1 Twelve month Professional** – Employees receive a Board of Trustees approved annual salary. This salary is divided by the number of working days in the fiscal year, and then disbursed as these days elapse. While the standard pay period is composed of 10 normal working days, there is likely to be a partial pay at the beginning and end of each fiscal year, since the annual adjustment happens on July 1 and is often in the middle of a pay period. Generally the first payday in July is a split rate pay; days from the prior year paid at the old rate and days from July 1 paid at the new rate.
- 7.1.2 Ten month Faculty** – Employees receive a Board of Trustees approved annual salary disbursed over the number of workdays in the academic year (08/15/XX – 06/15/XX). Employees normally receive a partial pay at the beginning and end of the academic year.
- 7.1.3 Ten/Twelve month Faculty** (Ten-month faculty members who have elected to receive their compensation over twelve months) – Employees receive a Board of Trustees approved annual salary, which is divided by 26 and paid equally over the year. An annual salary is typically disbursed beginning on the first pay in September and runs through the last pay in August of the following year.

- 7.1.4 Twelve month Classified** – Employees are paid based on salary scales approved by the Board of Trustees. The disbursement method is the same as that used for 12-month professional employees.
- 7.1.5 Benefit Eligible Physical Plant Staff** – Employees are paid from an approved hourly rate as opposed to an annual amount.
- 7.1.6 Adjunct Faculty** – Employees are generally paid their total contracted salary over an equal number of pay periods that are defined to coincide approximately with their job assignment. Generally, Payroll does not attempt to compute retroactive pay for late arriving adjunct contracts. The standard practice is to divide the contracted amount by one less pay so that the contracted amount is still paid by the contract end date.
- 7.1.7 Hourly and Student** – Employees are paid based on an approved hourly rate. The rate of pay is generally effective for a fiscal year.

7.2 Overtime Compensation

Non-exempt employees are paid overtime for hours worked beyond their normal assignment. CCBC pays an employee's standard hourly rate for up to 40 hours worked in a standard workweek and one and one-half time for hours worked beyond 40 hours. Various documents, such as the two standard collective bargaining agreements (AFSCME & CWA) speak to the inclusion of some leave category hours as included in hours worked.

7.3 Holiday Pay

Non-exempt employees who are required to work on a day that has been designated as a holiday in the Board of Trustee's Approved College Calendar are paid at the one and one-half time rate for these hours.

7.4 Emergency Closing Policy

Unless specifically instructed, employees are not to report to work on those occasions that the College is closed because of an emergency (weather or other situations). Non-exempt employees who are required to report to work will have the hours worked during the time the College is closed added to their time paid in that particular pay period. While these hours worked are not automatically paid at the one and one-half time rate, they are counted as hours worked when the Payroll Department is computing time for payment. All time paid under this category is handled in accordance with the provision included in the current agreement between CCBC and the respective bargaining unit (AFSCME or CWA).

8. Payments to Employees

8.1 Payroll Distribution

Payrolls are routinely disbursed bi-weekly, on alternating Fridays. Employees may pick up their paycheck on their respective campus or have their paycheck mailed to their home.

8.2 Direct Deposit

Employees have the option of requesting their net pay be directly deposited to their personal bank account via the Automated Clearing House (ACH) electronic payment delivery system. CCBC allows employees to designate any commercial bank, savings and loan institution and/or credit union, which is a member of the National Automated Clearing House Association (NACHA). Employees who select direct deposit receive a statement of earnings each pay period. Employees wishing to request direct deposit should complete a Direct Deposit Authorization form.

8.3 Handling of Paychecks

- 8.3.1** Paycheck forms are pre-numbered. The Director of Payroll is responsible for the safekeeping and assurance that adequate physical controls are in place over these forms.
- 8.3.2** Erroneous checks are voided by a permanent notation and filed in numerical sequence with the cancelled checks.
- 8.3.3** Required destruction of obsolete or surplus checks is to be performed in the presence of authorized personnel and destruction evidenced by their signatures.
- 8.3.4** Payroll checks returned by mail will be investigated for proper address and will be forwarded to the Accounting Department. The funds from unpaid checks will be turned over to the State if no claims are made under the State's unclaimed property reporting requirements.

8.4 Out-of-Cycle Salary Distribution Policy

Out-of-cycle salary distributions may be issued to an employee on an exception basis, only under the following circumstances:

- 8.4.1** It has been determined that a calculation error has been made on the employee's paycheck. Upon notification of the error by the employee to the Payroll Department, a check will automatically be issued to the employee for 70% of the corrected gross wages (which approximates net wages). The amount of the check, issued through the Accounts Payable Department, will automatically be deducted from the subsequent pay cycle.

8.4.2 It has been determined that wages have not been paid for hours worked, due to paperwork (i.e., time cards, adjunct faculty contracts, temporary hourly authorizations, etc.) being received after the published payroll schedule deadlines. Typically, paperwork received after the payroll deadline will be paid in the subsequent pay cycle. An employee requesting that a check be issued for these hours worked, prior to the subsequent pay cycle, must make the request through his or her supervisor. If the supervisor concurs with the request, the supervisor must obtain approval from his/her Vice President, and forward the request to the Payroll Department. The Payroll Department, upon receipt of the approved request, will issue a check for 70% of the gross wages, through the Accounts Payable Department. The amount of the check will automatically be deducted from the subsequent pay cycle.

8.5 Salary Overpayment Procedures

Proper review, identification and timely processing of termination notices can eliminate overpayments. Any salary overpayments need to immediately be brought to the attention of the Finance Manager or the Executive Director of Human Resources. The employee will be notified by the Director of Payroll, in writing, of the overpayment and a schedule for re-payment will be negotiated.

8.6 Lost Paychecks

When a paycheck is lost or destroyed, the employee should immediately notify the Payroll Department. The Payroll Department will confirm with the bank whether or not the paycheck has been cashed. If the check has not been cashed, a request for duplicate check will be made. If the check has been cashed, a copy of the cleared check will be obtained for further review. Typically it takes 10 working days to process a replacement check. If the original check is found after the replacement check is issued, it must be returned to Payroll. No attempt should be made to cash the original check.

8.7 Vacation Pay Out

When a termination occurs and the employee is due vacation, it is paid on the pay date following one full pay period after the termination date. This is done to ensure that all leave has been recorded and verification of all payments has been confirmed. All vacation payments must be approved by Human Resources to ensure compliance with policy.

8.8 Stipends and Honorariums

Stipends and honorariums are occasionally paid to both employees and non-employees. An appropriate request must be properly approved and submitted to the Payroll Department using the Substitute and Special Payment Request Form.

- 8.8.1** These amounts will be included with the regular periodic payroll check for employees with the appropriate tax withholding applied. These payments and the associated tax withholding will be included in the year-end W-2 form.
- 8.8.2** Stipends and honorariums paid to non-employees must be properly approved and submitted to Accounts Payable using a Check Request/Direct Pay Form. These payments will be included in the year-end Form 1099 if total payments to that vendor for the calendar year exceed \$600.00.
- 8.8.3** All requests made on the Substitute and Special Payment Request Form must have Vice President level approval.

9. Employee vs. Independent Contractor Classification

9.1 Unlike many college and university tax issues that apply to some schools, but not to others, the task of determining whether a worker should be classified as an employee or an independent contractor impacts each and every education institution. Moreover, if the Internal Revenue Service initiates an audit of a college or university, while some tax areas go unexamined, the IRS undoubtedly will examine, and examine in great detail, the employee/independent contractor classification area.

9.1.1 The reason that a college or university is required to make this classification arises from the withholding tax requirement that every employer must withhold income tax from the "wages" it pays. The Code defines the term "wages" as remuneration for "services performed by an employee," thereby raising the basic question of whether the worker is, in fact, an employee. If a worker is not an employee, the worker is an "independent contractor." There are no other alternatives.

9.1.2 Significant ramifications result from classifying the worker as either an employee or an independent contractor. If the worker is classified as an independent contractor, the entity making the payment to the worker has only the obligation to file Form 1099 with the IRS. This form reports the amount paid to the individual, but only if the payment exceeded \$600. By contrast, if the worker is classified as an employee, the college or university making the payment must withhold the employee's share of income and social security taxes and pay the employer's share of social security taxes. There may be other ramifications as well, such as having to take employees into account in determining whether a qualified retirement plan is discriminatory.

9.1.3 The basic test used in making the employee/independent contractor classification is derived from the common law definition of an "employee." This definition states that a worker is an "employee" if the person for whom the services are performed has the right to direct and control the worker, not only as to the result to be accomplished by the work, but also as to the details by which the work is accomplished. Although this test sounds simple, the

application of the "direction and control" requirement is made by using a facts and circumstances test that is one of the most difficult tests in the tax law to apply.

- 9.1.4** Instructors and adjunct faculty provide a basic and fundamental component of the college and the Internal Revenue Service has asserted that these individuals be treated as employees because the school is so interested and involved in what they do that it will always exercise significant direction and control over these activities.
- 9.1.5** Any individual, who is classified as an employee, should generally be treated as an employee for all remuneration paid by the college.
- 9.1.6** All check requests for payments to individuals will be reviewed and a determination will be made if that person is an employee of the college
- 9.1.7** If that individual is an employee of the college, they will be treated as an employee for all remuneration. Any exception needs to be presented to the Controller to determine if any independent contractor tests can be met.
- 9.1.8** Reimbursement of expenses is excluded from being treated as remuneration.

10. Position Control

- 10.1** Position control defines position classifications for each organization, by assigning a position number to every position in the College. This provides an efficient mechanism for budgetary control, enabling the college to define and budget for a specific position. Position control identifies the position's salary, fringe benefits, and premium earnings, as well as the accounting associated with each position.
- 10.2** Employees cannot be added to payroll unless an authorized position control number exists for the employee's position.
- 10.3** The Budget Director is responsible for the administration of the position control function within the Banner Payroll System. Human Resources will verify, with the Budget Director, the existence of a properly approved Position Control number prior to the recruitment process or employment offer.
- 10.4** New position requests are presented by the President, upon recommendation from the Vice Presidents. Positions are authorized by the Board of Trustees and approved by the County Council. After the authorization process is completed, a position can be assigned a position control number.

11. Regulatory Reporting

The federal government and state agencies have various regulatory reporting requirements that must be met by all employers.

11.1 Internal Revenue Service

The Federal Government requires that employers file the 941 Report quarterly. The 941's report is due by the end of the month following the quarter being reported. The federal FICA and Medicare taxes withheld from employees' wages, as well as the employer's matching share of FICA and Medicare are electronically transferred to the federal government each payday.

11.2 W-2 Reporting

11.2.1 W-2's are due to be mailed to employees by January 31st of the year following the calendar year being reported. The address appearing on the check or direct deposit pay document is the address to which the W-2's are mailed. The delivery address file is maintained within the Banner Payroll System. Address corrections should be submitted to Payroll on a Personal Information Form.

11.2.2 Any undeliverable W-2s will be reviewed for appropriateness and follow-up will occur to provide an internal control feature.

11.2.3 Reports of wages paid and legal deductions will be provided to the Internal Revenue Service and the various state agencies.

11.3 State Tax Reporting

11.3.1 Maryland state taxes, withheld from employees' wages, are electronically transferred to the Comptroller's Office by the third business day following the pay date. The state return is filed on an annual basis, and is reported by February 28, following the end of the calendar year.

11.3.2 A quarterly wage report is filed with the State of Maryland Division of Unemployment Insurance, via Internet, and is due by the end of the month following the quarter being reported.

11.3.3 Pennsylvania state taxes, withheld from employees' wages, are paid semi monthly, via Internet. Pay dates from the first through the 15th of the month are due three business days after the 15th of the month. Pay dates for the 16th through the end of the month are due three business days after the end of the month.

11.4 Maryland Higher Education Commission

The request for reimbursement from the Maryland Higher Education Commission, for the Optional Retirement Program (ORP), is submitted monthly (September – June). The retirement contributions due to the State, for college employees paid with other than operating funds, are paid on an annual basis.

12. Record Retention

Payroll records are retained in accordance with the College's record retention policy, which can be found on the Finance web page, at:

<http://www.ccbcmd.edu/media/finance/retentionpolicy.pdf>

13. Forms

13.1 Human Resources Forms

Personnel Action Form
Temporary Hourly Employment Authorization Form
Employment Eligibility Verification (Form I-9)
Personal Information Form

13.2 Payroll Forms - Payroll forms may be found on the Innerloop at: Directory/Administration/Finance/Payroll

Attendance Exception Report
Direct Deposit Authorization Form
Payroll Processing Schedules
Personal Information Form

13.3 Tax Forms

Federal Form W4 (located at www.irs.gov)
Maryland State Form MW507 (located at www.marylandtaxes.com)