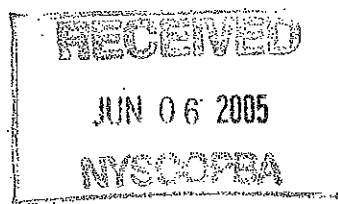


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NANCY L. BURRITT
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June 3, 2005

**Re: Payroll Calculation Issue
HS File: General Correspondence**

Dear Don:

This is in response to your request for an explanation of why members' gross annual earnings do not equal their annual base salary. The short answer is because the 14 day payroll periods do not divide evenly into the number of days in the State's fiscal year. The State is not violating any contractual provision in the way it calculates payroll, overtime, inconvenience pay, holiday pay or the law enforcement differential.¹

Article 18.1 of the State/NYSCOPBA contract requires the employer to "calculate employees' salary payments on an appropriate ten working-day basis." What the State does, and has done for many years (at least the 20 years in which I have been dealing with public sector labor issues in New York) is calculate a daily rate of pay for a 365 day period (366 in a leap year) and multiply it by 14 to establish the base pay per payroll period. There are only ten working days in each 14 day period.

The reason the State calculates payroll this way is because the 365 day period at issue is a State fiscal year. Since payroll periods do not exactly coincide with fiscal years, there can be days in a payroll period that are not in the fiscal year. For example, enclosed is a copy of the Comptroller's 2005-06 Institutional Payroll Calendar. Looking at the first payroll period in State fiscal year 2005-06, you will see that while March 31, 2005 is not part of the fiscal year, it is a day included in the payroll for that fiscal year. Next, if you check March 2006, you will find that the last payroll period of the fiscal year ends on March 29, 2006. This means that March 30 and 31, days that are part of the fiscal year, are not included in the payroll for the fiscal year. Therefore, over the course of the fiscal year, a total of one fiscal year day is not included in payroll for that fiscal year.

Using, just for an example, an annual base salary amount of \$43,034, the daily rate of pay is \$117.90


¹Since all of these amounts are calculated in the same way as payroll, this analysis applies to each the same way.

(rounded down). If you subtract that \$117.90 from the annual base salary figure, because \$117.90 of pay due in the 2005-06 fiscal year is not paid until the first pay check in the 2006-07 fiscal year, you are left with \$42916.09 in payments for the 2005-06 fiscal year. This is basically the same amount reached using the State's formula: $\$43,034 \times .038356 = \$1650.60^2 \times 26 = \$42915.91$. The difference is \$.18, almost certainly due to rounding of numbers.

The bottom line is that every State employee receives full pay for every day worked. Some of that pay is included with the fiscal year in which it was worked, and some is not, which accounts for the apparent discrepancies. The 27th payroll, which is paid approximately every 11 years, happens simply because of the way the payroll cycle falls in the fiscal year. It is not a way to make up the difference between annual base salary and gross annual earnings because that difference is perception and not reality.

I hope that this explanation has been helpful. Please feel free to call if you have additional questions.

Very truly yours,



Nancy L. Burritt

NLB:dac

Enclosures

cc: NYSCOPBA Grievance Department

²The Comptroller uses a one-step calculation by converting the fraction 14/365 into a multiplication factor, in this case .038356. A copy of the OSC explanation for this is also enclosed.

Office of the State Comptroller
BUREAU OF STATE PAYROLL SERVICES
INSTITUTION PAYROLL CALENDAR
APRIL 1, 2005 - APRIL 30, 2006
LAG

NEW FISCAL YEAR...2006-2007

Period No.	Calendar	Period No.
1	APRIL 2005 SUN MON TUE WED THU FRI SAT 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30	14
2	OCTOBER 2005 SUN MON TUE WED THU FRI SAT 1 2 3 4 5 6 7 8 9 H 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	15
3	MAY 2005 SUN MON TUE WED THU FRI SAT 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 H 31	16
4	NOVEMBER 2005 SUN MON TUE WED THU FRI SAT 1 2 3 4 5 6 7 8 9 10 H 12 13 14 15 16 17 18 19 20 21 22 23 H 25 26 27 28 29 30	17
5	JUNE 2005 SUN MON TUE WED THU FRI SAT 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30	18
6	DECEMBER 2005 SUN MON TUE WED THU FRI SAT 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 H 27 28 29 30 31	19
7	JULY 2005 SUN MON TUE WED THU FRI SAT 1 2 3 H 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	20
8	JANUARY 2006 SUN MON TUE WED THU FRI SAT 1 H 3 4 5 6 7 8 9 10 11 12 13 14 15 H 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	21
9	AUGUST 2005 SUN MON TUE WED THU FRI SAT 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	22
10	FEBRUARY 2006 SUN MON TUE WED THU FRI SAT 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 H 21 22 23 24 25 26 27 28	23
11	SEPTEMBER 2005 SUN MON TUE WED THU FRI SAT 1 2 3 4 H 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30	24
12	MARCH 2006 SUN MON TUE WED THU FRI SAT 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	25
13		26

Period No.

Period No.	Calendar
1	APRIL 2006 SUN MON TUE WED THU FRI SAT 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30

Payday is the Thursday following two weeks after the ending date of the payroll period. When a payday falls on a holiday, the check will be dated the previous day.

○ PAYROLL PERIOD ENDING DATE

H = HOLIDAYS

INSTITUTION AGENCIES 2005-2006
ON A LAG BASIS
(Refer to Payroll Bulletins for Submission Dates)

PAYROLL PERIOD	CHECK DATES
No. 1 March 31 - April 13	April 28
No. 2 April 14 - April 27	May 12
No. 3 April 28 - May 11	May 26
No. 4 May 12 - May 25	June 9
No. 5 May 26 - June 8	June 23
No. 6 June 9 - June 22	July 7
No. 7 June 23 - July 6	July 21
No. 8 July 7 - July 20	August 4
No. 9 July 21 - August 3	August 18
No. 10 August 4 - August 17	September 1
No. 11 August 18 - August 31	September 15
No. 12 September 1 - September 14	September 29
No. 13 September 15 - September 28	October 13
No. 14 September 29 - October 12	October 27
No. 15 October 13 - October 26	November 10
No. 16 October 27 - November 9	November 23
No. 17 November 10 - November 23	December 8
No. 18 November 24 - December 7	December 22
No. 19 December 8 - December 21	January 5
No. 20 December 22 - January 4	January 19
No. 21 January 5 - January 18	February 2
No. 22 January 19 - February 1	February 16
No. 23 February 2 - February 15	March 2
No. 24 February 16 - March 1	March 16
No. 25 March 2 - March 15	March 30
No. 26 March 16 - March 29	April 13



Bureau of State Payroll Services
Office of the State Comptroller
Frequently Asked Questions

How do I obtain a history of my employment with NYS?

The Bureau of State Payroll Services will search the payroll files maintained by the Office of the State Comptroller in order to obtain your employment history. To protect the privacy of New York State employees, OSC requires the completion of the Personal Privacy Protection Law Release form by any current or former employee seeking information.

This form authorizes the Bureau of State Payroll Services to release employment information to you or a designated third party. A copy of the Personal Privacy Protection Law Release form is available on the OSC website. The form must be notarized and then mailed to: Office of the State Comptroller, Bureau of State Payroll Services, 110 State Street, 8th floor, Albany, NY 12236. Upon receipt of this form, we will be able to respond to your request.

Why is there a discrepancy between my gross annual earnings and my annual base salary?

Since a fiscal year cannot be divided equally into biweekly periods, computation of the biweekly wage is made by dividing the annual salary by the number of calendar days in the fiscal year (365 or in the case of a leap year, 366) and multiplying this result by fourteen, the number of calendar days in a biweekly period. To reduce this process to one step, the fractions $14/365$ and $14/366$ are converted to multiplication factors: .038356 (non-leap year) and .038251 (leap year).

To illustrate this, we'll use the salary of \$60,687 to compute the salary for 2004. Both multiplication factors, leap year and non-leap year, are used as Fiscal Year 2003-04 is a leap year, and 2004-05 is a non-leap year.

Time Period	Annual Salary	Multiply Factor	Biweekly Salary	# of Pay Periods	Resultant Salary
1/14/04 to 4/7/04	\$60,687	.038251	\$2321.33	7	\$16,249.31
4/21/04 to 12/29/04	\$60,687	.038356	\$2327.71	19	\$44,226.49

The amount of gross annual earnings for 2004 will be \$60,475.80.

Normally, there are 26 pay periods during a calendar year. Due to the idiosyncrasies in the calendar and the State's payroll cycle, State employees receive 27 paychecks in a calendar year, instead of 26, once every 11 years. This occurred in 1991 and 2002.

How do I start or stop my Savings Bond deduction?

Savings Bonds are administered through a third party vendor, the National Bond and Trust Company (NBT). You should contact NBT directly and identify yourself as a New York State employee. NBT's toll- free telephone number is (800) 426-9314.

I have direct deposit for my paycheck. My pay has not always been deposited into my checking account as of 8:00 a.m. on Tuesday.

It has been our experience that the State Employees Federal Credit Union (SEFCU) usually deposits direct deposit funds of State employees on Tuesday mornings. However, payday is Wednesday. According to the National Automated Clearing House Association, funds should be made available to employees by the opening of business on Wednesday. For additional information, you should contact your financial institution directly.

**Is there a question you would like to see answered here in the future?
Send an e-mail to payroll@osc.state.ny.us**