

PROCESSING PAYROLL WITH INCOMPLETE W/C PAYMENT INFORMATION

This document assumes that the W/C claim has been accepted and that W/C Temporary Disability benefits have been paid.

If the W/C claim has not been accepted, or if W/C Temporary Disability benefits have not been paid, please follow standard payroll procedures.

In every case, on an employee's regularly scheduled payday the department must pay the employee for the hours worked in the pay period.

Unlike wages for hours worked, however, the amount owed in Supplemental SL, VL, or ESL, depends upon how much W/C was paid in the UC pay period. In addition, entitlement to Holiday Leave will often depend upon whether W/C was paid for that date.

Therefore, until W/C payment information is known for all dates in the pay period, it is not possible *with certainty* to calculate the amount of Supplemental SL/VL/ESL or Holiday Leave due.

W/C payments are made on their own schedule in accordance with the Labor Code, and are sometimes not paid until after the UC pay period has ended. Thus, at the time a department processes payroll it may not have all of the W/C information needed to accurately calculate how much Supplemental SL/VL/ESL is due for that pay period.

Despite incomplete W/C payment information, many departments make good-faith efforts to pay Supplemental SL/VL/ESL to employees on their regularly scheduled paydays, rather than to postpone its payment until remaining W/C payments have been made and are known with perfect accuracy. This may or may not result in the need to make adjustments in subsequent pay periods.

Departments have three (3) choices:

CHOICE ONE - Defer payment of Supplemental SL/VL/ESL

Defer payment of all Supplemental SL/VL/ESL (and any HL dependent upon payment of W/C) until W/C payment information has been received for all dates in the pay period.

On the employee's regular payday, pay the employee for:

1. Hours Worked,
2. Any HL, SL, and VL that occurred before the disability (if any).

When you have received all of the W/C payment information:

1. Calculate Supplemental SL/VL/ESL owed, as well as any HL dependent upon payment of W/C.
2. As usual, include W/C Hours as paid leave by treating them as REG time, and reduce pay by the W/C Dollars using DOS code "WCR".
3. The W/C Hours you added to Supplemental SL/VL/ESL & HL will balance the W/C Dollars by which you reduce pay.

CHOICE TWO - Calculate Supplemental SL/VL/ESL based only upon known W/C payments. If W/C payments are later made for the remaining days in the pay period, include them in your calculations for the next pay period.

In the subsequent pay period (Period 2), you will use the W/C Leave Bank Web Calculator twice:

1. Once for the remaining W/C payments from the prior period (Period 1), and
2. Once for the W/C payments in the subsequent period (Period 2).

Sum the results from both calculations and use the result to determine the Supplemental SL/VL/ESL due in the Period 2.

The net effect will balance:

1. You will have used extra SL/VL Hours in the first pay period (because you did not include W/C Hours for the remaining days paid by W/C), but
2. You will have used exactly that many fewer SL/VL Hours in the second pay period (because you included the extra W/C Hours not included in the first period).

In most cases, this method should work for ESL as well:

1. You will have paid more ESL Hours in the first period, but
2. You will have paid exactly that many fewer ESL Hours in the second period.

However, with ESL one should use this method with caution. It is possible that the W/C Hours remaining from Period 1 when combined with the W/C Hours from Period 2 may exceed 80% of pay for Period 2.

CHOICE THREE – Calculate Supplemental SL/VL/ESL based upon known W/C payments & Estimated Future W/C payments

Estimate future W/C Payments for the remaining days of the pay period, and calculate Supplemental SL/VL/ESL. Reconcile any discrepancies in the next pay period.

A. DISCREPANCIES DUE TO EXTRA W/C DAYS PAID (NEW DISABILITY DATES)

Example: You assumed W/C would not pay 10-25-06 thru 10-31-06, but they did in fact pay it. Since the discrepancy is due to extra W/C days being paid, the situation is similar to that in Choice 2, above. It is as if a previously unknown payment has now been made. Therefore:

Use the method set forth in Choice 2 above.

B. DISCREPANCIES DUE TO EXTRA W/C DAYS NOT PAID

Example: You assumed W/C would pay 10-25-06 thru 10-31-06, but they in fact did not pay it.

For 10-25-06 through 10-31-06, your original assumption led you to:

1. Credit the W/C Hours as “REG” time in place of SL/VL, and
2. Deduct the W/C Dollars from Pay.

You must now undo these actions:

1. Deduct the W/C Hours from SL/VL.
2. Pay the employee the W/C Dollars.

If you originally used ESL to pay the employee, rather than SL/VL, then there has been a payroll overpayment, and you will need to ask the employee to reimburse the W/C Dollars to the Regents. Refer to Payroll Overpayment procedures in the UC Accounting Manual.

C. DISCREPANCIES DUE TO SAME DAYS PAID AT A DIFFERENT BENEFIT RATE

You may have either underestimated or overestimated the benefit rate of the future W/C payments.

1. UNDERESTIMATIONS OF W/C PAYMENTS

Example: You assumed W/C would pay 10-25-06 thru 10-31-06 at a rate of \$500 per week, but instead they paid at a rate of \$400 per week.

This situation is somewhat similar to Choice 2 above. It is as if a previously unknown W/C payment has now been made. But there is an important difference.

It differs from Choice 2, above, in that the unknown payment is not a separate payment for new disability dates; it is a difference between the estimated payment and an actual payment, both of which share the same disability dates.

You will need to compute the difference between the benefit rates.

Example of how to compute the difference:

	FROM	THRU	WEEKLY BENEFIT RATE	PAYEE
	-----	-----	-----	-----
Estimated Payment:	10-25-06	10-31-06	500.00	EMPLOYEE
Actual Payment:	10-25-06	10-31-06	400.00	EMPLOYEE
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Difference:	10-25-06	10-31-06	100.00	EMPLOYEE

Treat the difference as an extra W/C payment following the steps in Choice 2, above. In this example the extra W/C payment was made at a Weekly Benefit Rate of \$100.

2. OVERESTIMATIONS OF W/C PAYMENTS

Example: You assumed W/C would pay 10-25-06 thru 10-31-06 at a rate of \$400 per week, but instead they paid at a higher rate of \$500 per week.

Your overestimation of the W/C payments led you to:

1. Credit too few W/C Hours to “REG” time, taking more from SL/VL, and
2. Reduce pay by too few W/C Dollars.

You will need to calculate the difference between the actual and the estimated W/C payments.

Example of how to calculate the difference:

	FROM	THRU	WEEKLY BENEFIT RATE	PAYEE
	-----	-----	-----	-----
Actual Payment:	10-25-06	10-31-06	500.00	EMPLOYEE
Estimated Payment:	10-25-06	10-31-06	400.00	EMPLOYEE
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Difference:	10-25-06	10-31-06	100.00	EMPLOYEE

Follow these steps:

1. Calculate the difference between the actual and the estimated W/C payments.
2. Step 1 will give you a positive number for the Weekly Benefit Rate.
3. Use the W/C Leave Bank Calculator to compute:
 - a. W/C Hours (a positive number),
 - b. W/C Dollars (a positive number)
4. Credit the W/C Hours to SL/VL.
5. The W/C Dollars represent a payroll overpayment.

Handling the overpayment:

If you are also processing payroll for the subsequent pay period, you may wish to combine the W/C Dollars calculated above with those for the subsequent period and reduce pay by the combined sum. However, it is recommended that you first give the employee the three choices below. Advise the employee that you have credited the W/C Hours for the prior period to SL/VL, but this has resulted in a payroll overpayment of X Dollars. The employee can choose to:

- A. Have the W/C Dollars combined with those of the subsequent period for a greater pay reduction in the subsequent period, and keep the W/C Hours you credited to SL/VL, or
- B. Reimburse the W/C Dollars to the Regents by check, and keep the W/C Hours you credited to SL/VL, or
- C. Decline both (A) and (B), but forfeit the W/C Hours that you credited to SL/VL.

If the employee elects (A) and has pay reduced, the net effect will balance:

- A. The W/C Hours you credited to SL/VL will balance the additional W/C Dollars by which you reduce pay in the subsequent pay period.

If the employee elects (B) and reimburses the overpaid dollars to the Regents, the net effect will balance:

- B. The W/C Hours you credited to SL/VL will balance the reimbursed dollars.

If the employee elects (C), declining (A) and (B), the net effect will balance:

- C. You will remove the credited SL/VL that caused the overpayment.

If you originally paid the employee ESL rather than SL/VL:

1. Do not reimburse the W/C Hours to SL/VL.
2. There has been a payroll overpayment, and you will need to ask the employee to reimburse the W/C Dollars to the Regents. Refer to Payroll Overpayment procedures in the UC Accounting Manual.