Payroll and Personnel System

The process of hiring and paying employees can be a complex process. Not only is an employer subject to its own policies (salary structure, job description and employee evaluation and other personnel policies), but, more importantly, employment and compensation practices are heavily regulated by Federal and State legislation. As Custodial and Disbursing Agent, Sub-Board I, Inc. acts as the employer of all employees hired by Student Governments/Clients **for Federal and State reporting purposes only**. The Student Government/Client is the employer in all other respects and is responsible for complying with all Federal & State laws in existence. It is strongly recommended that you consult Sub-Board I or legal counsel whenever a question of compliance arises. In turn, we will notify you when we feel you are in danger of violating Federal or State statutes. Because of the potential exposure to possible violations, Sub-Board I must strictly monitor its payroll procedures and employers are expected to comply with those procedures.

I. FEDERAL FAIR LABOR STANDARDS ACT AND NEW YORK STATE LABOR LAW

Employment practices are governed by broad and complex federal and state laws. These laws cover such practices as wages, hours, benefits, employment discrimination, record-keeping, etc. and are meant to protect employees against unfair practices of the employer. With few exceptions (which are described below), **all** employees are covered under these laws, and **all** employers **must** comply.

1. **Employees exempt from wage and hour laws.**
   Certain employees may be exempt from coverage under certain sections of federal and state labor laws. These employees are commonly referred to as ***"Exempt Employees"***. Exempt employees are individuals employed in a "bona fide executive, administrative or professional capacity". They perform duties, which are generally managerial in nature; exercise discretion and independent judgment; and/or require advanced knowledge or specialized intellectual instruction. They are paid on a salary basis regardless of the number of hours worked, and the salary must be at least $250 per week.

2. **Employees covered under wage and hour laws.**
   All other employees are covered under federal and state labor laws. These employees are commonly referred to as ***"Non-exempt***

Employees". They may be paid on either a salary or hourly basis; but hours worked is a crucial factor because non-exempt employees must be paid overtime of at least one-and-one-half times their normal hourly rate for all time worked in excess of forty hours in a week. Non-exempt employees must be paid wages at least semi-monthly in frequency, and wages must be paid no later than ten working days after the end of a pay period, on regular pay days designated in advance by the employer. In conformity with the law, Sub-Board I pays non-exempt employees on a **bi-weekly** basis (every two weeks) on paydays that are designated in writing in advance and distributed to all employers. Student Government/Client employers **must** comply with this schedule for their non-exempt employees.

II. HIRING A NEW EMPLOYEE

A Student Government/Client employer must formally determine whether a position is exempt or non-exempt as described above. The following paperwork must be completed at the time a new employee is hired regardless of the exempt or non-exempt nature of the position:

1. **Employment Eligibility Verification (Form I-9).**
   The Immigration and Naturalization Reform Act of 1986 requires the employer to determine a potential employee's legal eligibility to work **before** the employee begins work on behalf of an employer. According to the Act, if an employee is hired to work for more than three days, the employer must complete an I-9 Form for that employee within three business days of their date of hire. If an employee is hired to work for less than three days (e.g., Fests), then the I-9 Form must be completed by the end of the first workday. The employee is required to produce documentation (listed in columns A, B or C on the I-9 Form) which establish his/her identity and employment eligibility. If an employee claims that he/she does not possess the required documentation, then the employee must present a receipt as proof that he/she has applied for the required documentation; the employee then legally has a maximum of ninety days from the date of hire to procure and submit the required documentation. If the employee fails to present the required documentation to the employer within the required time, then the employee will be terminated on the very next day. The employee will receive pay only for days worked up to that point. It is the employer's responsibility to notify the SBI Accounting Office by the ninetieth day that either the required documentation has been obtained and is being sent to the SBI Accounting Office, or that the documentation was never received and the employee is being terminated. The employer should sign and date the identification copies so that verification of the received date is on file. Failure to comply with the law can result in fines of up to

$10,000 for each unauthorized person hired. Additional penalties ranging from $100 to $1,000 may be assessed against employers who fail to follow document verification and record-keeping requirements, regardless of the employee's legal status. Because of the harshness of the penalties, Sub-Board I, Inc. requires **photocopies** of the documents used to establish identity and employment eligibility. These documents must be stapled to the original I-9 Form and submitted to the Business Office. There are detailed instructions on the I-9 Form. To obtain a Handbook for Employers, call I.N.S. at 846-4198.

2. **Employee's Withholding Allowance Certificate (IRS Form W-4).**
   Each new employee must complete a W-4 Form at the time of hire. The form must be completed **in full** and signed and dated by the employee. If an employee changes, writes over or crosses out any information on the form, the employee must initial it. Improperly completed forms will be voided and returned to the employee's department unprocessed, and a new form must be completed and re-submitted. For any employee who does not submit a valid W-4 Form, taxes will be withheld at the highest rate (Single, 0 allowances) until a valid form is submitted. Corrections or changes in an employee's withholding status **cannot** be made retroactive, but will be processed with the next payroll following the date the valid form was received by the Business Office. An employee who claims exemption from withholding must meet the eligibility requirements for the exemption **and** a new W-4 Form **must** be completed annually at the beginning of each calendar year. Employees may change their withholding status at any time by submitting a new W-4 Form. You may order Circular E from the IRS at 855-3955 for more information of the Employer's responsibility regarding tax withholding requirements.

3. **Payroll Appointment Authorization Form.**
   The employer must complete a three-part Payroll Appointment Authorization as soon as the employee is hired. The form should be typed using the information provided by the employee on his/her employment application or by having the employee complete a **photocopy** of an appointment authorization. The employer must complete the form **fully**, including the following:

   - Every appointment made will fall under one of three categories:
     - ⇒ **Appointment Authorization** - Check this box when you are hiring an employee for the first time, or when you are hiring an existing employee to a new Job Title.
     - ⇒ **Change in Appointment** - Check this box when you are making any changes in an employee's status, rate of pay, University Status, etc. A change in appointment

will automatically override an existing appointment in the same funding code for the same Job Title.

⇒ **Termination of Employment** - Check this box when employment terminates for an employee. Be sure to indicate the last day of employment in the space marked *"Termination Date"* **and** the reasons for the termination in the *"Recommended Action or Remarks"* section of the Appointment Authorization.

- **Funding Code:** Use your organization's Budgetary Appropriation Account for personnel expenditures (e.g., **XX-XXXX-1101**).

- **Employer/Student Gov't:** The Student Government or Client should identify itself as the employer of the individual being hired.

- **Department/Division:** Enter the name of the department or division as it corresponds to the middle four digits of the budgetary account number (XX-**XXXX**-1101).

- **Social Security Number:** Record each employee's name and number from his/her Social Security Card.

- **Job Title:** Provide the name of the position to which the employee has been appointed.

- **Date of Hire/Change:** Record the date (month, day and year) of the employee's first day of work in this Job Title or the date of the change in status.

- **Termination Date:** **All** appointments terminate on the last day of the fiscal year, which is July 31. New Appointment Authorizations must be completed for **all** employees to re-activate their employment on the first day of the next fiscal year (August 1). In completing this item, use either the current fiscal year ending date (July 31) or the ending date of employment in this Job Title, if sooner.

- **University Status:** Check the correct box to indicate the employee's student or non-student status.

- **Employment Status:** Check the box marked *"Regular"* for an employee who is hired on an ongoing basis for more than six months a year. Check the box marked *"Temporary"* for an employee who is hired for a period of six months or less in a year.

- **Cycle:** This represents the Payroll Period **tax** cycle.
  - ⇒ Check the box marked *"Bi-weekly"* for an employee paid according the Bi-weekly Payroll Schedule. The employee must use one of the approved bi-weekly time sheets and will have payroll taxes assessed on a bi-weekly cycle. All non-exempt employees must be paid on a bi-weekly cycle.
  - ⇒ Check the box marked *"Monthly"* for an employee paid according to the Monthly Payroll Schedule. The employee must use one of the approved monthly time sheets and will have payroll taxes assessed on a monthly cycle. (All employees whose payment status is *"Commission"* are paid on a monthly cycle.)

  There are no approved cycles other than bi-weekly or monthly. You **must** pay employees according to one of these cycles.

- **Payment Status:**
  - ⇒ **Salaried** - Check this box for non-student employees being paid a fixed dollar amount corresponding to a fixed number of hours per week and for a fixed time period. You must enter the amount of the annual salary. The annual salary is the salary for **the entire twelve month fiscal year**, even if the employee is being appointed part-way into the fiscal year. All employees in this payment status are paid on a bi-weekly cycle whether exempt or non-exempt.
  - ⇒ **Hourly** - Check this box for employees being paid on an hourly basis for all hours worked, and indicate the amount of the hourly rate. All employees in this payment status are non-exempt and must be paid on a bi-weekly cycle.
  - ⇒ **Commission** - Check this box for employees paid on a commission basis, e.g. a percentage of advertising sales. Indicate the terms and commission percentage in the section for *"Recommended Action or Remarks"*. Because of a specific exemption in the labor laws, all commissions are paid on a monthly cycle.
  - ⇒ **Stipend** - Check this box for student employees being paid a fixed dollar amount corresponding to a specific exempt position or Job Title, and for a fixed time period. Indicate the total stipend amount to be paid

during the term of the appointment. Student stipends for exempt positions may be paid on either a bi-weekly or monthly cycle. If the stipend is to be paid on a monthly cycle you must also complete the *“Monthly Stipend Schedule”*.

⇒ **Bonus** - Check this box if an employee is paid a bonus, one-time merit award, or other special payment, and indicate the amount and provide a description under the section for *“Recommended Action or Remarks”*.

⇒ **Other** - Check this box for any other type of payment not adequately described elsewhere, and give a complete description under the section for *“Recommended Action or Remarks”*.

- **Term:**
  - ⇒ **Full Year** - Check this box for an employee hired in *Regular* Employment Status for the entire year, even if the effective date is part-way into the current fiscal year.
  - ⇒ **Academic Year** - Check this box for an employee who is hired in *Regular* Employment Status for only part of the fiscal year which coincides with the academic calendar.
  - ⇒ **Seasonal** - Check this box for a *Regular* or *Temporary* Status employee who is hired to a position which is only active a specific times of the year.
  - ⇒ **Casual** - Check this box for a *Temporary* Status employee who is hired only for occasional work or for a single event or where employment is random or incidental.
  - ⇒ **Other** - Check this box for an employee who does not fit any other category and fully describe the Term in the section for *"Recommended Action or Remarks".*

- **Monthly Stipend Schedule:** This section **must** be completed for an employee whose payment cycle is *“Monthly”* and whose payment status is *“Stipend”*. The sum of the monthly amounts must equal the *“Annual Stipend Amount”* indicated in the section for *“Payment Status”*.

- **Recommended Action or Remarks:** This section should contain:

- ⇒ the number of hours normally worked per week for non-student employees to determine eligibility under the Welfare Benefit Plan
- ⇒ a full description of the circumstances for a termination of employment
- ⇒ a description of the terms and percentage for an employee whose Payment Status is *"Commission",*
- ⇒ a description for an employee whose payment status is *"Bonus"* or *"Other"*
- ⇒ any other information pertinent to this appointment which is not sufficiently stated elsewhere on the form, such as exempt or non-exempt status.

- **Paycheck Distribution:** The employee **must** be given this option. Whenever an employee changes his/her address and/or Paycheck Distribution Option they must notify both the SBI Accounting Office **and** their supervisor or department head. Address changes should be on a separate sheet of paper and should include the employee's full name (**printed**), the employee's Social Security Number, the employee's old address, the employee's new address, and the specific paydays from the Payroll Schedule covered by the requested address change.

- **Approval:** All Payroll Appointment Authorizations, Changes in Appointment, or Terminations of Employment require **at least TWO** authorized signatures by officers of the Student Government/Client. Only authorized signatures on file at Sub-Board I will be considered valid.

The supporting forms and documentation should be stapled behind the Appointment Authorization during the approval process to insure they are not misplaced. After obtaining the required signatures, the Appointment Authorization, with attached forms and documentation, is due in the SBI Accounting Office **WITHIN THREE DAYS OF HIRE**. The Student Government/Client will be notified of any authorization, which cannot be processed because of missing information, inadequate documentation, etc. by a transmittal slip, which indicates the reason the forms cannot be processed.

III. PAYMENT OF WAGES

1. Wages are paid according to the official Sub-Board I, Inc. Payroll Schedule(s), bi-weekly or monthly, depending on the employee's cycle. Sub-Board I will provide copies of the Payroll Schedules to all Student

Governments/Clients who are employers. The Student Government/Client **must** provide a copy of the Payroll Schedule to each of its employees. Payment of wages is by Sub-Board I Payroll Check **only**. All non-exempt employees must be paid bi-weekly.

2. **All** employees must submit the applicable time sheet for their status and cycle, properly completed and approved by the employer, to the SBI Accounting Office in order to be paid. No employee will be paid unless a completed, approved time sheet is submitted by the due date indicated on the Payroll Schedule(s). Completed, approved time sheets not received by the Business Office by 5:00 p.m. on the due date **will not be processed** until the following cycle. It is the **employer's** responsibility to make sure that all hours have been properly recorded and authorized on the time sheet, and that the time sheet is submitted when due.

3. Since cash disbursement procedures require proper evidence that services are rendered prior to payment, payment of wages in advance of the scheduled pay dates is not permitted.

4. Any timesheet associated with a late or invalid Payroll Appointment Authorization will not be processed until the following cycle or until the next cycle following satisfactory resolution of all problems with the Appointment Authorization.

5. Sub-Board I **will not process any time sheet** which is submitted **more than eight weeks** past the time sheet due date. In other words, **no employee will be paid** for any time sheet more than eight weeks overdue. As employer, you may be subject to legal action by an employee for non-payment or late payment of wages; therefore it is vital that time sheets be submitted **when due.**

IV. EMPLOYEE WELFARE BENEFIT PLAN

The Sub-Board I, Inc. Employee Welfare Benefit Plan covers all eligible employees of Sub-Board I, Inc. and the Student Governments. Other clients must elect to adopt the Plan in its entirety by a resolution of their appropriate governing bodies. Sub-Board I, Inc. is the Administrator of the Plan. In order to retain Sub-Board I as custodial and disbursing agent, no Student Government/Client is permitted to offer any welfare benefits other than those described in the Plan. For a complete description of benefits and the classes of employees eligible under the Plan, please refer to the Employee Welfare Benefit Plan Resolution and Summary Plan Description. Copies are available in the SBI Accounting Office.

V. RETIREMENT PLAN

The Sub-Board I, Inc. Retirement Plan covers all eligible employees of Sub-Board I, Inc. and the Student Governments. Other clients must elect to adopt the Plan in its entirety by a resolution of their appropriate governing bodies. Sub-Board I, Inc. is the Administrator of the Plan. No Student Government/Client is permitted to offer any retirement benefits other than those defined in the Plan. For a more complete description of the Retirement Plan and the classes of employees eligible under the Plan, please refer to the Retirement Plan Resolution. Copies are available in the SBI Accounting Office.

VI. NYS UNEMPLOYMENT, DISABILITY & WORKER'S COMPENSATION INSURANCES

1. **NYS Unemployment Insurance.**
   All employers are required to contribute to the NYS Unemployment Insurance Fund on behalf of their employees. As Custodial and Disbursing Agent, Sub-Board I will maintain the necessary records and remit employer contributions for Student Government/Client employers. If an employee applies for New York State Unemployment Insurance benefits, all forms and information requested by the Department of Labor in connection with the claim must be forwarded by the Student Government/Client to the Sub-Board I Business Office **immediately**. Any fines or penalties assessed by the Department of Labor due to untimely notification to Sub-Board I, Inc. by the Student Government/Client will be charged to the Student Government/Client by Sub-Board I, Inc. The Student Government/Client must fully document the circumstances and reasons for an employee's loss of employment whether the loss of employment is voluntary or involuntary. Sub-Board I will notify the Student Government/Client of any determination made by the Department of Labor regarding claims for unemployment insurance benefits.

2. **NYS Disability Insurance.**
   All employers are required to pay premiums for NYS Disability Insurance on behalf of their employees. As Custodial and Disbursing Agent, and as policyholder, Sub-Board I will maintain records and remit premiums for Student Government/Client employers. No employee is required to contribute to the cost of premiums. All non-work-related illnesses, injuries or medical conditions incurred off the job (including pregnancy), which result in a loss of work of at least seven days (one week) must be reported to the SBI Accounting Office **immediately**. Sub-Board I will file a claim for NYS Disability benefits. If eligible, employees may receive a percentage of their average weekly earnings during the period of their disability up to a maximum of 26 weeks. Salaried employees who are

eligible for employer-paid sick leave are required to first exhaust all available sick leave credits before they can receive NYS Disability benefits. Any fines or penalties assessed by New York State due to untimely notification to Sub-Board I, Inc. by the Student Government/Client will be charged to the Student Government/Client by Sub-Board I, Inc.

3. **NYS Worker's Compensation Insurance.**
All employers are required to pay premiums for NYS Worker's Compensation Insurance on behalf of their employees. As Custodial and Disbursing Agent, and as policyholder, Sub-Board I will maintain records and remit premiums for Student Government/Client employers. All injuries incurred on the job or any job-related illnesses must be reported to the SBI Accounting Office **immediately**. Sub-Board I will file a claim for NYS Worker's Compensation benefits and will notify the Student Government/Client of any determination by the NYS Worker's Compensation Board. Any fines or penalties assessed by New York State due to untimely notification to Sub-Board I, Inc. by the Student Government/Client will be charged to the Student Government/Client by Sub-Board I, Inc.

VII. PERSONNEL POLICIES AND PROCEDURES

New York Labor Law does not require that an employer provides employees with paid vacation or holidays, or sick or personal leaves. However, the law does require that an employer establish a specific policy concerning these benefits, and that it notify employees, either in writing or via a public posting, of the terms of this policy.

For its own employees, Sub-Board I has documented its personnel policies and procedures in a written manual. Student Government/Client employers should adopt similar written documents which will help them to describe clearly and apply consistently such things as working conditions, salary administration, employee evaluation procedures, accrued leave, paid and unpaid time off, disciplinary procedures, and other conditions of employment. For any Student Government/Client who wishes to adopt and follow the policies and procedures in Sub-Board I's manual, Sub-Board I will provide at no cost to the Student Government/Client a complete record-keeping system to monitor compliance with accrued leave policies and will assist the employer in developing compensation policies, salary and wage classification and employee evaluation methods as long as these policies are identical to those followed by Sub-Board I for its own employees. Student Governments/Clients who are interested in this service should contact Sub-Board I to obtain a copy of the manual. Sub-Board I will not monitor or maintain accrued leave records for any employer whose policies differ from those of Sub-Board I.