

UCPath Payroll Staff Transition Program (Program) Frequently Asked Questions For Administrators

Local Plan Approval

1. *If the Administrative Oversight Committee (AOC) approves our Local Plan, when will it be effective?*

If the AOC approves your Local Plan, it will be effective on the date of AOC approval. The exact date will be conveyed when notification of approval is sent to your location.

Program Eligibility

2. *Are employees who are not solely “payroll” employees but who perform functions that support the fulfillment of payroll or its underpinnings eligible to participate in this Program? What about employees who are not part of the central Payroll office but who perform payroll or related functions in a department?*

Yes, employees who are not solely “payroll” employees are eligible to participate in this Program if they perform functions that support the accurate and timely fulfillment of the University’s payroll obligations and meet all of the eligibility criteria in the Program. For example, IT staff that supports and maintains the current payroll system (PPS) and other related technology systems is eligible. Benefits staff that performs functions such as sending premium notices for benefits continuation while faculty or staff are on leave without pay; receiving and depositing those payments; reconciling the status of premium payments upon return to work; charging and crediting employees and departments for benefit costs via the consolidated billing process; 403(b)/457(b)/DCP adjustments; and/or rush check requests for benefit costs deducted in error from employee paychecks is also eligible for consideration to participate in the Program.

Similarly, an employee does not have to be located in a central payroll office to be eligible for consideration to participate in the Program. Staff in any department who is involved with fulfilling payroll and who meets all of the other eligibility criteria is eligible to participate in the Program.

Employees who are primarily engaged in time-reporting activities are not considered mission critical or continuity to payroll-related functions and consequently are not eligible to participate in the Program.

3. *Are represented employees eligible to participate in this Program?*

Represented employees’ eligibility to participate in this Program is subject to the collective bargaining process.

4. *How is a career appointment defined?*

A career appointment is an appointment established at a fixed or variable percentage of time at 50 percent or more of full-time that is expected to continue for one year or longer. Contract and limited appointments are not career appointments.

5. What if a location has an employee in a contract or limited appointment that it wants to identify as Mission Critical or Continuity?

According to the AOC:

- Employees who do not hold career or contract appointments are ineligible to participate in the Program. Locations should, within policy, compensate these employees at a level that encourages them to fulfill the terms of their appointments.
- Employees who hold contract appointments are eligible to participate in the Program as an exception provided they meet all other eligibility criteria and their names and retention terms are submitted to and approved by the AOC. The AOC recognizes that it is prudent to fill payroll-related positions with contract appointments, and that locations need to retain contract employees while UCPATH is implemented.

6. We don't know yet how specific positions in our payroll operations will be impacted by the transition to the UCPATH Center. However, we don't want to lose these employees in the meantime. Can we submit these employees to the AOC so we can provide them with Retention Pay?

The systemwide Program states that in order to be eligible to participate in the Program, an employee's position must be targeted for elimination due to the UCPATH Initiative or the implementation of the UCPATH Center. The AOC reaffirmed this in January 2013. The Program is a management and planning tool designed to assist locations in retaining employees to process payroll during the transition. It would not be a prudent use of University resources to provide Retention Pay to employees who are not/may not be at risk of losing their positions or work, nor would there be funds available to provide the Retention Pay if these jobs are not eliminated.

7. Will the AOC delegate to locations the responsibility to add employees to a Local Plan after the Plan has been implemented?

In order to provide systemwide oversight and ensure consistent application of the Program, the AOC will not delegate this responsibility to locations.

Retention Period

8. Can general language be used to describe the Retention Period end date, such as "60 days after UCPATH goes live," rather than a specific date?

The Program requires that a specific date be used; however, given the shifting implementation timeline for UCPATH, it is strongly recommended that locations tie end dates and payment dates to UCPATH project milestones (such as "when UCPATH goes live") rather than specific dates. When the Local Plan is submitted to the AOC for approval, using this general language will need to be requested and approved as an exception.

For locations that already have approved Local Plans with specific Retention Period end dates and payment dates, it is recommended that they renegotiate the Retention Period end date and payment date(s), as applicable, with Participants. As consideration for agreeing to the change in date(s), locations must offer additional

Retention or Enhanced Severance Pay to the Participant. See question 9 for additional information. The AOC must approve the change in dates and amounts.

9. Can a Participant's Retention Period be shortened or extended after he/she has already signed a Retention Letter?

After approval by the AOC, a Participant's Retention Period can be shortened or extended as follows:

- If a Participant's Retention Period is to be shortened, the location must give the Participant 60 calendar days' notice and recalculate the Retention Pay amount (if applicable).

Any Enhanced Severance Pay amount must be calculated to reflect the Participant's actual years of service upon separation.

- If a Participant's Retention Period is to be extended, the location must offer the Participant additional Retention Pay or Enhanced Severance Pay and a revised Retention Letter. (Note that the final Enhanced Severance Pay amount will need to be calculated upon the Participant's separation to reflect his/her actual years of service.)

The Participant may choose to agree to the revised retention terms by signing the revised Letter or may, without penalty, choose to continue under the terms of his/her original Retention Letter.

While extending a Participant's Retention Period does not require notice, it would behoove the location to offer the Participant his/her revised Retention Letter as soon as possible after the location knows it wants to extend the Period.

Retention Pay

10. When should Retention Pay be provided to a Participant?

In order to maximize employee retention and completion of deliverables, it is strongly recommended that the entire Retention Pay amount be provided in a lump sum to the Participant at the end of the Participant's Retention Period. However, locations have the option of providing payments in installments if necessary. It is recommended that the first payment be no more than 5% of the total Retention Pay amount and gradually increase throughout the Participant's Retention Period. The largest payment should be made at the end of the Participant's Retention Period.

If the Participant leaves his/her current position prior to the end of his/her Retention Period, then he/she will keep any Retention Pay already received but would not be entitled to any additional payments. No prorated payments will be provided.

11. Who should determine whether to provide Retention Pay in a lump sum amount or in installment payments?

The University should determine whether to provide Retention Pay to a Participant in one lump sum payment at the end of his/her Retention Period or to make installment payments to the Participant. Due to IRS rules and potential tax implications, the Participant must not have any input into when he/she will receive the Retention Pay.

12. What if a Participant receives a salary increase during his/her Retention Period, e.g. a merit increase? Does this impact the Retention Pay amount?

If a Participant receives a salary increase during his/her Retention Period, his/her Retention Pay amount may be recalculated based on the Participant's new base salary. However, the combined amount of any Retention Pay and Enhanced Severance Pay (if applicable) that a Participant can receive is still capped at \$75,000. When locations report payments to the AOC after their Local Plans end, they should note why the payment amounts were revised, e.g. due to merit increase, etc.

If a location decides to increase the amount of Retention Pay to be provided to a Participant for any reason other than a salary increase, e.g. the location wants to increase the percentage or fixed amount offered to the Participant, that change must be approved by the AOC prior to presenting the revised amount to the Participant.

13. If a Participant receives a salary increase during his/her Retention Period, will a new Retention Letter need to be written to reflect the revised payment amount(s)?

In addition to stating the amount(s) of Retention and/or Enhanced Severance Pay being offered to the employee based on the employee's current salary, it would be best to include language in the original Retention Letter that states that the Participant's final Retention Pay and Enhanced Severance Pay amounts (as applicable) may be (re)calculated to include any salary increases the Participant receives during his/her Retention Period.

14. Will Participants' Retention Pay be taxed at the same rate as their regular pay or at the higher "supplemental" rate?

The tax rate that will be applied to the Retention Pay will depend on when the Participant receives the payment. If the Retention Pay is provided together with Participants' regular pay then the Retention Pay amount will be taxed at the same rate as their regular pay. If the payment is provided separately from Participants' regular pay then the Retention Pay amount will be taxed at the higher supplemental rate. Locations should coordinate with their Payroll Offices regarding the scheduling of payments (particularly if payments are provided in installments) as it is most advantageous to the Participants to receive their Retention Pay together with their regular pay.

Absence from Work

15. How will the pro rata reduction be calculated if a Participant is absent for more than 5 cumulative days in a month?

The pro rata reduction may be calculated in one of two ways:

- a. Option 1: For example, let's say that the Participant has been offered \$20,000 as a fixed amount in Retention Pay, his/her Retention Period is 6 months, and he/she is absent from work for a total of 10 days in one month during his/her Retention Period:

$$\begin{array}{rclcl}
 \mathbf{\$20,000.00} & \div & \mathbf{132} & = & \mathbf{\$151.52} \\
 \textit{Total Amount of} & & \textit{Number of Working Days} & & \textit{Amount of Retention} \\
 \textit{Retention Pay} & & \textit{in the Total Retention} & & \textit{Pay Provided Per} \\
 & & \textit{Period} & & \textit{Day} \\
 \\
 \mathbf{\$151.52} & \times & \mathbf{5} & = & \mathbf{\$757.60} \\
 \textit{Retention Pay} & & \textit{Total Number of Days} & & \textit{Amount of Retention} \\
 \textit{Provided Per Day} & & \textit{Absent Over 5} & & \textit{Pay to be Reduced}
 \end{array}$$

Note that this reduction only applies to the amount of *Retention Pay* the Participant receives, which is additional compensation to the Participant. If the Participant remains on pay status (e.g., he/she uses accrued sick or vacation leave) during the absence(s), he/she will still continue to receive his/her regular salary for that period.

- b. Option 2: For example, let's say that the Participant's total monthly earnings is \$5,200, he/she is absent from work for 10 days in one month during his/her Retention Period, and he/she is being offered 25% of his/her total earnings in Retention Pay:

$$\begin{array}{rclcl}
 \mathbf{\$5,200.00} & \div & \mathbf{22} & \times & \mathbf{5} & = & \mathbf{\$1,181.82} \\
 \textit{Total} & & \textit{Number of} & & \textit{Days Absent} & & \textit{Calculated} \\
 \textit{Monthly} & & \textit{Workdays in the} & & \textit{Over 5} & & \textit{Total Earnings} \\
 \textit{Earnings} & & \textit{Month} & & & & \textit{For Days} \\
 & & & & & & \textit{Absent} \\
 \\
 \mathbf{\$1,181.82} & \times & \mathbf{25\%} & = & \mathbf{\$295.46} \\
 \textit{Calculated} & & \textit{Percentage of Total} & & \textit{Amount of Retention} \\
 \textit{Total Earnings} & & \textit{Earnings} & & \textit{Pay} \\
 \textit{For Days Absent} & & \textit{He/She is Being Provided} & & \textit{to be Reduced} \\
 & & \textit{As Retention Pay} & &
 \end{array}$$

If the Participant is paid on a bi-weekly basis, the calculation in Option 2 above is the same; however, instead of dividing by the number of workdays in the month, you would divide by 10 since there are 10 workdays in each pay period.

16. Will a reduction be applied for campus closures, e.g. during December?

Since time off work is required by the University during campus closures, these periods cannot be used to reduce a Participant's Retention Pay amount.

Other University Employment

17. What happens if a Participant moves into a new position during his/her Retention Period?

The Program addresses several scenarios with regard to a Participant who moves into another position during his/her Retention Period:

- A Participant who accepts another position at the University before the end date of his/her Retention Period is not eligible to receive regular severance pay under policy or Enhanced Severance Pay under the Program.
- A Participant who begins serving in another position at the University before the end of his/her Retention Period will keep any Retention Pay already received but will not receive any further retention payments, including prorated payments.
- A Participant who voluntarily resigns or retires or who involuntarily separates for any reason other than total disability or death during his/her Retention Period will keep any Retention Pay already received but will not receive any further retention payments, including prorated payments.
- A Participant who involuntarily separates due to total disability or death during his/her Retention Period will be eligible for a prorated retention payment up until the date the separation or death occurred, provided that he/she continued to meet performance expectations during that period.

If a Participant moves into or is reclassified into another Mission Critical or Continuity payroll-related position, the Participant may continue his/her participation in the Program under the terms of his/her Retention Letter. Any final Retention Pay may be based on the Participant's new base salary. Any final Enhanced Severance Pay amount must be calculated to reflect any salary increase(s) the Participant received. See questions 12 and 13 for more information.

18. Does the Participant have to repay any Retention Pay if he/she takes another job at the University? What about Enhanced Severance Pay?

The Participant does not have to repay any Retention Pay if he/she takes another job at the University. The purpose of Retention Pay is to motivate a Participant who has been designated as Mission Critical or Continuity to stay in his/her current position and continue to perform his/her job during the transition to the UCPath Center. It is tied to the Participant's Retention Period, which is a specific period of time that the location wants the Participant to remain in his/her current position. The understanding between the Participant and the University is that, if the Participant remains in his/her current position for that period of time, then he/she will receive Retention Pay. Payment is made after the Participant has fulfilled these terms.

A Participant who is reemployed by the University after he/she has been involuntarily separated will be subject to the applicable repayment provision for regular severance pay or Enhanced Severance Pay.