Biweekly Pay Transition

Non-Exempts to a biweekly pay cycle
Overview

• Biweekly pay overview
• Pay cycle comparison
• Hourly pay rate
• Payroll Deductions
• Moving Forward
• Employee Preparation
• Staying Informed
• Factor Leave Accruals
• Additional Questions
Biweekly Pay Conversion

- UC Berkeley will transition approximately 10,500 non-exempt employees from the Monthly (MO), Monthly Arrears (MA), and Semi-monthly (SM) pay cycle to a biweekly (BW) pay cycle planned for August 31, 2014.

- After conversion, all exempt employees will be paid on the MO pay cycle and all non-exempt employees will be paid on the BW pay cycle.
Why change to biweekly

• Berkeley’s transition to a biweekly pay cycle is in alignment with the standardization of pay cycles across all UC campuses in preparation for the implementation of a single payroll system across all ten campuses and five medical centers (UCPATH).

• In addition, standardizing pay cycles prepares Berkeley for the move of timekeeping processes to Campus Shared Services and the implementation of CalTime.
How was an optimal biweekly conversion date determined?

• Closely aligns with the employees final pay period and the beginning of a biweekly pay period.
• Employee will essentially have a full pay period prior to transitioning to biweekly pay.
• Considered lessons learned from other UC campus conversions and issues with mid-month conversion dates
• Aligns with the employee payroll deduction of medical benefits
• Aligns with the CalTime Project Schedule
Who will convert to biweekly Pay?

Non-exempt* Employees
• Employees currently paid on the 1st, 8th, and/or 23rd
• Eligible for overtime, shift, and on-call pay
• Report time worked as well as sick, vacation, comp-time, and other leave to the nearest quarter hour

*Note: All employees in academic titles are exempt and will not transition to biweekly pay.
Pay Cycle Standardization

As part of the implementation of biweekly pay, the monthly arrears and semi-monthly pay cycles will be retired.

• All exempt employees currently paid on a monthly arrears and or semi-monthly pay cycle will be transitioned to a monthly pay (MO) cycle by June 30, 2014.
Benefits of a biweekly Pay Cycle

- Eligible employees will receive overtime pay more frequently
- Employees will be paid every other Wednesday
- Eliminates the need for timekeepers to project employee time each pay period
- Pay cycles will be standardized across the UC system
- Prepares the campus for the future transition to UCPATH
### Monthly Pay Cycle

- **Pay Period** = 1\textsuperscript{st} to last day of the month
- **Standard pay date** is 1\textsuperscript{st} or 8\textsuperscript{th}
- **Receive monthly earnings** on the 1\textsuperscript{st} or the 8\textsuperscript{th} of the following month (If pay day falls on a weekend, the pay day will be the preceding Friday)
- **12 paychecks per year**
Semi-Monthly Pay Cycle

- Pay Period = 1-15 and 16-last day of month
- Standard pay date 23rd and 8th
  (If pay day falls on a weekend, the pay day will be the preceding Friday)
- 24 paychecks per year

8/1-8/15 paid 8/22
8/16-8/31 paid 9/8
9/1-9/15 paid 9/23
9/16-9/30 paid 10/8
10/1-10/15 paid 10/23
10/16-10/31 paid 11/7
Biweekly Pay Cycle

- Pay Period = Sunday to Saturday, 2 week period
- Standard pay date is every other Wednesday
- Overtime is included in each pay check
- 26 paychecks per year (maximum of 27)
- 80 hours per pay period

*PPS = Pay Period Start, PPE = Pay Period End*
Hourly Pay Rate

All non-exempt employees on a biweekly pay cycle will have an hourly pay rate.

Annual rate divided by 2088 to determine hourly rate
$39,000/2088* = $18.68

OR

Take your monthly rate and divide by 174
$3250/174 = $18.68

*2088 = 174 x 12
Hourly Pay Rate Continued

Conversion of Pay rate

- **Hourly pay rates may be** rounded up a penny if new rate has a value >0 in third decimal position

\[
\text{
$36,000/2088*=$17.241379
New rate =17.25
}
\]

OR

- **Flat Dollar amounts** (ie. By Agreements, stipends) will be annualized and divided by 26 biweekly pay cycles to come up with a biweekly pay rate.

\[
\text{
$1000X12/26=$461.54
}
\]

\[
*2088=174 \times 12
\]
Payroll Deductions

Percentage and flat rate deductions
Benefits Deductions

• Health and welfare deductions will be split between two biweekly checks (1/2 on each biweekly check).

• Fixed flat amount deductions such as parking, union dues, etc. will be split between two biweekly checks (1/2 on each biweekly check).

• Percentage amount deductions such as 403(b) and 457(b) plans, garnishments, etc. will be deducted from every biweekly paycheck.
Benefits Deduction Holidays

• There are two times a year when flat dollar deductions are not deducted from an employee’s paycheck. These paydays are referred to as benefits deduction holidays.

• A benefits deduction holiday occurs on the 1st payday following the month in which three pay period end dates occur.

• The deduction holidays in 2014 will be April 9th and September 10th. They can be identified on the biweekly payroll calendar by the bold black square surrounding the date. The biweekly payroll calendar is available at [http://controller.berkeley.edu/biweekly-pay-conversion](http://controller.berkeley.edu/biweekly-pay-conversion)
## Benefits Deduction During Transition

<table>
<thead>
<tr>
<th>Current Process (Benefits are deducted once per month)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pay Cycle</strong></td>
<td><strong>Pay Date</strong></td>
</tr>
<tr>
<td>MO</td>
<td>8/29 (due to holiday payday will be preceding Friday)</td>
</tr>
<tr>
<td>MA</td>
<td>9/8</td>
</tr>
<tr>
<td>SM</td>
<td>9/8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>After Conversion Process (Benefits are deducted twice per month)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pay Cycle</strong></td>
<td><strong>Pay Date</strong></td>
</tr>
<tr>
<td>BW</td>
<td>9/24</td>
</tr>
<tr>
<td></td>
<td>Split between the first two biweekly checks in the month (1/2 on each biweekly check)</td>
</tr>
<tr>
<td>BW</td>
<td>10/8</td>
</tr>
</tbody>
</table>
Moving Forward

How does this impact me?
Non Exempt Employee View

- Paid more frequently (every other Wednesday)
- Consistently have an 80 hour pay period
- Pay ½ monthly benefit premiums on each biweekly paycheck
- Receive overtime more timely
- Monthly pay rate is converted to an hourly rate
- Vacation accrual is based on a factor accrual rate
Employee Preparation
Getting ready for the biweekly Conversion
Employee Perspective

- Start early and plan ahead

- Review personal budget situation and determine income needs based on the new biweekly pay schedule.

- Review tax withholding elections and make any necessary changes especially additional tax withholding amounts.

- Request that creditors/lenders/financial institutions adjust automatic withdrawal or bill-pay dates to align with new pay schedule.
Analyze Cash Flow

- Employees will receive pay more frequently however the check amount will be less (80 hr. pay period).
- Employees will receive 26* biweekly paychecks in a year (currently receiving 12 paychecks in a year)
- 10 months per year employees will receive 2 paychecks per month
- 2 months per year employees will receive 3 paychecks per month

Employee will continue to receive pay for all time reported recognizing that pay period and pay dates are changing. Hours and associated pay will not be lost.

*maximum of 27 pay cycles in a year
## September 2014 Cash Flow for a Monthly Employee

<table>
<thead>
<tr>
<th>Pay Period</th>
<th>Pay date</th>
<th>Financial Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aug. 1 -30</td>
<td>Aug. 29* or Sept. 8</td>
<td>Employee will receive a full months pay (Excluding 8/31, work on Sunday) and also pay full September benefits/deductions. *due to the holiday, payday will be the preceding Friday</td>
</tr>
<tr>
<td>Aug. 31-Sept. 13</td>
<td>Sept. 24</td>
<td>1st biweekly pay period (80 hour work period). Employee will pay half of October benefits/deductions.</td>
</tr>
<tr>
<td>Sept. 14-Sept.27</td>
<td>Oct. 8</td>
<td>2nd biweekly pay period (80 hour work period). Employee will pay half of October benefits/deductions.</td>
</tr>
</tbody>
</table>
Monthly Paid Employee Transition to Biweekly Pay

- **8/31/14**
  - BIWEEKLY CONVERSION
- **8/29**
  - Transition Assistance Pay For MO employees
- **Sep 8, 2014**
  - Transition Assistance Pay For MA employees
- **8/31 – 9/13**
  - 80 hrs
- **9/1 – 9/30**
  - 176 hours paid 10/1
- **9/14 – 9/27**
  - 80 hrs
- **9/28 – 10/11**
  - 80 hrs
- **10/1 – 10/31**
  - 184 hours paid 11/1
- **10/12 – 10/25**
  - 80 hrs
- **10/22/2014**
  - 3rd BIWEEKLY CHECK
  - 1/2 deductions for 1st half of Nov Benefits
- **10/8/2014**
  - 2nd BIWEEKLY CHECK
  - 1/2 deductions for 2nd half of Oct Benefits
- **9/24/2014**
  - 1st BIWEEKLY CHECK
  - Begin Splitting Benefit deductions, 1/2 deductions for 1st half of Oct Benefits
- **Aug 1, 2014**
  - 8/1 – 8/31
  - 168 hrs paid 8/29
- **Sep 1, 2014**
  - Sep 1, 2014
- **Oct 1, 2014**
  - Oct 1, 2014
- **Nov 1, 2014**
  - Oct 30, 2014 Accrue Leave
  - Oct 2, 2014 Accrue Leave
  - 10/22, 2014 Accrue Leave

**NEW BIWEEKLY**

**CURRENT MONTHLY**
### September 2014 Cash Flow for a Semi-monthly Employee

<table>
<thead>
<tr>
<th>Pay Period</th>
<th>Pay date</th>
<th>Financial Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aug. 16 -30</td>
<td>Sept. 8</td>
<td>Receive full final SM pay (Excluding 8/31, work on Sunday) Pay all September benefits/deductions.</td>
</tr>
<tr>
<td>Aug. 31-Sept. 13</td>
<td>Sept. 24</td>
<td>1st biweekly pay period (80 hour work period). Pay ½ of October benefits/deductions.</td>
</tr>
<tr>
<td>Sept. 14-Sept.27</td>
<td>Oct. 8</td>
<td>2nd biweekly pay period (80 hour work period). Pay ½ October benefits/deductions.</td>
</tr>
</tbody>
</table>
Semi-Monthly Paid Employee Transition to Biweekly Pay

**8/31/14**
**BIWEEKLY CONVERSION**

**9/8**
Transition Assistance Pay

**9/24/2014**
1st BIWEEKLY CHECK
Begin splitting benefit deductions, 1/2 deductions for 1st half of Oct benefits

**10/8/2014**
2nd BIWEEKLY CHECK
1/2 deductions for 2nd half of Oct benefits

**10/22/2014**
3rd BIWEEKLY CHECK
1/2 deductions for 1st half of Nov benefits

**Oct 2, 2014**
Accrue Leave

**Oct 1, 2014**

**Nov 1, 2014**

**Aug 1, 2014**

**Sep 1, 2014**

**CURRENT SEMI-MONTHLY**

<table>
<thead>
<tr>
<th>8/1 – 8/15</th>
<th>8/16 – 8/31</th>
</tr>
</thead>
<tbody>
<tr>
<td>88 hrs paid 8/22</td>
<td>80 hrs paid 9/8</td>
</tr>
</tbody>
</table>
Financial Tools

• Biweekly Conversion Calculator
• Biweekly Pay Planner
• Analyze Cash Flow

Details are available on biweekly website
Transition Assistance Program

To assist employees with the transition to biweekly pay, a Transition Assistance Program will be available for eligible non-exempt employees. Employees can apply for transition assistance during the period of April 1 to May 30.

The Transition Assistance Program will include an option for eligible employees to access one, or both, of the following:

- Short-term, no interest loan of $100 to $1,000 from the university
- Cash out of up to 80 hours of leave from employee’s existing accrued vacation time and/or accrued compensatory time
**VACATION/COMP TIME PAYOUT**

<table>
<thead>
<tr>
<th>Description</th>
<th>Cash out from employee’s existing accrued vacation and/or compensatory time</th>
</tr>
</thead>
</table>
| **Who is Eligible?** | Any non-exempt career, contract, limited and per diem employee converting to biweekly and meets the following criteria:  
- Employee appointment ≥ 50%  
- Employment status of “Active”  
- Hired prior to 5/30/14  
- Employee has existing accrued vacation/comp time |
| **How much** | Up to 80 hours (hours are subject to verification of actual vacation/comp time employee has accrued) |
| **Program Request Period** | 04/01/14 – 05/30/14 |
| **Terms of Participation** | Maximum of one request per eligible employee for a no interest loan and/or vacation/comp time cash out during the program request period |
| **Process** | Employee must complete, sign and submit the Transition Assistance Program application to Human Resources by close of business day on 05/30/14. |
| **Disbursement Schedule** | Vacation/comp time accrual cash-out will be paid on August 29, 2014 (for employees that typically paid on the 1st) or September 8, 2014 (for employees paid on the 8th). |
| **Method of Disbursement** | Payment will be made by Central Payroll via employees current payment option, e.g, direct deposit or paper check |
## NO INTEREST LOAN

<table>
<thead>
<tr>
<th>Description</th>
<th>Short-term, no interest loan from the University through a newly created Transition Assistance Program</th>
</tr>
</thead>
</table>
| **Who is Eligible?** | Any non-exempt career, contract, limited and per diem employee converting to biweekly and meets the following criteria:  
- Employee appointment ≥ 50%  
- Employment status of “Active”  
- No known separation by 02/28/15  
- Hired prior to 5/30/14 |
| **How much** | Minimum: $100  
Maximum: $1,000 |
| **Program Request Period** | 04/01/14-05/30/14 |
| **Terms of Participation** | Maximum of one request per eligible employee for a no interest loan and/or vacation /comp time cash out during the program request period |
| **Process** | Employee must complete, sign and submit the Transition Assistance Program application to Human Resources by close of business day on 05/30/14 |
| **Disbursement Schedule** | Paid on employees 8/29/14 (for employees that get paid on the 1st) or 9/8/14 (for employees paid on the 8th) |
| **Terms of Repayment** | • Via payroll deduction  
• First installment repayment will be deducted from 9/24/14 biweekly pay.  
• Paid in equal installments per biweekly pay cycle. Entire loan balance must be repaid by 2/25/15 (12th biweekly pay day starting with the September 24th pay date). Repayment formula: Loan amount/12 biweekly pay cycles = amount per biweekly pay day |
Staying Informed
How to Prepare

A variety of informational resources are available to assist employees through this transition process.

- biweekly information web page
- biweekly Pay Quick Facts
- 2014 biweekly Pay Date Calendar
- Employee Checklist
- 2014 biweekly Pay Planner
- biweekly Conversion Calculator
- FAQ (biweekly pay, transition assistance, factor accrual)
- Factor Leave Accrual Information

All information is available at http://controller.berkeley.edu/biweekly-pay-conversion
**Resources**

Biweekly pay information is available on the Central Payroll website at: [http://controller.berkeley.edu/biweekly-pay-conversion](http://controller.berkeley.edu/biweekly-pay-conversion)

CalTime time reporting information is available at [http://caltime.berkeley.edu/](http://caltime.berkeley.edu/)

For questions:
Email caltime@berkeley.edu