Payroll Manual
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I. Mandatory Internal Controls Over Payroll

Topics:
- Payroll Processing Policies and Procedures
- VIII - 6.00 (B) UMCP Policy & Procedures for Authorized Signatories on Financial Documents
- Administrative Procedure A6.12 Payroll Certification Journal
A. Payroll Processing Policies and Procedures Memo

MEMORANDUM

TO: Deans, Directors and Department Chairs
FROM: Julie K. Phelps, Comptroller
SUBJECT: Payroll Processing Policies and Procedures

The purpose of a system of “internal accounting controls” is to provide a reasonable degree of protection against loss or diversion of University funds due to errors (unintentional acts) and/or irregularities (intentional acts) during the processing of financial transactions. Typically, standard internal controls include a “segregation of functions” among employees involved in a financial transaction to assure that errors and/or irregularities will be caught in the normal course of the financial process – barring collusion among those employees. With regard to payroll processing, the segregation of payroll preparation, payroll approval, and the distribution of payroll checks has been standard University practice. However, a review of our written policies, procedures, and forms design revealed a need to improve the clarity and reinforce the communication of these internal control practices. Accordingly, we enclosed the following items:

1. Administrative procedures for Payroll Journal Certification including revised preparer and approver attestations, and

2. Revised “UMCP Policy and Procedures for Authorized Signatories on Financial Documents” (see Section VII pertaining to “Payroll Related Documents”) including a new requirement that Payroll Certification/One-Pay Card transactions be supported by appropriate written documentation at the time of approval.

Implementation of revised preparer and approver attestations will begin with the Payroll Journals delivered to your departments on Tuesday, April 13. Please review carefully the Administrative Procedures for Payroll Journal Certification and Section VII of UMCP Policy and Procedures for Authorized Signatories on Financial Documents which are attached. Any variance between procedures set forth in these documents and actual practices in your departments should be corrected as soon as possible.

Payroll Services will be holding information sessions for employees who prepare or approve payroll. In addition, Assistant Comptroller Maggie Haines and I will be meeting with College and Divisional Business Officers to explain the revised forms, policies and procedures. Information on these sessions will be sent to your units under separate cover. In the meantime if you have any questions or concerns regarding the enclosed materials, please contact Maggie Haines at (301) 405-5672 or myself at (301) 405-2589.
B. VIII - 6.00 (B) UMCP Policy and Procedures for Authorized Signatories on Financial Documents

See the policy at:

C. Administrative Procedure A6.12 Payroll Certification Journal

For your protection, it is imperative that the following segregation of duties be maintained without exception:

Persons who prepare and approve Payroll Journals must not have access to payroll checks for any reason. Another person or persons independent of the Payroll Journal preparation and approval, must pick up the checks for delivery to the employees and must be responsible for disposition of any pay checks to be voided or returned as unclaimed.

Once the Payroll Journals are approved, they must not be returned to the preparer for any reason. The approver or another person, who is independent of Journal preparation, must deliver the Journals to the Payroll Services.

The department manager, or a designee, who is independent of Journal preparation, must review the Statement of Payroll Charges and monthly FRS reports for errors and irregularities.

The Payroll Services Office maintains strict controls over the distribution of payroll checks to departmental personnel who have been represented by the department as being independent of the Payroll Journal preparation and approval process. If these personnel are not independent, or if they convey the checks to others who are not independent, then the department is in violation of University policy and procedure.

It is difficult to overstate the importance of adherence to these rules. If you have any doubt about your department's ability to implement and maintain the practices set forth above, or if you have questions regarding these practices, please feel free to call the Payroll Services Office at x55665.
Administrative Procedure A6.12

Effective: April 13, 1999

Subject: Payroll Certification Journal
Responsible Administrative Office: Payroll Services, Office of the Comptroller
1101L Chesapeake Bldg.
Applicable Form: Payroll Certification Journal

A. PURPOSE

This form is used to certify payment for University employees on a biweekly basis in order to minimize the risk of misappropriation of funds.

B. POLICY

1. Payroll Certification Journal forms must be submitted to Payroll Services before the deadlines specified in the Payroll and Leave Reporting Calendar in order for employees to be paid the correct salary on the scheduled payday.

2. The Payroll Certification Journal forms require two departmental signatures, the preparer and approver, before the Payroll Certification Journal forms may be processed.

3. All entries and signatures must be in ink, and the use of a rubber stamp is not permitted.

4. Employees must not sign another employee's name at any time.

C. PROCEDURES

Overall Process:

The Payroll Certification Journal is a three-copy form. The original, which is the top copy, is submitted to Payroll Services by the appropriate deadline. The second and third copies are for the departmental files.

1. Responsibilities of Preparer

   a. Prepare the Payroll Certification Journal in accordance with the instructions contained in “Departmental Preparation of the Payroll Certification Journal” (section C.1.g below).
   b. Verify that the data shown in the preprinted section of the Payroll Certification Journal are correct and are consistent with the Payroll Entries as reviewed and approved by the department head or designee.
   c. Verify the employee compensation listed on the Payroll Certification Journal pages is consistent with biweekly time reports reviewed and approved by the employee's supervisor with the exception of Faculty and Graduate Assistants.
   d. Sign the unburst Payroll Certification Journals on the line provided for the Preparer.
   e. Submit the signed unburst Payroll Certification Journals to the Approver.
   f. The Payroll Certification Journal Preparer must not have access to the paychecks
at any time for any reason. This includes handling of those checks that must be voided or returned as “unclaimed.”

g. Departmental Preparation of the Payroll Certification Journals

(1) The Preparer shall not change any of the preprinted data with the exception of the hourly rate for student and hourly workers, or straight and premium overtime rates for employees who receive shift differential, on call or other premiums.

(2) If any adjustments written in the Earnings Exception columns are corrected, the person making the corrections must initial on the line that was corrected in the “Remarks” Column.

(3) Compare the preprinted data with the most recent authorized payroll entry data. If there are errors, submit the “turnaround” payroll entry to correct the errors.

(4) Compare the employees on the Payroll Certification Journal to those employees that should be paid. If a new employee for whom a payroll entry has been submitted does not appear on the Payroll Certification Journal, then a Certification Card must be submitted to pay the employee.

(5) If an employee is no longer employed by the University and appears on the Payroll Certification Journals, enter the appropriate amount in the “Deductions Base Pay” columns to reduce the person’s pay to $0.00. Prepare a Notice of Separation form and Payroll Entry to delete the person from the Journal. In the “Remarks” column, write “separated” and the effective date of separation.

(6) If an employee appears on the Payroll Certification Journals and was in an unpaid leave status, enter the deduction amounts in the “Deductions Base Pay” columns. In the “Remarks” column, enter the number of paid hours.

(7) Enter the number of hours and payment amount for all hourly employees in the “Additions Base Pay” columns based on time sheets, time cards, or electronic records approved by the supervisor.

(8) Enter the number of “time and a half” overtime hours in “Additions Base Pay” columns. These hourly rates are shown in the “base pay” column. Be sure to increase the hourly rate if the employee has earned shift differential, on call or other premiums.

(9) For hourly-paid people or overtime hours, enter the number of hours worked for each week in the “Remarks” column.

(10) Be sure to explain all additions and deductions in the “Remarks” column other than the entries for regular hourly pay, overtime, shift differential and on-call.

2. Responsibilities of Approver

a. Insure that the data contained on the Payroll Certification Journal is complete and accurate.
b. Verify the employees listed on the Payroll Certification Journals worked in accordance with the terms of their respective appointments and are entitled to the amounts indicated.

c. Reviews the documents supporting the additions and deductions to base pay that are entered on the Payroll Certification Journals. The supporting documents would include timesheets or other timekeeping records (for hourly payments, overtime, deductions, on call, shift differential, etc.), payroll entries, contracts, separations and other documents.

d. Verify that the amounts shown for each employee on the Payroll Certification Journal are proper charges against the budget number.

e. Insure that the Preparer has signed the Payroll Certification Journal.

f. If errors are found, return all copies of the Payroll Certification Journals to the Preparer for correction before signing as the Approver.

g. Sign the unburst Payroll Certification Journals on the line provided for the Approver.

h. Tear off the second and third copies for the departmental file.

i. Do not return the top copy of the approved Payroll Certification Journals to the Preparer.

j. The Approver, or another person who is independent of the Payroll Certification Journal preparation and check distribution process, must deliver the original, top copy of the Journals to Payroll Services in a sealed envelope.

k. The Approver will not have access to the paychecks at any time for any reason including the checks to be returned to be voided or as unclaimed.

3. Responsibilities of Department Manager or Designee

The department manager, or designee who is independent of the Payroll Certification Journal process, must review the Statement of Payroll Charges and monthly FRS reports for errors and irregularities. Any errors or irregularities must be corrected immediately.

4. Responsibilities of Campus Payroll Services

Payroll Services will:

a. Review the Payroll Certification Journals for errors, match adjustments made on the journals to the Payroll Entries and Separations as appropriate, and verify that the Journal Certification Statements are signed and dated.

b. If the Journal Certification Statements are not signed, request that the Preparer or Approver, whichever is appropriate, come to Payroll Services to do so before
the Payroll Certification Journals can be processed.

c. If other errors are noted, call the department and request authority to make the necessary change. If the authority is granted, make and the change and in the remarks column, initial and note the persons name from whom authorization was received.

d. Record the Preparer and Approver names in the Journals and Checks Log.

e. Initial the Payroll Certification Journals on the Campus Payroll line.

5. Payroll Certification Journal Form

a. Orientation to the Payroll Certification Journal Form

(1) This is a three-part form that is sorted by FRS Department (Dept. Seq. No.), FRS Account within department, item number within Account number, and then social security number.

(2) Account number--this is the FRS account number. The Payroll Certification Journals are sorted first by campus, the first two digits. The Payroll Certification Journals are further sorted in numeric order by using digits three through eight of the FRS account number, which includes the first digit of the subcode. As an example: FRS account number 01-2-34567-1011 would be sorted first by campus “01” and then by the digits “234571.”

(3) The form contains two sections, one with data preprinted by the computer and the other section which can be used to report hours and amounts that create an adjustment to the preprinted biweekly amount.

b. Field Definitions

Dept Account  FRS account number for all employees listed on the Payroll Certification Journal.

Period Ending  This is the date of the end of the biweekly pay period covered by the Payroll Certification Journals.

Page No.  Self-explanatory.

Dept Seq. No.  This is a five-digit number for the department. The first digit indicates the campus.

Serial No.  This is a computer generated number used to identify this record.
<table>
<thead>
<tr>
<th>Title</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>B - Nurses Group I</td>
<td></td>
</tr>
<tr>
<td>C - Nurses Group II</td>
<td></td>
</tr>
<tr>
<td>F - 40 Group I</td>
<td></td>
</tr>
<tr>
<td>G - 40 Group II</td>
<td></td>
</tr>
<tr>
<td>H - 40 Group II plus shift differential</td>
<td></td>
</tr>
<tr>
<td>K - 40 Group I plus shift differential</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Title Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>This is the employee’s job title.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Base Pay</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>This is the employees biweekly pay before any adjustment or the base hourly rate if the person is an hourly employee.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ex Code Fellow</th>
<th>Not used.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ex Code FICA</td>
<td>This code is used to describe the FICA status of the employee as follows:</td>
</tr>
<tr>
<td></td>
<td>0 - FICA taxable</td>
</tr>
<tr>
<td></td>
<td>J - FICA exempt due to visa (F or J)</td>
</tr>
<tr>
<td></td>
<td>K - Federal Retirement - FICA exempt</td>
</tr>
<tr>
<td></td>
<td>L - FICA exempt due to student status</td>
</tr>
<tr>
<td></td>
<td>M - FICA exempt due to non-wage earnings</td>
</tr>
<tr>
<td></td>
<td>N - FICA exempt, Graduate Assistant</td>
</tr>
<tr>
<td></td>
<td>U - Tax Exempt due to Upward Bound participant.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ex Code Student or Retirement</th>
<th>Codes that are used:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0 - ineligible for retirement</td>
</tr>
<tr>
<td></td>
<td>1 - State Teachers Retirement System</td>
</tr>
<tr>
<td></td>
<td>2 - State Employees Retirement System</td>
</tr>
<tr>
<td></td>
<td>3 - TIAA Non-Contributory</td>
</tr>
<tr>
<td></td>
<td>4 - TPS (Bifurcated employees only)</td>
</tr>
<tr>
<td></td>
<td>5 - ERS (Bifurcated employees only)</td>
</tr>
<tr>
<td></td>
<td>A - State Teachers Retirement at 7%</td>
</tr>
<tr>
<td></td>
<td>B - State Employees Retirement at 7%</td>
</tr>
<tr>
<td></td>
<td>C - State Teachers Pension System</td>
</tr>
<tr>
<td></td>
<td>D - Aetna ORP</td>
</tr>
<tr>
<td></td>
<td>E - State Employees Pension System</td>
</tr>
<tr>
<td></td>
<td>F - 20th Century ORP</td>
</tr>
<tr>
<td></td>
<td>H - Valic ORP</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Percentage of Full Time Individual Deductions Base Pay</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>This is the FTE percentage associated with the individual on a specific account.</td>
</tr>
<tr>
<td></td>
<td>The two columns contained under this heading are used for reductions in pay and are to be used if the employee is not to be paid the amount shown in the Base Pay column.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HR. Days Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Reflect the deduction either in hours or days.</td>
</tr>
<tr>
<td></td>
<td>This is the amount of the deduction.</td>
</tr>
<tr>
<td>Additions Base</td>
<td>The two columns contained under this heading are used for additions in pay due to promotion, reclassification, etc.</td>
</tr>
<tr>
<td>HR. Days</td>
<td>Reflect the addition either in hours or days.</td>
</tr>
<tr>
<td>Amount</td>
<td>This is the amount of the addition.</td>
</tr>
<tr>
<td>Adjusted</td>
<td>This is the base pay less any deductions plus any additions.</td>
</tr>
<tr>
<td>Earnings</td>
<td>This column is used to explain any additions or deductions as well as reporting the number of hours worked each week if the employee is an hourly employee, or has paid overtime hours.</td>
</tr>
<tr>
<td>Remarks</td>
<td>These dates are the end of the work week being reported on the Payroll Certification Journal.</td>
</tr>
<tr>
<td></td>
<td>c. Computer-generated totals of base pay for biweekly employees are presented on each page at the bottom of the “Base Pay” column. Hourly employees will not be included in this total. Totals for the page, subcode, FRS account, and Department will be printed after the last person listed on the Department's Payroll Certification Journal.</td>
</tr>
</tbody>
</table>
6. Journal Certification Statements:

a. **PREPARER’S CERTIFICATION:**
   I certify by my signature below as preparer of these Payroll Certification Journals that:
   - All employee compensation on the journals is consistent with the Payroll Entries reviewed and approved by the department head or designee.
   - The employee compensation on the journals is consistent with biweekly time reports reviewed and approved by the employees' supervisor with the exception of faculty and graduate assistants.
   - I will not have access to original copies of approved Payroll Certification Journals or to pay checks at any time for any reason, including checks to be voided or returned as unclaimed.

   (Preparer) (Date)

b. **APPROVER’S CERTIFICATION:**
   I certify by my signature below as Approver of these Payroll Certification Journals that the employees listed on the Payroll Journals worked in accordance with the terms of their respective appointments and are entitled to the amounts indicated. I further certify that employee effort performed and related compensation amounts shown are proper charges against the budget number as listed. I further certify that:
   - I will not have access to pay checks at any time for any reason, including checks to be voided or returned as unclaimed.
   - The original journal pages will not be returned to the preparer after my approval.
   - I, or my designee who is independent of journal preparation, will review the Statement of Payroll Charges for errors and irregularities.

   (Preparer) (Date)
II. Distribution of Paychecks to State Employees

Topics:
Distribution of Paychecks to State Employees
**Distribution of Paychecks to State Employees**

The State of Maryland requires the distribution of paychecks on the date of the check and not earlier. Check distribution after 4:00 P.M. on the day before payday is permitted only for second and third shift workers. This exception is permitted to enable these shift workers to have the same payday as all other employees.
III. Guidelines for Making Payroll Computations

Topics:
Non-Leap Year Computations
Leap Year Computations
Accident Leave Computations
Overtime Computations
Non-Exempt Overtime
Shift Differential Computations
On-Call and Call-Back Computations
Split Journals and Factoring
Faculty Payroll Dates
Guidelines For Making Payroll Computations

A. Non-Leap Year Computations
To compute the biweekly rate for twelve (12) month employees for appointment or change of status due to non-leap year, multiply the annual salary by 0.03835616 or divide the annual salary by 26.071428 pay periods per year.

Example:
Compute the biweekly amount for an employee who is paid biweekly over 12 months in a non-leap year.

Step One: Divide the Annual Salary by 26.071428.
$40,000/26.071428 = $1,534.25

Step Two: Multiply the biweekly amount computed in Step One by 26.071428 to recompute the Annual Salary.
$1,534.25 X 26.071428 = $40,000.09

Step Three: Compare the Annual Salary used in Step One with the result of Step Two. The Annual Salary re-computed in Step Two should be equal to or greater than the Annual Salary used in Step One.

Step Two    Step One
$40,000.09  =>  $40,000.00
Use $1,534.25 as the biweekly amount

If the Annual Salary in Step Two is less than the Annual Salary used in Step One, add .01 (one cent) to the biweekly amount. Assume that the Annual Salary is $25,300. The result of Step One ($25,300/26.071428) is $970.41. When $970.41 is multiplied by 26.071428 = $25,299.98 which is less than the Annual Salary. Add one cent to $970.41 and use $970.42 as the biweekly amount on the payroll entry. Note that $970.42 X 26.071428 = 25,300.24.

To compute the biweekly rate for nine and one-half (9.5) month and ten (10) month employees (paid over 10 months) multiply the annual salary by 0.04620462 or divide the annual salary by 21.642857 pay periods per year.

To compute the biweekly rate for nine and one-half (9.5) and ten (10) month employees who are paid over twelve (12) months, divide the annual salary by 26.071428.

To compute hourly rate for exempt, and non-exempt, divide biweekly salary by the number of hours in the regular pay period, i.e., 80 hours.

To compute the per diem salary rate for faculty, divide the biweekly salary by ten (10) that is the same procedure used for exempt and non-exempt staff.
B. Leap Year Computations
To compute the biweekly rate for twelve (12) month employees for appointment or change of status due to a leap year, multiply the annual salary by 0.03825136 or divide the annual salary by 26.142857 pay periods per year.

Example: Compute the biweekly for an employee who is paid biweekly over 12 months in a leap year.

<table>
<thead>
<tr>
<th>Step One:</th>
<th>Divide the Annual Salary by 26.142857.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$40,000/26.142857 = $1,530.05</td>
</tr>
<tr>
<td>Step Two:</td>
<td>Multiply the biweekly amount computed in Step One by 26.142857 to recomputethe Annual Salary.</td>
</tr>
<tr>
<td></td>
<td>$1,530.05 X 26.142857 = $39,999.87</td>
</tr>
<tr>
<td>Step Three:</td>
<td>Compare the Annual Salary used in Step One with the result of Step Two. The Annual Salary re-computed in Step Two should be equal to or greater than the Annual Salary used in Step One.</td>
</tr>
<tr>
<td></td>
<td>Step Two       Step One</td>
</tr>
<tr>
<td></td>
<td>$39,999.87     $40,000.00</td>
</tr>
<tr>
<td></td>
<td>If the Annual Salary in Step Two is less than the Annual Salary used in Step One, add .01 (one cent) to the biweekly amount.</td>
</tr>
<tr>
<td></td>
<td>Biweekly was $1,530.05 plus .01 = $1530.06</td>
</tr>
<tr>
<td></td>
<td>$1530.06 X 26.142857 = $40,000.14</td>
</tr>
</tbody>
</table>

To compute the biweekly rate for nine and one-half (9.5) month and ten (10) month employees (paid over 10 months) multiply the annual salary by 0.04605263 or divide the annual salary by 21.714285 pay periods per year.

To compute the biweekly rate for nine and one-half (9.5) and ten (10) month employees who are paid over twelve (12) months divide the annual salary by 26.142857.

To compute hourly rate for exempt, and non-exempt staff, divide biweekly salary by the number of hours in the regular pay period (80 hours).

To compute the per diem salary rate for faculty, divide the biweekly salary by ten (10), the same procedure used for exempt and non-exempt staff.
C. Accident Leave Computations

Policy On Accident Leave For Exempt And Nonexempt Employees
(228.0 VII-7.40)

See the policy at:

Accident leave is leave with two-thirds (2/3) of the regular employee's regular biweekly. This 2/3 payment (the factor is .667) is exempt from federal and state income tax withholding, and if the accident leave exceeds six months, FICA tax is exempt as well. Only employees who are appointed on a regular basis and who are otherwise eligible for leave shall be eligible for accident leave.

On the journals, minus off the number of hours/dollars the employee is on accident leave from their base pay. In the remarks section note that the employee is on accident leave and is to be paid 2/3 of their pay for the number of accident leave hours.

Submit a Payroll Certification card paying the employee 2/3 of their pay times the number of hours on accident leave. The cert card is completed as usual except--- in the shaded area type a two (2) for less than 6 months or three (3) for over six months, in the box labeled "fellow." Be sure to check the appropriate answers to question 9 and to sign on the tax-exempt payment side of the cert card. The cert card must be submitted with the journals.

D. Overtime Computations

According to the Fair Labor Standards Act, employees who are classified as non-exempt (regular non-exempt, non-exempt Contingent I or II, students and all hourly paid employees) are eligible for overtime and must be compensated at time and one half for all hours in a paid status in excess of 40 hours in the work week.

Cash Overtime
All non-exempt employees must be paid at time and one half (or granted compensatory time - see below) for all hours in a paid status in excess of 40 in a weekly work period.
Compensatory Time in Lieu of Cash Overtime
A non-exempt employee may request to enter into a voluntary agreement, subject to the approval of the Department Head or designee, to receive compensatory leave in lieu of a cash overtime payment. In such cases, compensatory leave is earned in the same manner as cash overtime, i.e. time and one half for hours in a paid status in excess of 40 in a workweek.

Compensatory leave may not exceed a maximum accumulation of 30 workdays. Any overtime worked beyond this must be compensated for by cash payment. Any accumulated compensatory leave at the time of separation from employment must be paid in cash. It is the responsibility of the Department Head to insure maintenance of adequate records of compensatory leave earned and taken by a non-exempt employee who enters into an agreement under this policy.

If an employee requests and receives approval to earn compensatory time, then all overtime hours for that pay period must be received as compensatory time. In other words, an employee may not split overtime within a single pay period between cash overtime and compensatory time.

When a non-exempt employee elects to receive compensatory time in lieu of cash for overtime, the employee must complete the Overtime Authorization Request Form for each payperiod that compensatory time is requested.
E. Non-Exempt Overtime

**NON-EXEMPT OVERTIME**
February, 2001

**Statutory Definitions:**

The Fair Labor Standards Act’s general overtime provision requires that non-exempt employees who work time beyond 40 hours in one standard workweek be paid overtime compensation at a rate of time and one-half the regular hourly rate.\(^1\) This applies to all non-exempt employees, both regular and non-regular. Furthermore, Contingent 1 (hourly) employees – both nonexempt and exempt -- are always treated as non-exempt, since they do not meet the “salary basis test” for exemption under the FLSA.

Further, Maryland’s wage and hour laws define the workweek for employees of the State of Maryland as time during which the employee is on duty (either on- or off-site in a “teleworking” arrangement), as well as time on paid leave.\(^2\)

**University Policy on the Payment of Non-Exempt Overtime:**

The standard work schedule for non-exempt employees is 40 hours worked with an unpaid meal break of at least 30-minutes. Examples of typical university work schedules are: M-F, 8:00 a.m. to 4:30 p.m., and M-F 8:30 a.m. to 5:00 p.m.

In accordance with the FLSA and COMAR, the university’s policy on the payment of premium overtime is as follows:

- **Premium overtime (1.5x) MUST be paid when a non-exempt employee’s total accumulated hours in a paid status exceed 40 hours during the university workweek.**

  The university’s standard workweek begins at 12:00 a.m. on Sunday and ends at midnight on Saturday.

- Premium overtime is not paid when hours exceed eight in one workday.

**Pre-Authorization Requirement**

Non-exempt employees must perform work only during their regular work schedule unless the overtime work is approved by their supervisor in advance, or in the case of a bona fide

---

\(^1\) FLSA § 7(a)(1), 29 U.S.C. § 207 (a)(1)
\(^2\) COMAR 17.04.11.02
emergency.

However, overtime hours worked by a non-exempt employee without the supervisor’s authorization typically shall be paid at the premium rate if the supervisor knew the overtime was worked, or the supervisor should have known of the work, consistent with the FLSA principle of “suffer or permit.”

**Duty of Management**

Deans, directors, department heads, and supervisory personnel are ultimately responsible for compliance with the university’s policy on non-exempt overtime for employees within their span of control. Work schedules should be established and communicated to non-exempt employees, in order to assure that departmental needs are met, and to the extent operations permit, to provide flexibility for the employee.

**It is incumbent upon management (including front-line supervisors) to direct the unit operations and/or employee workload in a manner that ensures that non-exempt employees do not perform unscheduled work that results in overtime liability.** In other words, it is the duty of unit management to exercise control and see that work is not performed that it does not want performed. Mere promulgation of a university policy prohibiting non-authorized overtime is not enough. The employer must make every effort to enforce the rule.³

**Supervisory Responsibilities**

The term “supervisor” refers to “any employee responsible for the performance of other employees, irrespective of job title. The supervisor is responsible for his subordinates and for what they do.”⁴

- Supervisors must assure that hours are correctly recorded on the employee’s timesheet. By signing the timesheet, the supervisor attests to the accuracy of the hours recorded.

- To avoid overtime liability, a supervisor may direct a “temporary schedule change” within the same workweek so that a non-exempt employee’s hours in a paid status within the workweek do not exceed 40.

For example: A non-exempt employee has a typical M-F, 8-4:30 schedule. The supervisor asks the employee to stay 2 hours late on Wednesday to finish a critical project. If the employee works the remainder of the standard work schedule through the end of the week, the employee will have worked 42 hours, and shall be entitled to premium overtime for 2 hours. To avoid the overtime liability, the supervisor may direct the employee to work two fewer hours on Thursday or Friday of the same week to reduce the hours in a paid status to 40. **This is the prerogative of management.**

³ 29 C.F.R. §785.13
⁴ Personnel Policies and Rules for Classified Employees, University of Maryland (1990), I-2,3.
Supervisors must ensure that the employees for whom they sign timesheets understand and comply with the policy on non-exempt overtime. Employees who do not comply with the policy should be counseled, the discussion should be documented, and progressive discipline should be initiated with the assistance of the Personnel Services Employee Relations unit (301.405.5651). THIS IS A CRITICAL PERFORMANCE ISSUE, and once it is brought to the attention of the employee, it should be appropriately documented.

Compensatory Time

The department or unit may offer non-exempt employees the option of electing compensatory time off (earned at the premium rate) in lieu of cash overtime for accumulated hours in a paid status that exceed 40 hours in the university workweek. Departments are not required to offer compensatory time in lieu of the cash overtime payment since the operational considerations of the unit may make it impractical.

- The maximum compensatory leave that may be “banked” by a non-exempt employee is 240 hours (480 hours for public safety employees). Upon separation from the university, the employee’s compensatory leave balance must be liquidated and paid in full since it was earned as premium overtime. Non-exempt employees may elect comp time if it is an option made available by their department; non-exempt employees may not be required to take comp time in lieu of premium cash overtime.

“Rounding off” of time is permissible when it is de minimus, (minimal or insignificant). Typically, the rounding of five minutes total -- either way at the beginning of the workday and/or at the end of the workday -- is permissible and meets the standard of de minimus.

Q&A

“How do I handle an employee who ignores the policy on overtime?” Recognize that this is a performance issue and that it is incumbent upon you as the supervisor to address in a timely manner. Pay the overtime, and initiate a progressive discipline process (i.e., informal discussion with the employee, verbal counseling, written reprimand, etc., depending on the severity of the offense). This is an appropriate matter for inclusion in the non-exempt employee’s PRD in the factor titled “Attendance and Punctuality”.

“Why should the university have to pay the overtime when the employee knowingly violated university policy?” The principle of “Suffer and Permit” applies in this situation. This means that it is presumed that the employer either knew the employee was working overtime or should have known that the employee was working under most circumstances. The Department of Labor has taken the stand that the employer’s authorization to work can be explicit or implied (such as in the case where a non-exempt employee works extra time to finish an important, time-sensitive project that he or she knows is important to you). Pay the overtime and move the issue into the performance management arena and initiate appropriate action.

“We don’t have a budget for overtime. We tell our employees that we will not pay overtime to...
keep them from working it without authorization. Would that fly in a wage & hour audit?”

Such a statement violates the FLSA, which requires that overtime worked must be paid at the premium rate, regardless of the availability of funding.

“We have a conscientious employee who likes to finish up her tasks at the end of the day so that she can begin the next day with a clean desk. She doesn’t want to be paid; she just likes the peace of mind that an organized desk brings. Doesn’t that get us off the hook she she takes this upon herself?” The FLSA expressly prohibits a non-exempt employee from working “off the clock” or “donating time” to the employer, even when it is completely voluntary. A non-exempt employee may not waive the FLSA’s overtime provisions.

“What about when a non-exempt employee comes in early to prepare for the start of the day?” If the employee performs any work tasks (as opposed to getting a cup of coffee), he or she should be paid for the time. Again, without prior authorization, you have a performance issue with this employee if he or she refuses to comply with the policy.

“We have a non-exempt employee who eats at his desk so he can ‘surf’ the web during lunch. One day he answers the phone during lunchtime, or greets a couple of visitors to the office during his 30-minute lunch break. Does this become a paid lunch break, which may make the employee eligible for premium overtime?” Yes, under this scenario, the lunch break must be paid. If the employee works the full workweek, in addition to working through the lunch break, he will be entitled to 30 minutes of premium overtime. The alternative is to offset the paid lunch break with a temporary schedule change that reduces his time by 30 minutes – either that same day, or another day during the same standard workweek.
**F. Shift Differential Computations**

Shift differential applies only to regular non-exempt employees of the University System of Maryland who render a service within a department that operates on two or more regularly scheduled shifts daily. A qualifying shift starts between 2:00 p.m. and 1:00 a.m. When working on a qualified shift, regular part-time classified employees working 50 percent or more will be eligible for shift differential on a prorated basis. Shift differential shall be at a rate of $8.00 per day. *(Shift differential rate increased from $5 to $8 effective 1/2/00.)*

See the policy at: [http://www.usmh.usmd.edu/Leadership/BoardOfRegents/Bylaws/SectionVII/VII460.html](http://www.usmh.usmd.edu/Leadership/BoardOfRegents/Bylaws/SectionVII/VII460.html).

When an employee receives shift differential and earns overtime you must recalculate their straight and premium rates.

This is done by:
Multiply their biweekly salary by .5 (which gives you their weekly salary)
Multiply the number of days eligible for shift differential by $8  (i.e. 5 days x $8/day = $40). This gives you their shift differential premium.
Add weekly shift differential premium to their weekly salary.
Divide this new weekly salary by 40 = new straight time hourly rate.
Multiply the new straight time hourly rate by .5 to get the new premium rate.
Compute overtime using the adjusted straight and premium rates.

**G. On-Call and Call-Back**

**On-Call**

All regular employees of the University System of Maryland who are designated as non-exempt under the Fair Labor Standards Act, when required to be available to report to work outside the normally scheduled hours for emergencies or other unusual circumstances, are considered in an on-call status and shall receive compensation.

The compensation is a $24 per diem per day assigned to on-call. *(This rate became effective 1/2/00.)* If an employee is assigned to on-call status and is called to work, the employee will be paid according to the on-call rate in addition to any pay due for hours worked. On-call pay shall be included in the base pay for purposes of computation of overtime pay.

**Call-Back**

Regular non-exempt classified employees who are required to return to work on a regularly scheduled on-duty day after going off-duty, or are required to work on a regularly scheduled off-duty day are eligible for call-back compensation.

Employees called back shall be credited with a minimum of two hours additional work time even if the time spent on duty is less than two hours. This circumstance does not apply to the employee who may be working overtime as a continuation of the employee's normal hourly schedule.

See the [Policy On On-Call And Call-Back For Classified Employees](http://www.usmh.usmd.edu/Leadership/BoardOfRegents/Bylaws/SectionVII/VII462.html).
**H. Split Journals and Factoring**
Journals are printed two different ways during the course of the year--regular and split/factored. On a split/factored journal the full biweekly salary is printed in the remarks section of the journal.

Split journals are printed at the beginning and end of the academic year, and factored journals are printed at the beginning and end of the fiscal year.

When split/factored journals are printed, salary adjustments for reclasses, promotions, and account changes are to be based on 14ths for all employee groups - faculty, exempt, and non-exempt staff. All other adjustments to split/factored journals such as LWOP, resignations, etc., are to be based on 10ths or the appropriate hourly rate.

All salary adjustments on regular journals are to be based on 10ths or hourly rates for all employee groups other than 9.5 and 10 month faculty. Salary adjustments for 9.5 and 10 month faculty at the beginning and/or ending date of their contract can be based on 14ths or 10ths depending on campus policy.

**I. Faculty Payroll Dates**

<table>
<thead>
<tr>
<th></th>
<th>Fall</th>
<th>Spring</th>
<th>Academic year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>9.5/10-month paid over 10</strong></td>
<td>August 17 to January 15 [noon] (non-leap fiscal year)</td>
<td>January 15 [noon] to June 15 (non-leap fiscal year)</td>
<td>August 17 to June 15</td>
</tr>
<tr>
<td></td>
<td>August 17 to January 15 (fiscal leap year)</td>
<td>January 16 to June 15 (fiscal leap year)</td>
<td></td>
</tr>
<tr>
<td><strong>Fall</strong></td>
<td>August 17 to February 15 [noon] (non-leap fiscal year)</td>
<td>February 15 [noon] to August 16 (non-leap fiscal year)</td>
<td>August 17 to August 16</td>
</tr>
<tr>
<td></td>
<td>August 17 to February 15 (fiscal leap year)</td>
<td>February 16 to August 16 (fiscal leap year)</td>
<td></td>
</tr>
</tbody>
</table>

**Please note:** These are payroll dates and not appointment dates.
4

IV. Payroll Procedures

Topics:
Forms Required to put an Employee on Payroll
Administrative Procedure A6.14 - Payroll Entry
Administrative Procedure A6.13 – Certification/One-Pay Appointment Form
Administrative Procedure On Contingent Employment For Non-Exempt And Exempt Employees
Request For Payroll Turnaround Entry Form
Administrative Procedure A6.11 – Notice Of Separation
A. Forms required to put an Employee on Payroll

I-9 form (the original must be kept in the Department.)
W4 form**
Personnel Supplemental Data Information
Faculty/Associate Staff Information Form (if applicable)
Payroll Entry; Cert Card (if applicable)
Health and retirement forms (if applicable)
Forms required for a Non-Resident Alien.
Contract or agreement, if applicable.
Job description, if applicable.

Contact Payroll Services for more information.

Copies of forms are listed in the Appendix and can be obtained from Payroll Services.

**Please note that the W4 form must be an original and completed in black ink.
# B. Payroll Entry - Administrative Procedure A6.14

## Administrative Procedure A6.14

<table>
<thead>
<tr>
<th>Subject</th>
<th>Payroll Entry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responsible Applicable Form</td>
<td>Payroll Services</td>
</tr>
<tr>
<td></td>
<td>110IL Chesapeake Bldg.</td>
</tr>
<tr>
<td>Administrative Office</td>
<td>Payroll Entry (PRE)</td>
</tr>
</tbody>
</table>

### A. PURPOSE:
This form is used to place an individual on the University payroll and make any change which affects an employee's payroll status.

### B. POLICY:
1. Payroll Entry forms must be typed, not handwritten.
2. Payroll Entry forms submitted after the deadlines specified in the Payroll Calendar will not be processed for that pay period and will be returned to the Department.
3. Payroll entries must be completely filled out and have the appropriate signatures of persons authorized to approve the form.

### C. PROCEDURES:
1. When the department hires an individual, a Payroll Entry form must be completed to place the person on the payroll.
2. All applicable items on the form must be completed (see instructions which follow).
3. All applicable attachments (such as I-9, W-4, Faculty Information Sheet or Application, Faculty Letter of Approval, Supplemental Data Form, etc.) must be attached to the PRE and submitted with it. Do not send the PRE without the attachments.
4. Consult the Payroll Calendar and send the PRE on or before the deadline specified in the Schedule.
5. After the PRE has been processed, a preprinted turnaround PRE (5 copies) will be returned to the Department. Departments should verify the information on the PRE and retain this "turnaround" form and use it when the employee's status changes (such as promotion, etc.) or the employee terminates.
6. When an employee terminates, the appropriate "Del" box(es) should be checked so that the employee is deleted from the payroll. It is also necessary to submit a Notice of Separation form with the PRE to separate an employee. Note: When students separate, a Notice of Separation form is not required.

### D. FORMS:
7. Blank Payroll Entry forms may be obtained from Payroll Services. Questions concerning completion of the form should also be directed to Payroll Services (ext. x5-5665).
**Instructions For Completion Of Payroll Entry Form:**

The Department should fill in all but the shaded areas on the Payroll Entry.

<table>
<thead>
<tr>
<th>Field</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department:</td>
<td>Enter Official name of Department.</td>
</tr>
<tr>
<td>Date Typed:</td>
<td>Enter the date Payroll Entry is prepared.</td>
</tr>
<tr>
<td>Indicator:</td>
<td>Enter &quot;X&quot; as either new or change. This indicator is used for items 2-19 only.</td>
</tr>
<tr>
<td>Social Security Number:</td>
<td>To be obtained from individual's Social Security card. Not to be taken from any other document. If preprinted Social Security Number is temporary or incorrect, type correct number in <strong>space below</strong> incorrect number; please do not cover up the incorrect number. <strong>Note:</strong> A new W-4 form is necessary for any Social Security Number change. If individual goes from temporary Social Security Number to a permanent one, it will be necessary for departments to submit a copy of the Social Security card with the permanent number.</td>
</tr>
<tr>
<td>Employee Name:</td>
<td>Type first name, middle initial (if no middle initial, type &quot;NMI&quot;) and last name (check W-4 signature for accuracy). If preprinted name is incorrect or has been changed, the Payroll Entry form must be submitted indicating correction, accompanied by a new W-4 form.</td>
</tr>
<tr>
<td>Date of Birth:</td>
<td>Type month, day, and year. If preprinted date of birth is incorrect, type correct date of birth in the space below. <strong>Note:</strong> When typing any dates on the Payroll Entry, remember to use zeros and not spaces (example: February 9, 1937 = 02/09/37).</td>
</tr>
<tr>
<td>Sex:</td>
<td>Type in &quot;M&quot; (male) or &quot;F&quot; (female). If preprinted code is incorrect, type correct code in space below.</td>
</tr>
</tbody>
</table>
Payroll Services Payroll Manual

Race Codes:

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>Unknown or undeclared</td>
</tr>
</tbody>
</table>
| 1    | American Indian or Alaskan native  
   
   A person having origins in any of the original peoples in North America and who maintains cultural identification through tribal affiliation or community recognition. |
| 2    | African American/Black/Negro; not of Hispanic origin  
   
   A person having origins in any of the black racial groups of Africa. |
| 3    | Asian or Pacific Islander  
   
   A person having origins in any of the original peoples of the Far East, Southeast Asia, the Indian Subcontinent, or the Pacific Islands. This area includes: China, Japan, Korea, Vietnam, the Philippine Islands, and Samoa. |
| 4    | Hispanic  
   
   A person of Mexican, Puerto Rican, Cuban, Central or South America, or other Spanish culture or origin, regardless of race. |
| 5    | Caucasian/White; not of Hispanic origin  
   
   A person having origins in any of the original peoples of Europe, North Africa, or the Middle East. |

Number of Hours Worked Per Week:  
No need to fill in.

Marital Status:  
No need to fill in.

Original Employment Date:  
Enter the employee’s date to current continuous employment. It is not necessary to complete this item for an employee with the title of student. Check with Personnel/Data Services if you have questions about an employees’ original employment date.

If preprinted date is incorrect, type correct date below. Remember to use zeros and not spaces (example: April 2, 1965 = 04/02/65).

Type Employee Codes:

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>10-month employee; Faculty or Exempt Staff paid on biweekly basis</td>
</tr>
<tr>
<td>2</td>
<td>12-month employee; Faculty or Exempt Staff paid on a biweekly basis, GA’s, TA’s, Exempt, non-exempt (including code 50) paid on a biweekly rate, hourly rate, daily or flat rate, Contingent I/II.</td>
</tr>
<tr>
<td>3</td>
<td>10-month Faculty or Exempt Staff paid over a 12-month period.</td>
</tr>
<tr>
<td>4</td>
<td>Other; Students, Faculty paid on hourly rate, daily rate, or negotiated rate. General Assistants, Trainees, Interns, and Fellows would be included under this code. For person under this code, indicate in the remarks section whether 9-1/2, 10, or 12 month employee.</td>
</tr>
<tr>
<td>5</td>
<td>9-1/2 month employee.</td>
</tr>
<tr>
<td>6</td>
<td>9-1/2 month employee paid over 12-month period.</td>
</tr>
</tbody>
</table>
| **Overtime Code** | To be completed by the Payroll Services, College Park.  
Overtime codes are derived from the title. |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Special Pay Code</strong></td>
<td>To be completed by Payroll Services, College Park.</td>
</tr>
<tr>
<td><strong>Increment Code</strong></td>
<td>To be completed by Payroll Services, College Park.</td>
</tr>
</tbody>
</table>
| **Base Biweekly Salary** | Type total of biweekly rates from codes 1 or 3 as defined in item 31 (type payment). Disregard amounts for codes 2, 4, 5 and 6 under item 31.  
If base biweekly salary is changed or incorrect, type new base biweekly salary in space below. |
| **Base Annual Salary** | Type total annual salary from codes 1 or 3 as defined in item 31 (type payment). Disregard amounts for codes 2, 4, 5, and 6 under item 31.  
If base annual salary is changed or incorrect, type new base annual salary in space below.  
If preprinted base annual salary varies $.30 or less from department figures, please do not submit correction.  
If preprinted base annual salary varies more than $.30, check biweekly rates and adjust if necessary.  
**Payroll Computations:**  
Non-leap year computation:  
8. divide the annual salary by 26.071428 or multiply the annual salary by 0.03835616 = biweekly  
9. multiply the biweekly by 26.071428 to recompute the annual salary.  
**To compute the biweekly rate for 9 and 10 month employees (paid over 10 months) multiply the annual salary by 0.04620462 or divide the annual salary by 21.642857.**  
**To compute the biweekly rate for 9 and 10 month employees (paid over 12 months) multiply the annual salary by 0.03835616.**  
Leap year computation:  
10. divide the annual salary by 26.142857 or multiply the annual salary by 0.03825136 = biweekly;  
11. multiply the biweekly by 26.142857 to recompute the annual salary.  
**To compute the biweekly rate for 9 and 10 month employees (paid over 10 months) multiply the annual salary by 0.04605263 or divide the annual salary by 21.714285.**  
**To compute the biweekly rate for 9 and 10 month employees (paid over 12 months) multiply the annual salary by 0.03825136.** |
| **Base Percent of Full Time** | Type total percentage of full time from codes 1 or 3 as defined in item 31 (type payment), disregard amounts for codes 2, 4, 5, and 6 under item 31.  
Should not exceed 100 percent.  
If any percent of full time is added, changed, or deleted, type new base percent of full time in space below base percent of full time. |
### Check Distribution Code
This code is obtained from the department's Chart of Accounts. It is a five-digit code with the, first digit being campus location and the last four digits indicate the department. Enter applicable code *designating where check is to be sent*. Distribution is made by campus, then department.

### Employee Appointment Status
Department is to indicate employee's appointment status.

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>Contingent II (old title-contractual)</td>
</tr>
<tr>
<td>P</td>
<td>Regular (old title-permanent) [reminder: if coded “P” an employee is eligible for retirement/hospitalization and must have a subcode in the 1xxx series]</td>
</tr>
<tr>
<td>S</td>
<td>Student</td>
</tr>
<tr>
<td>N</td>
<td>Contingent I; General Assistant (old title-if and when needed)</td>
</tr>
</tbody>
</table>

If preprinted code is incorrect or to be changed, type correct code in space below.

### Indicator
Indicate either new, change, or delete. This is used for items 21-37; pertains to only that line for which the indicator is being used for either new, change, or delete.

### Account Number - Subcode
Eight-digit account number plus the applicable four-digit subcode. If more than one source of funds is used, indicate the account for each source.

#### Itemized Positions Subcodes
- 1011 Faculty 9.5/10 Month
- 1012 Faculty 12 Month
- 1013 Exempt Staff
- 1014 Non-Exempt

#### Labor & Assistants (L&A) Subcodes
- 2071 L&A Faculty, Interns
- 2072 L&A Exempt Staff
- 2073 L&A Non-Exempt

- 2074 College Work Study (CWS)
- 2075 Student (Other than CWS)
- 2077 Trainee Stipends
- 2080 Summer Salaries
- 2090 Contingent II Employee
- 1020 Grad Asst, Fellows, Trainees

**NOTE:**
*If a person is coded as “P” then they must have a 1XXX series subcode and an item number or use 800 as the item number.*

**NOTE:**
Program edits will reject entries for the following:

a. Blank or incomplete.
b. An account number on Payroll Entry that is not on FRS Chart of Accounts.
c. Duplication of FRS number on one entry using the same subcode.
| Item Number | Three-digit item number to be taken from department budget. If more than one source of funds is used, indicate the item, if any, for each source. When changing any information on that account please retype item number—this is for keypunch purposes only. If preprinted item is incorrect, type the correct item in the space below the existing number. |
| Biweekly Rate | If employee is to be paid a regular biweekly rate, type biweekly rate for each source of funds. If employee is salaried and paid from multiple funds, the total of all biweekly rates coded 1 or 3 in item 31 must equal the biweekly salary indicated in item 14. This data element block is blank if the hourly rate data element block (24) is completed. If preprinted biweekly rate is incorrect or changing, type the correct rate in the space below. |
| Hourly Rate | If employee is to be paid an hourly rate, type the appropriate hourly rate. This data element block is blank if the biweekly rate data element block (23) is completed. If preprinted hourly rate is incorrect or changing, type the correct rate in the space below. |
| Title Code Appt. | To be completed by Payroll Services, College Park. |
| Title Code Number | To be completed by Payroll Services, College Park. |
| Title | Type position title. For correct spelling (or abbreviation) refer to Classifications in use at the University of Maryland for Exempt & Non-Exempt positions. |
| Effective Date - This Account | Type date (month, day and year) this appointment was effective for this source of funds. If preprinted date is incorrect or source of funds changes, type correct date in space below.  

NOTE: When typing date, please use zeros, not spaces (example: June 2, 1976 = 06-02-76).  

Retroactive payments cannot be made by the computer regardless of effective date. Departments must submit a certification card or make the adjustment on the Journal for a retroactive payment.  

When a department has someone already on the payroll and wants to send in a change for the person with a new effective date, do not send the entry more that 3 weeks in advance of the effective date. If the entry is processed more that 3 weeks in advance, the employee's record will be deleted from the payroll journals and then reactivated at the new effective date, thus causing a problem in paying the employee during the interim period.  

Expiration Date (Grant or Other) | Type grant, contract, or other expiration date, if applicable. This is the last day the employee should be paid from this account. This date will cause the full biweekly to print on the journal for one final pay period. In the remarks section of the payroll certification journal, the notation "term of emp on acct" (termination of employee on account) will print. Keep in mind, however, that the employee's salary should be adjusted in order to
prevent overpayment to the employee.

If preprinted date is incorrect or changing, type correct date in space below expiration date.

When the expiration date is reached, this account becomes inactive and no other payments will be made to the employee unless expiration date is changed.

NOTES:
12. Please use zeros and not spaces when typing date (e.g. August 8, 1978 = 08-08-78).
13. When inserting expiration date for employee being paid hourly, be sure to allow enough time for employee to remain on journal in order to receive all monies due.
14. To remove expiration date, type the word "BLANK" in the box.

| Percent of Full Time | Type the percent of full time for codes 1 or 3 as indicated in item 31. The percent of full time from those accounts coded 1 or 3 in item 31 should equal base percent of full time in item 16. Trainees, Interns, and Fellows - this box should not be filled in.
|---|---
| Type Payment | Insert appropriate type payment code for each source of funds.
| 1 | Salaried employees; 100 percent of full time. (Bi-weekly)
| 2 | Hourly or daily employees.
| 3 | Part-time salaried employee; less than 100 percent of full time.
| 4 | Negotiated flat rate paid on a biweekly basis Trainees, Interns, Fellows and overload payments should be included under this code.
| 5 | Summer research contract.
| 6 | University College and/or Summer School.
| 8 | Contingent II

If preprinted percent of full time is incorrect or changing, type the correct percent of full time in space below.

Fellowship Exemptions
Hourly or daily employee. (Contingent I)

F.I.C.A. Exemptions
To be completed by Systems Payroll.
<table>
<thead>
<tr>
<th>Visa Type</th>
<th>Enter code for type of visa or citizenship status for all employees. Some of the visa codes used are:</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1</td>
<td>Nonresident with diplomatic visa</td>
</tr>
<tr>
<td>B1</td>
<td>Nonresident with visitor for business visa</td>
</tr>
<tr>
<td>B2</td>
<td>Nonresident with visitor for pleasure visa</td>
</tr>
<tr>
<td>CB</td>
<td>Citizen of U.S. by birth, native citizen &amp; naturalization</td>
</tr>
<tr>
<td>F1</td>
<td>Nonresident alien with student visa</td>
</tr>
<tr>
<td>G1</td>
<td>International organizational representative</td>
</tr>
<tr>
<td>H1</td>
<td>Nonresident alien with Faculty visa</td>
</tr>
<tr>
<td>J1</td>
<td>Nonresident with exchange visitor visa</td>
</tr>
<tr>
<td>PR</td>
<td>Permanent resident or resident alien</td>
</tr>
<tr>
<td>CR</td>
<td>Conditional resident</td>
</tr>
</tbody>
</table>

If type of visa or citizenship status is incorrect or changes, enter correct code under visa type.

| Retirement Code | To be completed by the Benefit's Office/Personnel Services.                                      |

| Hospital Code | Department must indicate eligibility for hospitalization subsidy for each account listed on entry. Coding is as follows: 0 - Not eligible for subsidy. (Contingent I/II) 1 - Eligible for subsidy. If preprinted code is incorrect or changing, type correct code in space below. |

| Flat Rate Incr. Date | Enter incremental date of flat rate for series 40 employees.                                      |

| Academic Letter of Approval Date | Information obtained in ARS or enter calendar date (month, day, and year) of academic letter approval. |

| Non-Academic Allocation Study Number (Exempt and Non-exempt only) | Enter job study number for any Exempt/Non-exempt employee for who a Payroll Entry is submitted. This is the number that is allocated when a position is first established. No job study number is required for any temporary appointment. When employee moves from one Exempt & Non-Exempt position to another and job study number changes, please show old number as well as new number in this space. |

<p>| Former incumbent (Exempt/Non-exempt Employees Only) | Type in name of former incumbent in position.                                                     |</p>
<table>
<thead>
<tr>
<th>Attachments</th>
<th>Type an &quot;X&quot; by those attachments that accompany the Payroll Entry. Type an &quot;**&quot; by those attachments which are already on file at the Payroll Services Department; this applies only to the individuals who are already at the University or were formerly employed. All permanent and temporary Exempt &amp; Non-Exempt employees who are promoted or are going from part-time to full-time status will complete a new employment application to accompany the new Payroll Entry.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nature of Action</td>
<td>To be filled in by Payroll Services, College Park.</td>
</tr>
<tr>
<td>Recommended</td>
<td>This should be signed by recommending official. More than one signature can be used, if appropriate. When an employee works in two different departments and a change occurs in one of them, it will be necessary for both departments to sign the Payroll Entry if the change affects the individual's employment status, such as rate of pay, number of hours worked per week, etc. Otherwise, the only signature required is from the department submitting the change. Initialed signatures or rubber stamps are not acceptable.</td>
</tr>
<tr>
<td>Approvals</td>
<td>This should be signed by the appropriate authority for approving appointments and changes. More than one signature can be used if appropriate. Again, when an employee works in two different departments and a change occurs in one of them, it will be necessary for both departments to sign the Payroll Entry if the change affects the individual's employment status, such as rate of pay, number of hours worked per week, etc. Otherwise, the only signature required is from the department submitting the change. Initialed signature or rubber stamps are not accepted.</td>
</tr>
<tr>
<td>Approval for Funds</td>
<td>Currently this section is not being used.</td>
</tr>
</tbody>
</table>
**Remarks**

When applicable, the following items should be indicated in this section:

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Irregular hours</td>
<td>When an employee works on an hourly basis and hours per week fluctuate.</td>
</tr>
<tr>
<td>Promotion</td>
<td>When employee is promoted to a higher position.</td>
</tr>
<tr>
<td>Reclassified</td>
<td>When an individual's position is reclassified to another title.</td>
</tr>
<tr>
<td>Specific number of pays</td>
<td>When appointment is made for exact number of pay periods, enter number of pay periods to be paid (example: 3 pay periods only).</td>
</tr>
<tr>
<td>Change of salary</td>
<td>When salary is changed in any way, or to correct error in submission.</td>
</tr>
<tr>
<td>Transfer from any state agency to the University</td>
<td>Include name of agency from which transferred, retirement number and percent of contribution, other payroll deductions (such as Credit Union, insurance, employee organizations, etc., and specify by name). For exempt employees, indicate whether January/July increment and salary grade step; also, rate of annual leave earnings as well as accumulations of annual, sick, and personal leave. For Exempt Staff, indicate accumulations of annual and sick leave. For Faculty, indicate accumulations of sick leave.</td>
</tr>
<tr>
<td>Fellowships</td>
<td>If employee is a “HPRO Post Doc Fellow” they are put onto to payroll in the same manner as other employees. If, however, they are a non-resident alien on a fellowship then there are specific instructions. Non-resident aliens on a fellowship are paid out of a separate database and require additional paperwork.</td>
</tr>
<tr>
<td>Other</td>
<td>Also explain in this space any other transaction that needs to be clarified.</td>
</tr>
</tbody>
</table>

**NOTES:**

Until the person appears on your Journal you must submit a payroll certification (cert) card. Non-resident alien employees and non-resident aliens on fellowships have specific (additional) instructions for processing payroll.

**Forms needed to get an employee on payroll**

<table>
<thead>
<tr>
<th>Form</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll Entry</td>
<td>Forms specific to Non-Resident Aliens</td>
</tr>
<tr>
<td>W4</td>
<td>Cert Card (if applicable)</td>
</tr>
<tr>
<td>I-9</td>
<td>Contract/Agreement (if applicable)</td>
</tr>
<tr>
<td>Supplemental Data</td>
<td>(Faculty Information Sheet)</td>
</tr>
</tbody>
</table>
C. Payroll Certification/One Pay Appointment Form - Administrative Procedure A6.13

<table>
<thead>
<tr>
<th>Administrative Procedure A6.13</th>
<th>Revised 5/99</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Subject:</strong></td>
<td>Payroll Certification/One Pay Appointment Form</td>
</tr>
<tr>
<td>Responsible Applicable Form:</td>
<td>Payroll Services</td>
</tr>
<tr>
<td>1100L Chesapeake Bldg.</td>
<td></td>
</tr>
<tr>
<td>Administrative Office:</td>
<td>Payroll Entry (PRE)</td>
</tr>
</tbody>
</table>

| **A. PURPOSE:** | This form is used to pay an employee prior to their name being listed in Payroll Journals, for one-time payments to current employees (i.e., for overtime worked in another department), and for one-time payments to other persons for temporary services. |
| **B. POLICY:** | 1. This payment method and form should never be used to pay an individual for more than three (3) consecutive pay periods.  
2. This form should be typed, not handwritten and must be completely filled out with the appropriate authorized signature before it is submitted.  
3. The maximum amount allowed on one card is $9,999.99. If additional cards are required please mark them “one of ______ cards.”  
4. Forms submitted after the deadlines specified in the Payroll and Leave Reporting Schedule will not be processed for that pay period and will be returned to the Department. |
| **C. PROCEDURES:** | 1. This form should be used to certify and pay individuals whose names have not yet been placed on the Payroll Journal or for a one-time payment (e.g., for temporary services). Check the appropriate box at the top of the form to indicate certification or one-time payment.  
2. When the card is submitted for certification, the department should already have submitted a Payroll Entry to Payroll Services to "back up" or authorize the payment on the card.  
3. Consult the Payroll and Leave Reporting Schedule to determine the deadline for submitting the form to Payroll Services. |
| **D. FORMS:** | Blank forms are available from Payroll Services. Call Ext. 5-5665 if there are questions regarding completion of the form. |
Instructions For Completion Of Payroll Certification and One-Pay Appointment Card:

Check appropriate box: Enter X where appropriate.

Account-Subcode Item: Enter designated twelve-digit account number/subcode/item (for example: CC-L-XXXXX-VVVV-128). A separate card must be prepared for each account when the employee is paid from multiple funds and/or multiple item numbers. If an eligible employee is being paid overtime then two cert cards must be used. The first has the subcode/item numbers 2100/992 for straight time. The second has the subcode/item numbers 2110/993 for premium time. Additionally if the employee is eligible for shift differential the cert card must reflect the subcode/item numbers 2120/994.

Social Security Number: Enter employee's social security number. Please put employee's visa status under the social security number on the cert card.

Employees's Name: Enter employee's first name, middle initial, and last name. (If no middle initial, enter NMI.) The resulting payroll check will be issued as entered.

Amount earned: Enter the amount of certification in this space. This is the amount, before deductions, which will be paid.

Title: Enter the title of the person exactly as the appointment papers indicate. You must use a valid title for the person to get paid.
All shaded areas except for O/T Code will be filled out by the Systems Payroll Office. The O/T Code is completed by the appropriate Payroll/Personnel office. The unshaded areas are completed by the respective department in the following manner:

<table>
<thead>
<tr>
<th>Deductions:</th>
<th>This column should indicate the number of bi-weekly salaries the employee is receiving. Note: If employee is also being certified for a full bi-weekly on the payroll journal, add an additional pay period to the number of pays.</th>
</tr>
</thead>
<tbody>
<tr>
<td>F/C</td>
<td>This column indicates the employee's status.</td>
</tr>
<tr>
<td></td>
<td><strong>“F”</strong> Designates Faculty status, including Exempt Staff.</td>
</tr>
<tr>
<td></td>
<td><strong>“C”</strong> Designates Non-Exempt employee.</td>
</tr>
<tr>
<td></td>
<td><strong>“H”</strong> Designates all employees on an hourly rate (including students, do not use an “S” in this column).</td>
</tr>
<tr>
<td>Hospital Code</td>
<td>This column indicates the employee's eligibility for hospital subsidy.</td>
</tr>
<tr>
<td></td>
<td><strong>Codes for Required Date from Departments</strong></td>
</tr>
<tr>
<td></td>
<td>0  Not eligible for hospital subsidy.</td>
</tr>
<tr>
<td></td>
<td>1  Eligible for hospital subsidy.</td>
</tr>
<tr>
<td>Check Distribution Code</td>
<td>It is necessary to utilize this column for check sequencing. Required data from departments - Enter the applicable code designating where the employee's check will be sent. The Central Payroll Bureau will use this code for campus and department sequencing in printing checks.</td>
</tr>
<tr>
<td></td>
<td>This code must be five digits. This first digit indicates campus location and corresponds to the second character in the FRS account number. The last four digits represent the department's unique number as reflected in the FRS attributes.</td>
</tr>
<tr>
<td>Hours/Min.:</td>
<td>Enter the number of hours and minutes to be applied to the rate of pay necessary to compute the total pay listed in block 4.</td>
</tr>
</tbody>
</table>
### Pay period:

<table>
<thead>
<tr>
<th>From/To</th>
<th>Departments should indicate the beginning and ending dates of the pay period that the card represents.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department</td>
<td>Enter the official name of the Department, Division, College, or Program.</td>
</tr>
<tr>
<td>Date</td>
<td>This is the date the card is prepared.</td>
</tr>
</tbody>
</table>

### Check appropriate answers:

In certain instances, tax-exempt payments are processed on this card. The certifying officer must sign the left side in the space provided after ascertaining that the payment is properly tax-exempt. Otherwise, sign the right side if it is not a tax-exempt payment.

### Rate of pay:

Enter the applicable rate of pay, either hourly or biweekly.

### Labor report:

This is to be completed by the certifying department to record hours worked in each work week for the person certified and/or remarks pertinent to the amount earned or pay period(s) in which the work was actually performed.

- Please indicate “retro retirement” if appropriate for employee.

### Approvals:

This is to be signed by the authorized official in the campus Payroll Office.

### Distribution of Form:

4-Part Form:

- Part Four - Retained by the department.
- All other parts - Forward to College Park Payroll Services Office.
D. Contingent Employment for Non-Exempt and Exempt Employees – Administrative Procedure

Follow Administrative Procedure on Contingent Employment for Non-Exempt and Exempt Employees.

For additional information see UMS Policy on Contingent Employment for Nonexempt and Exempt Employees (188.0 VII-1.40)

See the policy at:
http://www.usmhm.usmd.edu/Leadership/BoardOfRegents/Bylaws/SectionVII/VII140.html.
### Administrative Procedure

**Effective Date:** July 1, 1997

<table>
<thead>
<tr>
<th>Subject:</th>
<th>Procedure on Contingent Employment for Non-Exempt and Exempt Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responsible</td>
<td>Personnel Services Department</td>
</tr>
<tr>
<td>Applicable</td>
<td>Compensation &amp; Classification Section</td>
</tr>
<tr>
<td>Form:</td>
<td>1104 Chesapeake Building, ZIP 3121</td>
</tr>
<tr>
<td></td>
<td>(301) 405-5660; fax (301) 405-5688</td>
</tr>
<tr>
<td></td>
<td><a href="http://www.personnel.umd.edu">http://www.personnel.umd.edu</a></td>
</tr>
</tbody>
</table>

**NOTE:** Refer to the full text of the Board of Regents Policy VII-1.40, “Policy on Contingent Employment for Non-Exempt and Exempt Employees” for all provisions and requirements. The policy can be found on the University’s web site by accessing the following URL: [http://www.inform.umd.edu/CampusInfo/Policies](http://www.inform.umd.edu/CampusInfo/Policies). Those without access to the world wide web, a hard copy of the policy may be requested by calling the Personnel Services Department at (301) 405-5651 or 405-5660.

### A. PURPOSE AND APPLICABILITY

The contingent employment category provides non-regular employment pursuant to a specific, written work agreement for specified period of time. The Policy on Contingent Employment for Non-Exempt and Exempt Employees and these administrative procedures apply to all contingent appointments.

### B. PROCEDURE:

**Terms and Conditions for All Contingent Employees (General):**

- **a.** Contingent employees shall not be treated substantially different than regular employees in the work environment. Rules on attendance, timekeeping, and other job expectations shall not vary on the basis of employment category.

- **b.** Contingent employees may bring work disputes to attention of the department/unit director or designee, and/or may seek assistance from the Personnel Services Department Employee Relations sections at (301) 405-5651.

- **c.** The written employment agreement shall serve as the official “contract” identifying the terms and conditions of the work agreement. The templates included in these procedures as Attachments I and II shall be used for Contingent Category I and Contingent Category II appointments. The agreement may be customized, within the limits of policy, for the individual position.

- **d.** The title used in the written agreement shall be an existing payroll title.

- **e.** Employees appointed to a non-exempt title or employees appointed to an exempt title and paid on an hourly basis must be compensated at time-and-one-half for any hours over 40 in a workweek. Employees appointed to an exempt title and paid on a bi-weekly, salaried basis shall not be entitled to payment for overtime hours worked.

- **f.** The terms “If-and-When Needed”, “Temporary”, and “Contractual” shall no longer apply to non-regular appointments. Employees appointed to a not-regular appointment shall be considered either an employee in a “Contingent Category I” or a “Contingent Category II” appointment. The **written employment agreement for a contingent employee shall be as described in Attachments I and II.** Previous if-and-when-needed and contractual agreements shall no longer be used and employees who are currently employed under one of these contracts shall...
have a new employment agreement executed, as described below, upon renewal of the appointment.

g. See the Policy on Contingent Employment for Non-Exempt and Exempt Employees for details on the specific conditions for each category.

### Contingent Category I Employment (Specific):

a. Contingent Category I is defined as any contingent employee whose written work agreement ("contract" or "employment agreement") is for a term of six months or less, regardless of the percentage of time worked, and regardless of whether it is seasonal or intermittent in nature (formerly "if-and-when-needed" or "temporary" employees).

b. Contingent Category I employees shall only be entitled to receive service credit for the time served in this category if they have worked 50%-time or greater (20 hours per week or more), on a consecutive basis for the duration of their contingent appointment, immediately preceding appointment to a regular position (no break in service) through a competitive process. In this case, service credit shall not exceed 12 months. The term “service credit” applies to completion of probation (provided the regular appointment is to the same position in the same department), annual leave earnings rate, and service credit for tuition remission eligibility purposes. Service credit is not applicable to any retirement rights.

d. Benefits are limited to those identified in the contract, and must include the minimum levels specified in the Policy on Contingent Employment for Non-Exempt and Exempt Employees.

e. Subject to available funding, departments may augment the minimum benefits consistent with benefits available to regular employees in a
similarly-situated job class and employment category. Conditional benefits that may be negotiated and included in the written agreement include annual leave, sick leave, and holiday leave, (beyond the minimum provided for); personal leave; health insurance subsidy to offset the premium paid by the employee; tuition remission; and retirement subsidy. If a health insurance subsidy is negotiated and included in the agreement, it may be applied only after the employee has provided evidence to the employing department of enrollment and continuing active membership.

g. The standard period of notice for termination of Contingent Category II agreements shall be 30 calendar days, as provided in the sample contract. Deviations from this must be approved by the Personnel Services Department in advance of the effective date of the appointment.

<table>
<thead>
<tr>
<th>Maintenance of Leave Balances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leave balances for Contingent Category II employees shall be maintained manually by the departmental leave clerk.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Payroll Entry</th>
</tr>
</thead>
<tbody>
<tr>
<td>In order to identify, process, and monitor contingent employees in the financial and payroll systems, the following codes have been established for use on the Payroll Entry:</td>
</tr>
</tbody>
</table>

**CONTINGENT CATEGORY I – PAYROLL ENTRY CODING**

<table>
<thead>
<tr>
<th>Item</th>
<th>Block</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Appointment Status</td>
<td>18</td>
<td>N</td>
</tr>
<tr>
<td>Account Subcode</td>
<td>21</td>
<td>2071</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2072</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2073</td>
</tr>
<tr>
<td>Type Payment</td>
<td>31</td>
<td>2</td>
</tr>
</tbody>
</table>

**CONTINGENT CATEGORY II – PAYROLL ENTRY CODING**

<table>
<thead>
<tr>
<th>Item</th>
<th>Block</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Appointment Status</td>
<td>18</td>
<td>C</td>
</tr>
<tr>
<td>Account Subcode</td>
<td>21</td>
<td>2090</td>
</tr>
<tr>
<td>Type Payment</td>
<td>31</td>
<td>8</td>
</tr>
</tbody>
</table>

Approvals
All Contingent Category II employment agreements for not-faculty positions must be reviewed and approved by the Director of Personnel or designee prior to the effective date of the appointment.

Template Agreements

The templates, “Contingent Employment Agreement for Category I Employees” and “Contingent Employment Agreement for Category II Employees”, are attached and are to be used to develop all contingent I and II agreements.

C. RELATED POLICY

For information on the impact on the probation period when a contingent employee is granted service credit after being appointed to a regular non-exempt position (no break in service to the same position in the same department), see the Policy on Probation (Board of Regents Policy VII-1.21).

The policy can be found on the University’s web page by accessing http://www.inform.umd.edu/CampusInfo/Policies.

For those who do not have access to the electronic version, a hard copy of the policy may be obtained by contacting the Personnel Service Department at (301) 405-5651 or 405-5660. For information on the impact on the probation period when a contingent employee is granted service credit after being appointed to a regular non-exempt position (no break in service to the same position in the same department), see the Policy on Probation (Board of Regents Policy VII-1.21).

The policy can be found on the University’s web page by accessing http://www.inform.umd.edu/CampusInfo/Policies.

For those who do not have access to the electronic version, a hard copy of the policy may be obtained by contacting the Personnel Service Department at (301) 405-5651 or 405-5660.

D. ASSISTANCE

For assistance with contingent employment issues, employment agreement terms, and/or to request a hard copy of the Continent I or Contingent II agreement(s) contact the Personnel Service Department Compensation and Classification section at (301) 405-5660. For assistance with policy administration, contact the Personnel Services Employee Relations section at (301) 405-5651.

E. Request For A Payroll Turnaround Entry

To request a payroll turnaround entry, complete the “Request for Payroll Turnaround Entry” form and send it to the Systems Payroll Office.

F. Notice Of Separation – Administrative Procedure A6.11

The purpose of the Notice of Separation form is to remove an employee (except student employees) from the University payroll, to provide information to the state regarding Unemployment Insurance claims and/or COBRA benefits.

Follow Administrative Procedure A6.11 to complete the Notice of Separation Form. Make sure all sections and items, including leave balances, are completed since they affect an employee’s future chances of employment and benefits.
# Administrative Procedure A6.11

## Subject:
Notice of Separation

## Responsible Applicable Form:
Payroll Services
110IL Chesapeake Bldg.

## Administrative Office:
Payroll Entry (PRE)

## A. PURPOSE
This form is used to place an individual on the University payroll and/or make any change, which affects an employee’s payroll status.

## B. POLICY
1. Departments are required to prepare a Notice of Separation form for each employee who terminates from the University of Maryland, except student.
2. All applicable items on the form must be fully completed in order to affect termination.
3. The completed form should be shown to the terminating employee, if possible, and every effort made to obtain the employee’s signature.

## C. PROCEDURES
1. Departments must prepare this form for each terminating employee, except students and all appropriate signatures should be obtained before the form is submitted to Payroll.
2. The form should be submitted by the deadline specified in the Payroll Calendar.
3. Make sure all items, including accumulated sick leave balance are accurately completed since they affect an employee’s future chances of employment and benefits.
4. Blank forms are available from Payroll Services. Call x55665 with any questions regarding completion of the form.
## Instructions For Completion Of Notice of Separation:

<table>
<thead>
<tr>
<th><strong>Date Typed:</strong></th>
<th>Enter the date the form is completed.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Section 1:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>SSN:</strong></td>
<td>Enter the employee’s social security number.</td>
</tr>
<tr>
<td><strong>Name:</strong></td>
<td>Enter the employee’s last name, first name and middle initial.</td>
</tr>
<tr>
<td><strong>Campus Code:</strong></td>
<td>Check UMCP-36.02.01 for UMCP employee</td>
</tr>
<tr>
<td><strong>Job Title:</strong></td>
<td>Enter the Payroll job title for the employee.</td>
</tr>
<tr>
<td><strong>Allocation #:</strong></td>
<td>Enter the allocation/job study number that was assigned when the job was originally created.</td>
</tr>
<tr>
<td><strong>Department:</strong></td>
<td>Enter the name of the department.</td>
</tr>
<tr>
<td><strong>Effective Date of Separation:</strong></td>
<td>Enter the effective date of separation, which must be the last day worked.</td>
</tr>
<tr>
<td><strong>Acct: No.; Sub Code; Item:</strong></td>
<td>Enter the appropriate account number, sub code and item for each account from which the employee was paid.</td>
</tr>
<tr>
<td><strong>Unused Leave (hrs/mins):</strong></td>
<td>Enter in hours and minutes, the appropriate leave balances (compensatory, holiday, annual and sick) the employee had at separation. Be sure the balances reflect leave earned and taken through the last day worked.</td>
</tr>
<tr>
<td><strong>Forwarding Address:</strong></td>
<td>If available, enter the employee’s address so correspondence, etc., may be forwarded.</td>
</tr>
<tr>
<td><strong>Section 2: Separation Information</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Voluntary Resignation; leave of Absence Without Pay; Involuntary Separation:</strong></td>
<td>Check the Appropriate box under the appropriate heading. If none of the items apply, use the other space under the listing of reasons and type in the reason for separation.</td>
</tr>
<tr>
<td><strong>If applicable, identify new employer If accepting another Faculty position, specify Salary and Rank Service was:</strong></td>
<td>Check either satisfactory or unsatisfactory for the employee’s service.</td>
</tr>
</tbody>
</table>
### Section 3: Unemployment Compensation Information

<table>
<thead>
<tr>
<th>Date of Current Continuous Employment:</th>
<th>Enter the date from which the employee has worked continuously at the University without any break in service.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee’s Biweekly Salary or Hourly Rate:</td>
<td>Enter either the biweekly salary or hourly rate, as appropriate.</td>
</tr>
<tr>
<td>Unemployment Coverage:</td>
<td>Check yes or no depending on whether the employee is covered by Unemployment insurance. Graduate Assistant, Fellows, Students, Interns and Trainees are not covered.</td>
</tr>
<tr>
<td>Employee is assured of returning to work on or about:</td>
<td>If the employee is being laid off (as is a seasonal lay-off) and the date of return to work is known, enter that date on this line.</td>
</tr>
<tr>
<td>Preparer’s Name, Date and Telephone No.</td>
<td>Enter the completion date, name and telephone number of the form preparer.</td>
</tr>
</tbody>
</table>

### Section 4: Signatures

Please be sure to have all appropriate personnel sign the Notice of Separation. Every effort should be made by the department to obtain the employee’s signature and a copy of the form should be given to the employee.
V. Salary Structures/Ranges/Stipends

Topics:
Exempt Salary Structure
Nonexempt Salary Structure
Graduate Assistant Stipends
Wage Exception Form
A. Exempt Salary Structure
See the policy at: http://www.inform.umd.edu/CampusInfo/Department/PRES/policies/vii911a.html

B. Nonexempt Salary Structure
See the policy at: http://www.usmd.edu/umspp/ne2000ss.htm.

C. Graduate Assistant Stipends
The Graduate School provides a schedule of compensation and stipends at the start of each fiscal year. These rates are for Graduate Assistants on the following appointments:

9.5/10 month appointments are effective August 17th to June 15th
12 month appointments are effective July 1st to June 30th

Please abbreviate Graduate Assistant to GRAD ASST and Research Graduate Assistant to RES GRAD ASST on Payroll Entries. Enter the title and level or step in block 27 of the Payroll Entry. Contact Payroll Services for more information.

D. Wage Exception Form
At the College Park campus, undergraduate students may be paid an hourly rate up to $8.75 per hour and graduate students may be paid up to $11.45 per hour. If departments wish to pay a higher hourly rate, they must complete a Wage Exception Form.
VI. Federal work Study (FWS) Student Employment Program Payroll Procedures

Topics:
Federal Work Study (FWS) Student Employment Program Payroll Procedures
These procedures have been provided by the FWS Office as a service to departmental payroll staffs.

**Completing New FWS Payroll**
When hiring FWS student employees, departmental payroll officers must complete a FWS Work Authorization form (provided by the student) for each student and forward it to the FWS Program Office with all the required payroll documents.

Required documents include:
The Payroll Entry/Turnaround form
W4 Tax Withholding Certificate
The I-9 Employment Eligibility form

Upon receipt, FWS Program staff will authorize all documents and forward them to Payroll Services for processing.

FWS Program staff prior to processing by Payroll Services must authorize all FWS Payroll. Failure to obtain appropriate authorization will result in a delay and/or prevent the processing of your payroll documents.

**Forwarding FWS Payroll For Authorization & Processing**
When submitting payroll documents, please note that all documents must be submitted according to the [FWS Payroll Calendar](#). As noted on the Payroll calendar, all new Payroll Entry/Turnaround forms must be received in the FWS Program Office for authorization no later than 12:00 noon the day prior to the Payroll Entries, One-Pay Cards, & Separations Due date.

Please note that all payroll documents received after the deadline will be returned to the FWS Program Office for submission in the next appropriate pay period.

**Changes/Deletions:**
All changes or deletions to payroll including change in hourly wage must be made on the Payroll Entry/Turnaround form in accordance with UMCP Payroll Procedures. All changes must be sent to the FWS Program Office for authorization and forwarding to Payroll Services. All documents should be submitted as per the FWS Payroll Calendar.

**Biweekly Payroll Journals/Certification Forms**
When completing Biweekly FWS Payroll Journals/Certification forms, all FWS student employees should be paid in accordance with UMCP Payroll Procedures. Biweekly Journals and Payroll Certifications do not have to be submitted to the FWS Program Office for authorization. However, departments must submit a copy of each Payroll Journal/Certification form to the FWS Program Office for each pay period. Failure to adhere to this requirement may result in termination of a department's participation in the FWS program.
Monitoring Student FWS Awards/Departmental FWS Allocations
As stated in the FWS Departmental Participation Agreement, departments are responsible for monitoring each FWS student employee’s FWS award, as well as the assigned departmental allocation. FWS student employees must discontinue participation in the FWS Program and be deleted from FWS payroll upon depletion of the student's FWS award. In addition, departments must discontinue compensation through the FWS Program upon depletion of the assigned departmental FWS funding allocation. Departments must terminate student employment accordingly or agree to assume 100 percent of the accumulated gross earnings paid in excess of these assigned amounts. Please refer all inquiries and requests for increases in student and/or departmental awards to the FWS Program Office.

For More Information
For more information on FWS Payroll Procedures, please refer to the FWS handbook located on the Office of Student Financial Aid's web site at http://www.umd.edu/fin, or contact FWS Program staff directly at (301) 314-5302 or (301) 314-4997.
VII. Work Permits

Topics:
Work Permits
A minor under the age of 14 may not be employed or permitted to work. Minors 14 through 17 years of age must be issued a work permit and the employer must have this permit in their possession before the minor is permitted to work. Certain activities are not considered employment for purposes of this law if performed outside of the prescribed school day and if the activity does not involve mining, manufacturing or hazardous occupations.

Payroll Services can issue work permits for minors. The following records may be used as proof of age for purposes of issuing a work permit: birth certificate, baptismal certificate, school record, valid driver’s license or motor vehicle administration identification card, passport and any other official government document attesting to the date of birth of the minor.
VIII. Tax Related Information

Topics:
Calendar Year-End Information
One-Pay Cards for one time Payments
Federal and State Income Taxes (W2 Form)
Employee Withholding Allowance Certificate (W4 Form)
Employee Address Data
Payroll Advance
Paycheck Cancellation
Stop Payments
Stale-Dated Checks
Overpayment Recovery
Tax Refunds
Personal Earnings and Benefit Estimate Statement
A. Calendar Year-End Information
Canceled checks, overpayment recoveries and income tax refunds processed after December 1 will not be reflected on the W-2 statements for that calendar year. Therefore, it will be necessary for you to withhold distribution of employee W-2 statements where transactions have been processed after the cutoff date. The Central Payroll Bureau will issue a corrected W-2 statement for these employees.

Requests for canceled checks, overpayment recoveries and tax refunds must be received in the Systems Payroll Office no later than December 1 each year so that documents can be processed before the end of the year deadline.

One-Pay Cards for one time Payments
As of the last payperiod ending in December, all employees who are not in the University payroll database, because they were paid on a One-Pay Card, will be purged from the Central Payroll Bureau’s master tax file. Accordingly, a new W4 must be submitted for the subsequent calendar year.

B. Federal and State Income Taxes (W 2 Form)
The Internal Revenue Service (IRS) and the Maryland Income Tax Division both require earnings statements to be based on the total amount of the payroll checks actually received (gross earnings) and withholdings by the person for the period of January 1 through December 31. Earnings Statements are also called W-2's. The employee’s W2 must be given to the employee (or mailed to former employees) by January 31 each year. If you must mail a W2, use the return address for the Central Payroll Bureau. All requests for a replacement W2 should be made directly to the Central Payroll Bureau.

Enclosed with your W2 will be information about the figures. An example of this sheet called “Your Earnings, Your Taxes” is provided. You will need to update this document yearly.

C. Employee Withholding Allowance Certificate (Form W4)
The law requires that you complete an Employee's Withholding Allowance Certificate (W4) so that your employer, the State of Maryland, can withhold federal and state income tax from your pay. Your current W4 remains in effect until you change it. You must use an original form using black ink.

If you have previously filed as "Exempt" from federal or state withholding, you must file a new W4 annually by February 15 of each year. See the "Instructions & Worksheet for Completing Withholding Forms for Maryland State Employees " for additional information. This document is updated annually.

If you move in or out of the State of Maryland you must complete a new W4. If you live in Virginia, the District of Columbia or Pennsylvania, you are responsible for your own "state" taxes, as the Central Payroll Bureau does not have reciprocity with these three areas.
D. Employee Address Data
All employees are reminded to update their address data so that W-2 forms are correct. Please submit any address changes on the Payroll Address Form (COT/CPB-103).

Do not use a W4 to change your address unless you move out or into the State of Maryland.

E. Payroll Advance
A payroll advance is a "loan" on the amount of money owed to an employee and will be recovered from the employee's next paycheck. The payroll advance is usually requested when the Department was unable get the employee on Payroll in time to receive a "regular" paycheck.

The customary time frame to request a payroll advance is payday Friday or the Monday after payday; the Working Fund Office makes any exception to this time frame.

A payroll advance is not used in the following situations:
When the employee did not turn in their time sheet on time;
When it is the last pay for an employee;
When it is for leave pay-off only;
When paying someone on a one-pay.

Steps in requesting payroll advance:
Use the Application for Employee Advance Form to request a payroll advance. The typical maximum amount you can request is 60% of the gross amount owed the employee.

1. Complete a certification card for 100% of the gross amount due the employee.
2. Complete the employee advance form for 60% of the gross amount due the employee. This is a legal document that must be signed by the employee.
3. Bring the certification card and employee advance form to Payroll Services for verification of the social security number and the amount requested. Payroll Services will initial the cert card and advance form.
4. The documents must be hand-carried to the Comptroller's Working Fund Office by the Department requesting the advance. The employee who will be receiving the advance cannot be the person walking the documents through the process. However the employee can pick-up the check directly from the Working Fund Office (4th Floor of the Chesapeake Building).
5. The Working Fund Office will: (1) be able to provide the check right then or, (2) take the paperwork and call the Department when the check is ready for pick-up.

The Working Fund Office will then send back to Payroll Services the approved cert card and a copy of the payroll advance form that will be forwarded to Systems Payroll for processing for recovery in the next pay period.
F. Paycheck Cancellation
Complete the Paycheck Cancellation Form and send it along with voided paycheck to the Systems Payroll Office.

G. Stop Payments
Complete the Stop Payment Form and return it to the Systems Payroll Office.

H. Stale-Dated Checks (checks over 6 months old)
Return the original check with a note to reissue the check or to have it placed into unclaimed wages.

I. Overpayment Recovery
Provide the following information to Systems Payroll:
Copy of paycheck stub (or employee’s name, social security number and pay period ending date).
Account number/subcode to be credited.
Gross amount of overpayment.

Overpayment checks should be made payable to “Treasurer, State of Maryland.” If the overpayment crosses over into the next calendar year then the individual must also repay the federal and state taxes.

J. Tax Refunds
All requests for tax refunds should be made through Systems Payroll at x57480.

K. Personal Earnings and Benefit Estimate Statement
Call Social Security at 1-800-234-5772 to obtain a Personal Earnings and Benefit Estimate Statement.
IX. Miscellaneous Information

Topics:
Minimum Wage
Social Security Deductions
Student Employment, Overload & Exemption from FICA
Tax Exemption Status Information
Processing Instructions for US Citizens, Permanent Resident and Resident Aliens for Tax Purposes
A. Minimum Wage
The current minimum wage is $5.15 an hour.

B. Social Security Deductions
The FICA rate of deduction for both the employer and the employee is 7.65% of which 6.2% is for Old Age, Survivors, & Disability Insurance (OASDI) and 1.45% is for Medicare Hospital Insurance.

For 2001 the OASDI taxable wage base is $80,400. For 2000 the taxable wage base was $76,200 and for 1999 the taxable wage base was $72,600. This means that 6.2% of all wages eligible for FICA taxation will be withheld until a person earns more than the appropriate year's wage base. All wages earned (even those greater than current wage base) will be charged 1.45%.

C. Student Employment, Overload & Exemption from FICA
A student employee will be FICA exempt if enrolled on at least a half time basis as of the end of the Schedule Adjustment period for that semester. Students may work any number of hours without becoming eligible for FICA taxation. However, it is recommended that undergraduate students not work more than 20 hours a week during the semester. A graduate assistant appointment may be full-time (20 hours per week) or half-time (10 hours per week) An overload approval is required for all graduate assistants for any extended assignment above the original 20-hour per week appointment. Overload approvals are only required during fall and spring semesters.

Student employees are treated by the Payroll System as FICA exempt. The FICA exemption is dependent on at least half-time enrollment during the period that work is performed. If there are multiple Summer Sessions, then students must be enrolled at least as a half-time student for each session. If there is only one session offered, then student employees must be enrolled at least as a half-time student for that single session.

Each institution is responsible for their definition of half-time enrollment. At the College Park Campus an undergraduate student must be enrolled for at least six credit hours for the spring and fall semesters and during the summer sessions for at least three credit hours for each session.

In the spring and fall semesters graduate students will be considered enrolled as half time if they are enrolled for at least 24 graduate units. During the summer session, graduate students must be enrolled for at least 12 graduate units for each session.

At the end of the Schedule Adjustment Period, a test is run to determine FICA exemption eligibility. If a student does not have at least half-time status at that time, then the student will be made FICA eligible. This test is then run on a scheduled basis throughout the remainder of the semester.

All students with FICA status "J" or "U" in Box 33 of the payroll entry will not be affected by the above changes and no Turnaround Payroll Entries will be generated for these students. FICA status code "J" is used for employees who have F-1 or J-1 visas. Any student receiving an Upward Bound grant will be coded with a "U".

All F1 and J1 full-time students can work on campus for 20 hours per week during the academic year and full-time during the vacation periods, provided they continue their studies in the following term. This applies to all types of "student employment," a 20-hour per week graduate
assistantship, for example, would exhaust the academic year on-campus and off-campus work eligibility. For additional information contact the International Education Services office (IES) on campus.

Special handling is needed for those students who are both FICA exempt and eligible within the same pay period. If the payroll entry is coded as FICA exempt and the student should be treated as FICA eligible for part of the pay period, the departmental payroll staff should prepare a Certification Card for the time the student is FICA eligible. Indicate on the cert card (in red) that the payment is FICA taxable. Unless a different account number is used on the cert card, the FICA status in the payroll database overrides the request for FICA eligibility.

Student employees will continue to be exempt from FICA taxation for services performed during winter break providing the student was exempt on the last day of the fall semester and is eligible to enroll for the spring semester.

D. Tax Exemption Status Information
The Central Payroll Bureau prepares an annual report listing all University of Maryland employees who earn more than $200 per week and claim exempt from the following withholding taxes: Federal and State; Federal only; State only

New withholding exemption certificates must be filed annually for these employees. If an employee expects to have federal and/or state income tax liability, please instruct the employee to submit a new W4 as soon as possible. Please date the form as of January 1st.

If the employee wants to claim exemption from federal and/or state withholding tax, the employee should file a new W4 on or before February 1st. In this case, the W4 will be processed as quickly as possible, but not retroactively. After February 1st, the Central Payroll Bureau will change the tax status of employees who fail to refile to maximum tax, i.e., single with zero allowances for federal tax and one allowance for state tax.

Employees claiming exemption from withholding for services performed outside the United States are not subject to the annual filing requirements if they have submitted the required statement, IRS 673, for the period of time that the employee will be outside the United States.
E. W4 Processing Instructions for US Citizens, Permanent Residents and Resident Aliens for Tax Purposes

The W4 should be used when new employees are hired; an employee changes their social security number, changes the number of allowances, or changes tax exemption status. A W4 should **not** be used if an employee wishes to change only their address.

The Department should write the employees' visa status on the top of the W4 and verify that the W4 is completed correctly before submitting the document to Payroll Services.

The following guidance is important when completing a W4:

- Be sure to print neatly and use black ink -- do not use pencil.
- Be sure that Lines 1, 2, 3, 5, and 9 are completed.
- On Line 2, be sure to complete the ZIP code and County sections.
- On Line 9, be sure to include the date along with the signature.
- Please include department/campus or the check distribution number so that Payroll Services can contact you if there is any confusion with the W4.
- The employee must initial any corrections made on the W4.
- Any new W4 will replace the existing W4.
- The employee must sign the original form - a copy cannot be used.

Any employee who both lives and works outside of the State of Maryland is exempt from State of Maryland income tax withholding. The employee should use their correct address in the other state and complete Line 8. Be sure to leave Line 5, under the heading of "State," blank.

Any employee who lives in Virginia or the District of Columbia may be exempt from State of Maryland income tax withholding by completing Line 2 with the Virginia or DC address and Line 8. Be sure to leave Line 5, under the heading of "State," blank.

An employee from Pennsylvania may be exempt, if the employee lives in Pennsylvania and he or she is not from a borough or township that taxes Maryland residents. The employee should use the Pennsylvania address on Line 2 and claim exempt on Line 8. Central Payroll Bureau will determine if the person is exempt from State of Maryland income tax withholding.

There are special instructions for completing the W4 for a resident of West Virginia. The employee should write "West Virginia" in the county box for Line 2. The employee should write in the number of allowances to be claimed for West Virginia under "State" on Line 5. Please note that West Virginia allows individuals to claim allowances for the employee, spouse, and any dependent the employee expects to claim on the tax return. Employees who are residents of West Virginia and wish to use the “Low-Income Earned Income Exclusion” should contact the West Virginia Department of Tax and Revenue at (304) 558-3333 for the proper attachment to the W4 form.
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X. Non-Resident Alien Payroll Information

Topics:
General Information Regarding Non-Resident Aliens
Payroll Process for Non-Resident Aliens
Non-Resident Alien Fellowship Procedures
Non-Resident Alien Independent Contractor Procedures
A. General Information Regarding Non-Resident Aliens
All non-resident aliens must have valid social security numbers in order to receive treaty exemptions. Temporary numbers may only be used if the person has a valid receipt from the Social Security Administration showing they have applied for a permanent social security number. A copy of the receipt must be submitted with the payroll entry. The department must process a change from the temporary number to the permanent number as soon as the permanent social security number is received. This change requires that a payroll entry and a W4 be sent to Systems Payroll. All temporary numbers must be changed to permanent numbers before the first payroll in December.

Be aware that for an employee to take advantage of the tax treaty exemption from Federal tax as it applies to their particular treaty, all relevant tax treaty documentation must be submitted to Payroll Services two (2) pay periods before any payment (including one pays and cert cards). IRS regulations indicate that before a tax treaty can be applied, the IRS must have 10 working days to rule on acceptance of the treaty. Any Federal tax that is withheld before the tax treaty becomes effective CANNOT be refunded to the employee.

There is no treaty exempting non-resident aliens from Maryland State Income taxes. All non-resident aliens shall pay State of Maryland taxes, unless they reside in Pennsylvania, Virginia, or the District of Columbia. Line 8 of the W4 form must be completed with the same information as shown in the “Home Address” section of the individual’s W4 form.

Non-resident aliens who live and work outside of U.S. for the University of Maryland are not considered employees by Internal Revenue Service regulations. Accordingly, these people should not have income or FICA taxes withheld or W2’s issued. These payments should be processed through the payroll system; they are no longer processed through Accounts Payable.

All non-resident aliens must complete, every calendar year, a W4, Citizenship Status Form plus any additional forms if a tax treaty applies.

B. Payroll Process for Non-Resident Aliens
There are several steps in processing non-resident alien payments. This is a complex process frequently requiring considerable discussion with Payroll Services because of the unique aspects of the various tax treaties.

The first step is classifying the person who is to be paid as a non-resident alien for tax purposes or a resident alien for tax purposes, or an immigrant, or a permanent resident. Answering the questions on the Citizenship Status Form (CSF) makes this determination.

The Internal Revenue Service (IRS) makes the determination of who is a resident alien for tax purposes in one of two ways. The first test is the presence of a "Green Card" that indicates immigrant status. If the person does not have a "Green Card," the IRS examines how long the person has been in the United States. This is called the "Substantial Presence Test." Non-resident aliens are classified as resident aliens for tax purposes if they have been in U.S. more than 183 days, unless the person is exempt from taking the Substantial Presence Test. Students on F1 and J1 visas are exempt from the Substantial Presence for five years from the date of arrival in the U.S. Teachers or researchers (non-students) are exempt from the Substantial Presence Test for two years within a six-year period. In general, students who are in U.S. on an F1 or J1 visa for less than five years will be treated as non-resident aliens for tax purposes. Non-students who are in U.S. on J1 visas for less than two years will be treated as non-resident aliens for tax purposes. People who are on other types of visas that permit
payment for wages will be considered to be resident aliens for tax purposes after they have
been in the country for 183 days if this is the person’s first trip to U.S. within three years.

The second step is determining the type of payment to be made to the individual. The proper
tax treatment is dependent on the type of payment. Is it for services rendered or for academic
pursuits requiring no services? A person can receive either wages because they are an
employee, or a fellowship, which is a grant for academic pursuits requiring no services, or both
wages and a fellowship. An employee is a person who is paid wages for services rendered and
operates under the control of the employer. Fellows have no work requirement in order for
the person to receive the funds. Fellows are paid fellowships.

The third step is determining if there is a tax treaty article that applies to the payment and will
prevent federal income taxes from being withheld. The U.S. has tax treaties with a number of
countries. Some of the treaties contain provisions for exemption from federal income taxes
depending on the reason for the payment. See the back of the CSF for the most current
Countries with Treaties.

The fourth step is completing the proper forms. The Internal Revenue Service (IRS) governs
the exemption process for non-resident aliens. The IRS requires original documentation be
filed at the beginning of every calendar year for payments to be treated as exempt from federal
income taxes. Due to IRS regulations, there will be no refunds withheld prior to the submission
of the exemption forms.

The following forms for payments to employees must be completed:

W4
Citizenship Status Form
IRS Form 8233
Representation Letter

The following forms for fellowship payments must be completed prior to exemption:

W4
Citizenship Status Form
IRS Form W8-BEN (formerly Form 1001)

If the non-resident alien is both an employee and a fellow, they must complete two (2) sets of
forms yearly. See the following chart of "Forms Required for Non-Resident Aliens."
### Forms Required For Nonresident Aliens (NRA)

<table>
<thead>
<tr>
<th>Date</th>
<th>Forms Required</th>
<th>Filed</th>
<th>Agency Code</th>
<th>W4 Can Be Completed:</th>
</tr>
</thead>
<tbody>
<tr>
<td>12-01-00</td>
<td>W4, CSF, W-9</td>
<td>Once, kept on file in P/R</td>
<td>360200</td>
<td>As a US Citizen</td>
</tr>
<tr>
<td>PERMANENT RESIDENT</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RESIDENT ALIEN FOR TAX PURPOSES</td>
<td>W4, CSF, W-9</td>
<td>Every calendar year originals sent to Payroll</td>
<td>360200</td>
<td>As a US Citizen</td>
</tr>
<tr>
<td>NRA FOR TAX PURPOSES, NO TREATY APPLIES: * EMPLOYEE</td>
<td>W4, CSF</td>
<td>Every calendar year originals sent to Payroll</td>
<td>360200</td>
<td>Must file single federal is 1 &amp; $15.30 or 0. State is 1 or 0. Can not use line 7.</td>
</tr>
<tr>
<td>NRA FOR TAX PURPOSES, TREATY APPLIES: * EMPLOYEE</td>
<td>W4, CSF, 8233 (Oct, 1996) REP LETTER</td>
<td>Every calendar year originals sent to Payroll</td>
<td>360200</td>
<td>Must file single federal is 1 &amp; $15.30 or 0. State is 1 or 0. Can not use line 7.</td>
</tr>
<tr>
<td>NRA FOR TAX PURPOSE, TREATY APPLIES: * FELLOW *</td>
<td>W4, CSF parts W8-BEN (I, II, IV)</td>
<td>Every calendar year originals sent to Payroll</td>
<td>360299</td>
<td>Must file single federal is 1 &amp; $15.30 or 0. State is 1 or 0. Can not use line 7.</td>
</tr>
<tr>
<td>NRA FOR TAX PURPOSES, NO TREATY APPLIES: * FELLOW *</td>
<td>W4, CSF parts W8-BEN (I, IV)</td>
<td>Every calendar year originals sent to Payroll</td>
<td>360299</td>
<td>Must file &quot;SINGLE&quot;. Federal is 1 &amp; $15.30 or 0. State is 1 or 0. Can not use line 7.</td>
</tr>
</tbody>
</table>

**Key:**
- **W4:** Employee Withholding Allowance Certificate
- **CSF:** Citizenship Status Form
- **W-9:** Request for Taxpayer Identification Number and Certification
- **8233:** IRS Form 8233, October, 1996
- **W8-BEN:** Certificate of Foreign Status of Beneficial Owner For US Tax Withholding
- **REP LETTER:** Representation Letter or Attachment For 8233 Form
- **P/R:** Payroll Services
(1) **W4 Instructions for Non-Resident Aliens for Tax Purposes:**
The W4 is completed in a slightly different fashion for non-resident aliens than for
U.S. citizens. IRS requires the marital status to be "single" and the federal
allowance should be either "0" or "1." If one allowance is selected, then an
additional $15.30 must be written on Line 6, "Federal."

1. **PRINT** neatly – in black INK!
2. Write the Visa Type and Country on the Top of the W4.
3. Line 3: All non-resident aliens must check the box for single.
4. Write in the name of the department and the campus in the box "Name of
   Employing Agency."
5. Write in the name of the county NOT country.
6. Line 5 - Federal:
   The person may claim 0 or 1 allowance. If the person claims 1
   allowance, then the person must write in $15.30 on Line 6 - Federal.
   This is an IRS requirement. The purpose is to insure that non-resident
   aliens are not under withheld. Under withholding is quite likely to occur
   because withholding is based on tax tables for U.S. citizens and the tax
   return for non-resident aliens does not permit the use of the standard
deduction.
7. Line 5 - State: the person may claim "0" or "1" allowance.
8. Non-resident aliens may not claim exempt on Line 7, even if they are
   students. **Do not use line 7.**
9. Non-resident aliens may claim exemption from State of Maryland income
tax withholding on Line 8, if appropriate. The address on Line 2 must be
   consistent with the claim on Line 8.
10. Sign in black ink and date on Line 9.
11. Non-resident aliens must complete a new W4 and CSF every January 1
    even if the person is claiming exemption from income tax withholding.
    (The deadline for submitting forms to be effective for the 1st pay in
    January of the new year is the 1st week in December of the current year.)

**Note:** For W4 purposes only:
The agency code for NRA fellows and independent contractors is: 360299
All other W4 forms should have the agency code: 360200

(2) **IRS Form 1042-S Foreign Person's U.S. Source Income Subject to Withholding:**
The IRS Form 1042-S is used to report payments made by the University to non-
resident aliens. The 1042-S will report three different types of payments:
- tax-exempt scholarships and fellowships
- taxable scholarships and fellowships
- payments for wages that were exempt

Non-resident aliens may receive both a W-2 and a 1042-S. However non-
resident aliens who received only scholarship or fellowship payments would
receive only a 1042-S and not a W-2. There are several possible reasons for a
non-resident alien to receive both a W-2 and a 1042-S:
- All employees will receive a W-2 to be used when filing State tax returns.
The W-2, Box 17, will reflect all wages earned at the University and all
State income taxes withheld for those wages. Box 1 will reflect only those wages that were reported as non-exempt from federal taxation and should not be used when completing the State of Maryland income return.

- The person received wages that were exempt as well as wages that were not exempt. The W-2 is used for reporting any wages that were not exempt from taxes and the 1042-S reports wages that were exempt. This occurs when a person is only permitted a limited amount of tax exemption due to the tax treaty or if the forms claiming exemption were not processed before the first payment. In this instance, the W-2 and the 1042-S will have to be used together in order to complete the 1040NR. The wages reported in Box 1 of the W-2 will only for those wages that are not exempt while the 1042-S will reflect the amount of exempt wages on lines 1b or 2b.

- The person received a scholarship or fellowship as well as wages that were exempt.

C. Non-Resident Alien Fellowship Procedures
The IRS regulations for non-resident alien fellows are different than the regulations used to tax employees. The requirements for depositing any taxes withheld and the reporting of those taxes at the end of the calendar year are also different. The Central Payroll Bureau created a separate agency (agency code 360299) for non-resident alien fellows.

Consequently, there will be no payroll entries generated for non-resident alien fellows and they will not appear on journals created for any pay period. Instead, a report will be furnished to all departments who distribute checks to non-resident alien fellows. This report will identify the individual, the FRS account number charged for the fellowship, amount to be paid, number of pays, tax status and expiration date.

(1) Information required to establish a non-resident alien fellow:
- Citizenship status form
- W4
- Some type of "payroll entry" indicating all relevant information. You can use a copy of a payroll entry to provide this information. The information needed is: the FRS account number charged for the fellowship, amount to be paid, number of pays, tax status and expiration date. A turnaround entry will not be generated for non-resident alien fellows.
- For payments that are for a partial pay period, please submit the partial amounts to Payroll Services.
- Form W8-BEN.
- If the fellow is using a temporary social security number, exemption from federal income withholding will not be permitted in accordance with IRS regulations. (Please be sure to obtain a permanent number ASAP.)
- The forms listed above need to be supplied at the time the person starts. Non-resident alien fellows must complete these forms each calendar year.

Fellows will receive payroll checks that are identical to checks that an employee would receive. If a fellow is also paid as a graduate assistant, they will receive two checks. One check will be
for the assistantship and the other for the fellowship. Direct deposit cannot be used for non-resident alien fellow payments.

D. Non-Resident Alien Independent Contractor Procedures

(1) Overview

- **Who is being paid that requires special handling?**
  Two identifying characteristics are:
  1) The person is a **non-resident alien** and
  2) The person is an **independent contractor**.

An **independent contractor** is a person who performs a service or supplies a work product to the University in return for payment. The University is only interested in the final product and generally has no control over the way the person accomplishes the task. Seminar speakers, artists, athletes, consultants are the most frequently experienced type of independent contractors.

- **What is the sequence of events?**
  1) The department arranges for a person to perform a service. The person is a **non-resident** alien.
  2) The person performs the service and the department requests payment for a **non-resident** alien. Department has the person complete any forms needed for payment and exemption from federal income withholding.
  3) Office of the Comptroller-Payroll Services prepares the data for submission to the Central Payroll Bureau.
  4) The Central Payroll Bureau prepares the check and sends the check to University of Maryland (requesting department) for distribution to the independent contractor.
  5) Office of the Comptroller-Payroll Services sends an earnings statement (IRS 1042-S) to the person for tax purposes.

- **What are the tax consequences for the person?**
  Non-resident alien independent contractors shall have 30% of all fees paid withheld for federal income tax withholding **unless** there is an article in the country's tax treaty with United States that exempts that type of payment from income taxation. The individual will have to complete IRS forms prior to payment to receive the exemption.

  Individual who are classified as non-resident aliens for tax purposes, will receive a form entitled 1042-S, "Foreign Person's U.S. Source Income Subject to Withholding." This form will report the amount of fees paid, taxes withheld, and any exemptions used. This report is issued by March 15 in the calendar year after the payment(s) were made. Each individual should file a 1040NR, "U.S. Non-resident Alien Income Tax return."

(2) Departmental Requirements

- **Determination of Resident or Non-Resident Status**
  At the time the department is making arrangements for individual to perform the services, the department needs to determine if the person
is a non-resident alien. If the person who will perform the required services lives outside the United States and will be traveling to the University on a visa and the individual will be in United States for less than 31 days, then the individual is probably a non-resident alien. Please refer to the Citizenship Status Form that the individual should complete upon arrival.

- **Letter of Agreement with the Independent Contractor**
  Each engagement should have the terms and conditions stated in writing. This document should also include the following information when dealing with non-resident aliens:

  If the person is Canadian citizen, advise the traveler to have the I-94 stamped "TN."

  1) The individual will need a valid social security number or a tax identification number.
  2) Inform the individual whether taxes will be withheld. If the person is not exempt from taxes on the payment, then the University will withhold 30% of the fee in accordance with IRS regulations.
  3) If the individual is from a country that has an article in its tax treaty exempting independent contractor payments, then taxes will not be withheld if the IRS Form 8233, Exemption From Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Non-resident Alien Individual, is completed prior to payment. Please refer to the tax exemption section.

- **Preparation of Payment Request**
  The department should submit its request for payment on the Non-resident Alien Independent Contractor Form. The department needs to attach the following documents to support the payment:
  1) Letter of Agreement
  2) Form W8-BEN
  3) I-94, Arrival/Departure Document
  4) IRS Form 8233  (This form is needed only if the person is claiming tax treaty exemption.)
XI. Fringe Benefits Information

Topics:
Tax Reporting Requirements Associated with Moving Expenses
Taxable Tuition Remission Benefits
Multiple Health and Group Life Deductions for Summer Coverage for 9.5 and 10 Month Employees
Termination of Health Benefits Subsidy
Long Term Disability Insurance Rates
Employer Paid Fringe Benefits or Subsidy Rates
A. Tax Reporting Requirements Associated with Moving Expenses
The University, as an employer, is required by Internal Revenue Service regulations to report as income all moving expenses paid directly to employees or payment to a third party for the employee's benefit, as well as the value of any services provided by the employer. The employee's relocation must pass two IRS tests in order to be tax deductible:
The relocation must have required a move of at least 50 miles.
The new employee must have worked or can be expected to work at the current location at least 39 weeks of the 52 weeks immediately after the relocation.

The relocation expense information will be reported on the employee's W-2 in one of several boxes depending on the nature of the expenses. All nontaxable reimbursements are reported in Box 13, code P, on the W-2. There are NO WITHHOLDINGS of Federal, State, or FICA on these amounts. Certain expenses, such as meals, house-hunting trips, costs associated with selling houses are no longer deductible and will be included in income and taxed accordingly.

<table>
<thead>
<tr>
<th>Non-deductible relocation expenses will be treated as income and will be included in the following boxes:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Wages, tips, other compensation</td>
</tr>
<tr>
<td>3 Social security wages</td>
</tr>
<tr>
<td>5 Medicare wages and tips</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The taxes associated with this income will be included in the following boxes:</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 Federal income tax withheld</td>
</tr>
<tr>
<td>4 Social security tax withheld</td>
</tr>
<tr>
<td>6 Medicare tax withheld</td>
</tr>
<tr>
<td>18 State income tax withheld</td>
</tr>
</tbody>
</table>

As in past years, Campus Comptroller/Business offices are responsible for reporting payment of moving expenses to the System Payroll Office via the CPB Employee Moving Expense Information Form.

B. Taxable Tuition Remission Benefits
As of July 1, 1996, all tuition remission for graduate education provided to employees, their spouses and dependent children is included in gross income and subject to FICA and income tax withholding.

The amount of the remissions reported is added to the employee's gross income and subsequently taxed. Each semester this information is send to the employee being taxed in a letter from the Benefits Office.

Taxes will be withheld as follows:
Federal Income Tax - flat 28% rate, required by IRS regulations.
State Income Tax - employee's current rate which will be 7.8% in most cases
FICA Tax - employee's current rate which will be 7.65% in most cases

The amount added each pay period would be reflected on the employee's Earnings Statement as "Tuition Fr Val." The amount will appear on the earnings side and on the deduction side of the Earnings Statement so the net effect is a reduction in net pay due to the increase in taxes withheld.
C. Multiple Health and Group Life Deductions for Summer Coverage for 9.5 and 10 Month Employees

To ensure continuous health insurance coverage throughout the summer months, 9.5 and 10 month employees, who will be returning in the Fall, will have six (6) premiums deducted for:
Commercial Group Life Insurance
All cafeteria plan deductions (health & some types of life insurance) except long term care and spending accounts

Terminations of 9.5 or 10 month employees may cause the University to pay insurance for people who are no longer employees because the University does not know which of these employees will not be returning in the Fall. As a result, the terminated employee is provided medical coverage for July and August for which they are not entitled. Rapid submission of the Notice of Separation and associated payroll entry will stop this from occurring. Additionally, each 9.5 and 10 month employee who is not returning must submit a health insurance application to cancel his or her coverage.

A memorandum from Personnel/Benefits is distributed to people who process payroll in early April each year detailing the information needed for Payroll to be able to make the appropriate deductions based on an individual's proper status.

D. Termination of Health Benefits Subsidy
The proper method of terminating health benefits and stopping the benefits from being charged to your Department's account(s) is to submit to the Benefits Office an Employee Benefit Enrollment Form canceling the health insurance and submit to Payroll Services the most current Turnaround Payroll Entry with the hospitalization box, Box 36, changed from "1" to "0". The code "1" means eligible for hospitalization and "0" means ineligible for health benefits.

Students receiving fellowships are not eligible for health benefits. When preparing a payroll entry for a new fellow, be sure to code Box 36 on the payroll entry with a "0" and make sure that the person is not enrolled for health benefits. Be sure to change the Turnaround Payroll Entry from "1" to "0" and terminate the health benefits when changing a student from employee to fellow.

A notice of separation must be completed when an employee (who is in a title that warrants benefits) moves to a title that has no benefits. Be aware, however, that their direct deposit will stop and a new direct deposit form must be submitted for it to pick-up again.

E. Long Term Disability Insurance Rates
Contact the Benefits Office to obtain the current long-term disability insurance rates.

F. Employer Paid Fringe Benefits or Subsidy Rates
The Central Payroll Bureau provides subsidy rates for fringe benefits each fiscal year. Information on current subsidy rates can be obtained from Systems Payroll at x57480.
XII. Appendix

Listing of Forms:
Certification/One-Pay
Change of Address Form
Citizenship Status Form
Direct Deposit
Faculty/Associate Staff Information Form
Notice of Separation
Paycheck Cancellation Form
Payroll Advance Form
Payroll Entry
Personnel Supplemental Data Information Form
Request for Payroll Turnaround Entry
Stop Payment Form
Wage Exception Form
I-9 Form  [2 pages] (Employment Eligibility Verification)
W4
A. Requests for Copies of Forms
For copies of the following forms, contact Payroll Services at x55665.

Certification/One-Pay
Change of Address Form
Citizenship Status Form
Direct Deposit
Faculty/Associate Staff Information Form
Notice of Separation
Paycheck Cancellation Form
Payroll Advance Form
Payroll Entry
Personnel Supplemental Data Information Form
Request for Payroll Turnaround Entry
Stop Payment Form
Wage Exception Form
I-9 Form [2 pages] (Employment Eligibility Verification)
W4

B. Payroll Calendar/Control Schedule
For information concerning the Payroll Calendar/Control Schedule, contact Payroll Services on x55665.

C. Non-Resident Alien Forms
For copies of the following Non-Resident Alien forms, contact Payroll Services at x57477.

Citizenship Status Form
IRS FORM 8233
Certificate of Foreign Status of Beneficial Owner for US Tax Withholding
Representation Letter or Attachment For 8233 Form