Payroll Calculation

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Payroll Calculation: Definitions

Since most state employees are paid hourly, that will be the focus of this presentation. Below are some common codes that are used during the hourly payroll calculation process:

- Holiday: a day of exemption from work where employees (those that are eligible for retirement benefits) are compensated as if they actually worked.

- Holiday Overtime: all hours worked on a holiday (applied to benefitted and non-benefitted employees).

- Overtime: actual time worked in excess of 40 hours within a work week (applies to benefitted and non-benefitted employees).

- Leave Taken: all paid and unpaid leave.

- Hours Worked: hours worked performing a job.

Payroll Calculation:
Fair Labor Standards Act

- The Fair Labor Standards Act (FLSA) establishes minimum wage, overtime pay, recordkeeping and child labor standards affecting full time and part time workers in the private sector and in federal, state and local governments.

- An employee's FLSA code determines how their pay and leave accruals are calculated. Under the FLSA, employees are categorized into one of four employee types:
  - Covered Employee
  - Exempt Employee
  - Executive Employee
  - Non-Covered Employee.

Payroll Calculation: FLSA Covered

Overtime is compensated at one and one-half (1 ½) hours for each overtime hour worked. Employees that are covered under the FLSA regulations can accrue comp time or received payment. Comp time balances for covered employees shall be paid at the time of transfer to another state agency or upon separation from state service. The different types of covered employees are:

- C   Covered Regular *(40 hr/ 7day period)
- F   Covered Firefighters *(204 hr/ 27 day period) (Military Only)
- L   Covered Law Enforcement Personnel *(160 hr/ 28 day period)
- Z   Covered Seasonal and Emergency Response Personnel

- The number of hours before overtime is calculated/number of days in calculation period.

Payroll Calculation: FLSA Exempt

Overtime is earned and allowed on a one (1) hour for one (1) hour basis. Employees that are exempt under the FLSA regulations cannot be paid for their unused comp time but they are allowed comp time off from work. Comp time balances for exempt employees will be forfeited at the time of transfer to another state agency or upon separation from state service. The different type of exempt employees are:

- A   Administrative Exempt (work related to management policies)

- I   IT – Computer Workers Exempt

- P   Professional Exempt (teachers, attorneys, nurses)

- S   Non-eligible, paid by the Board of Examiners (comp time payment with approval from the Board of Examiners). This code can only be used with the MC change reason.

Payroll Calculation: FLSA Additional Exempt

The following FLSA codes are used by employees who are exempt and are ineligible to accrue comp time under Idaho Code. FLSA codes 'B', 'J' and 'Q' have the same FLSA definitions as the current A – administrative, I – IT computer worker and P – professional codes, but the employees cannot receive overtime pay or comp time.

- B   Educational Administrative Exempt (work related to management policies) – ineligible for overtime compensation.

- D   Educational Executive Exempt – ineligible for overtime compensation

- E   Executive Exempt (Department Chiefs) – ineligible for overtime compensation

- J   Educational IT – Computer Workers Exempt – ineligible for overtime compensation

- Q   Educational Professional Exempt (teachers, attorneys, nurses) – ineligible for overtime compensation

Payroll Calculation: FLSA Non-Covered

Non-covered employees are ineligible for cash compensation or comp time for overtime work:

- N   Non-Covered (elected officials, directors, etc.)

Per Idaho Code 67-5328(3)(b), employees who become executive (FLSA 'D' or 'E' – Executive or 'N' – Non-Covered) within their current agency shall have twelve (12) months from the date of the appointment to use any existing comp time balance. After twelve (12) months, any remaining comp time will be forfeited.

Payroll Calculation: Time Codes

- Time codes consist of three characters and identify the type of earnings coded/processed for an employee.

- Some time codes are only used for specific agencies.

- Only time codes valid for the employee's FLSA/appointment type combination will be available for employee use.

- Under 'Time Code Maintenance', each agency's Central Payroll Officer (CPO) can designate which time codes are available to employees.

- Some time codes have been locked by the Division of Statewide Payroll (DSP) and can only be coded on an employee's time sheet by an I-Time CPO.

- Some time codes cannot be coded together (i.e. ACT and REG).

- For a complete list of time codes please see the DSP User Manual.

Payroll Calculation: Formula

With automatic overtime calculation, the system automatically calculates overtime and earnings based on the employee's FLSA Code, overtime and shift indicators, in conjunction with the hours submitted on their time sheet.

The Payroll Calculation Formula works in the following order:

1. Holiday Pay
2. Holiday Overtime
3. Overtime Over 40 Hours
4. All Leave Taken
5. Regular Time

Payroll Calculation: Automatic Overtime Calculation

- Automatic overtime calculation in which the time entered on time sheets is automatically calculated by the payroll program.

- The system automatically calculates overtime (OTA, OTP, etc.) according to the employee's FLSA code, overtime indicator and their actual (ACT) hours worked.

- Hours worked on a holiday must be coded with holiday overtime earnings codes (HOA, HOS, HOW, HWL, HOP). The system will include these hours in the calculation of overtime for the week.

- Overtime will be automatically calculated when ACT is used. If REG is coded, overtime must be manually coded.

- The following payroll calculation examples show how the DSP system calculates automatic overtime calculation.

Payroll Calculation: Generated Leave Default Codes

- If an employee codes more leave than is in their available balance, the system will use programed defaults to ensure the employee has exhausted all applicable leave balances before converting to leave without pay. For example:

- Standard Leave: SIC > GDC > GDH > GDV > GDL

   (Sick > Generated Default Comp > Generated Default Regular Hours Held Taken > Generated Default Vacation > Generated Default Leave Without Pay).

- In other words, if an employee codes more sick than he/she has, the system will look to see if the employee has comp time to use. If the employee has some comp time, it will be generated to bring the employee up to 40 hours. If the employee does not have any comp time, the system will continue to look for another leave code to bring the employee up to a full 40 hours.

Payroll Calculation: Worksheet

SCO has a payroll calculation worksheet to use while calculating payroll. We will be using this worksheet in the following examples. This form can be found in the Payroll/Personnel User Manual.

Payroll Calculation Examples

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Totals
ACT								

Week One

Holiday Pay (always paid) _____   Extended OT Hours

Holiday Overtime (paid or accrue) _____ (   )   Total Hours Worked ____   Total Hours Paid ____

Overtime (paid or accrue) _____ (   )

Leave Taken (always paid) _____

Regular (always paid) _____

Shift (always paid) _____

Payroll Calculation: Worksheet

Holiday Pay (always paid) _____ OT Hours   Total Hours   Total Hours
Holiday Overtime (paid or accrue) _____ (   )   Worked ____   Paid ____
Overtime (paid or accrue) _____ (   )
Leave Taken (always paid) _____
Regular (always paid) _____
Shift (always paid) _____

Holiday Pay: a day of exemption from work for which employees are paid as if they had worked (coded HOL).

Holiday Overtime: is equal to all hours worked on a holiday. If a covered employee works on a holiday, you will multiply the hours worked by 1.5. If an exempt employee works on the holiday, you will multiply the hours worked by 1.0.

Overtime: is equal to total hours worked (including hours worked on the holiday) minus 40. If a covered employee works on a holiday, you will multiply the overtime hours by 1.5. If an exempt employee works on the holiday, you will multiply the overtime hours by 1.0.

Regular: is equal to total hours worked (including hours worked on the holiday) minus all overtime (regular overtime and holiday overtime).

Payroll Calculation: Example

Covered Employee: FLSA C; Overtime Accrual Indicator: Y

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Totals
ACT		10.0	10.0	8.0	8.0	8.0		44.0

Week One

		OT Hours
Holiday Pay (always paid)	_____	
Holiday Overtime (paid or accrue)	_____	( )
Overtime (paid or accrue)	4.0	(6.0)
Leave Taken (always paid)		
Regular (always paid)	40.0	
Shift (always paid)	_____	

Total Hours
Worked **44.0**

Total Hours
Paid **40.0**

Employee Pay Stub

Time Code	Hours	Rate	Amount
REG	40.0	$10.00	$400.00
OTA	6.0	$10.00	

Payroll Calculation: Example

Covered Employee, FLSA C

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Totals
ACT			8.0	8.0	8.0	8.0		32.0
HOL		8.0						8.0

Week One

Holiday Pay (always paid) _____8.0_____   OT Hours   Total Hours Worked **32.0**   Total Hours Paid **40.0**

Holiday Overtime (paid or accrue) _____ (   )

Overtime (paid or accrue) _____ (   )

Leave Taken (always paid) _____

Regular (always paid) _____32.0_____

Shift (always paid) _____

Employee Pay Stub			
Time Code	Hours	Rate	Amount
HOL	8.0	$10.00	$80.00
REG	32.0	$10.00	$320.00

Payroll Calculation: Example

Covered Employee: FLSA C; Overtime Accrual Indicator: Y

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Totals
ACT			8.0	8.0	8.0	8.0		32.0
HOL		8.0						8.0
HOA		8.0						8.0

Week One

Holiday Pay (always paid)	8.0	OT Hours
Holiday Overtime (paid or accrue)	8.0	(12.0)
Overtime (paid or accrue)	_____	( )
Leave Taken (always paid)	_____	
Regular (always paid)	32.0	
Shift (always paid)	_____	

Total Hours Worked **40.0**

Total Hours Paid **40.0**

Note: Since the employee coded HOA, the time worked on the holiday is accrued to comp time.

Employee Pay Stub

Time Code	Hours	Rate	Amount
HOL	8.0	$10.00	$80.00
HOA	12.0	$10.00	
REG	32.0	$10.00	$320.00

Payroll Calculation: Example

Covered Employee: FLSA C; Overtime Accrual Indicator: Y

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Totals
ACT			8.0	8.0	8.0	8.0		32.0
HOL		8.0						8.0
HOW		8.0						8.0

Week One

		OT Hours	
Holiday Pay (always paid)	8.0		
Holiday Overtime (paid or accrue)	8.0	(12.0)	
Overtime (paid or accrue)	_____	( )	
Leave Taken (always paid)	_____		
Regular (always paid)	32.0		
Shift (always paid)	_____		

Total Hours Worked **40.0**

Total Hours Paid **52.0**

Note: Since the employee coded HOW instead of HOA, the time worked on the holiday was paid instead of accruing as comp time.

Employee Pay Stub

Time Code	Hours	Rate	Amount
HOL	8.0	$10.00	$80.00
HOW	12.0	$10.00	$120.00
REG	32.0	$10.00	$320.00

Payroll Calculation: Example

Covered Employee: FLSA C; Overtime Accrual Indicator: Y

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Totals
ACT			10.0	10.0	10.0	10.0	7.0	47.0
HOL		8.0						8.0
HOA		10.0						10.0

Week One

		OT Hours		
Holiday Pay (always paid)	8.0		Total Hours	Total Hours
Holiday Overtime (paid or accrue)	10.0	(15.0)	Worked 57.0	Paid 40.0
Overtime (paid or accrue)	17.0	(25.5)		
Leave Taken (always paid)				
Regular (always paid)	30.0	(57-10-17 = 30)		
Shift (always paid)				

*Regular hours 30 = total hours worked (57) minus holiday overtime (10.0) and regular overtime (17.0).

*Total hours being paid 38.0 = REG hours (30) plus HOL (8). Since the rest of the time worked will only accrue to comp time, the system will use two hours of comp time to bring the employee up to 40 hours paid for the week (2.0 hours Generated Comp Time).

Employee Pay Stub

Time Code	Hours	Rate	Amount
HOL	8.0	$10.00	$80.00
HOA	15.0	$10.00	
OTA	25.5	$10.00	
REG	30.0	$10.00	$300.00
GCT	2.0	$10.00	$20.00

Payroll Calculation: Example

Covered Employee: FLSA C; Overtime Accrual Indicator: Y

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Totals
ACT			2.0	8.0	8.0	8.0		26.0
HOL		8.0						8.0
VAC			6.0					6.0

Week One

		OT Hours		
Holiday Pay (always paid)	**8.0**		Total Hours	Total Hours
Holiday Overtime (paid or accrue)	_____	( )	Worked **26.0**	Paid **40.0**
Overtime (paid or accrue)	_____	( )		
Leave Taken (always paid)	**6.0**			
Regular (always paid)	**26.0**			
Shift (always paid)	_____			

Employee Pay Stub			
Time Code	Hours	Rate	Amount
HOL	8.0	$10.00	$80.00
REG	26.0	$10.00	$260.00
VAC	6.0	$10.00	$60.00

Payroll Calculation Example

Exempt Employee: FLSA A; Overtime Accrual Indicator: Y

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Totals
ACT	13.0	13.0				13.0	13.0	53.0
HOL			8.0					8.0
HOS			13.0					13.0

Week One

Holiday Pay (always paid)	8.0	OT Hours
Holiday Overtime (paid or accrue)	13.0	(13.0)
Overtime (paid or accrue)	26.0	(26.0)
Leave Taken (always paid)		
Regular (always paid)	27.0	(66-13-26 = 27)
Shift (always paid)		

Total Hours Worked **66.0**

Total Hours Paid **40.0**

*Regular hours: 27 = total hours worked (66) minus holiday overtime (13.0) and regular overtime (26.0).
*Total hours being paid: 35 = REG hours (27) plus HOL (8). Since the rest of the time worked will only accrue to comp time, the system will use five hours of comp time to bring the employee up to 40 hours paid for the week (5.0 hours Generated Comp Time).

Employee Pay Stub			
Time Code	Hours	Rate	Amount
HOL	8.0	$10.00	$80.00
REG	27.0	$10.00	$270.00
HOS	13.0	$10.00	
OTS	26.0	$10.00	
GCT	5.0	$10.0	$50.00

Thank You for Participating!

If you have additional questions that were not included in this online session, please utilize the following options:

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- Contact your local payroll office or
- E-mail the DSP Help Desk at dsphelp@sco.idaho.gov
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