

# TRANSFERRING EMPLOYEES

## PURPOSE

This recommended practice describes the generic process when an employee transfers from one state agency to another.

## AUTHORITY / REFERENCES

IRS Publication 15 (Circular E), Employer's Tax Guide  
 ORS Chapter 238 and 238A, OAR Chapter 459 – Public Employees Retirement System  
 ORS 243.125, OAR Chapter 101-020-0047 – Public Employee Benefit Board  
 ORS Chapter 292 – Salary and Expenses of State Officers and Employees  
 ORS Chapter 652 and 653 – Wage and Hour  
 Collective Bargaining Agreements  
 HR State Policies  
 OAM Chapter 35 – A/R Management  
 OAM 45.50.00 PO and PR – Collection of Overpayment

## SCOPE / APPLICABILITY

This recommended practice applies to all agencies that use OSPA. The process may vary by bargaining agreement, employment status, etc. For additional information, see Notes and Exceptions below.

## RESPONSIBILITIES

### LOSING AGENCY

Entity	Responsibility
Employee's Losing Manager	<ul style="list-style-type: none"> <li>Communicates employee separation to agency Human Resources</li> <li>Approves employee's final time</li> </ul>
Agency Human Resources	<ul style="list-style-type: none"> <li>Enters transfer out in the PPDB</li> <li>Communicates transfer to agency Payroll Office</li> </ul>
Agency Payroll Office	<ul style="list-style-type: none"> <li>Follows Recommended Practice below.</li> <li>Notifies gaining agency if employee has an IRS Lock-in or DOR Determination letter. See Exceptions below</li> </ul>

**GAINING AGENCY**

<b>Entity</b>	<b>Responsibility</b>
Hiring Manager	<ul style="list-style-type: none"> <li>• Hires employee and establishes employment terms, including amount of leave agency will accept</li> <li>• Communicates hire and terms to agency Human Resources</li> <li>• If employee is a foreign national (alien), notifies HR. See Exceptions below.</li> <li>• If employee has an out-of-state duty station, notifies HR. See Exceptions below.</li> </ul>
Agency Human Resources	<ul style="list-style-type: none"> <li>• Enters transfer in the PPDB</li> <li>• Communicates hire to agency payroll office</li> <li>• If employee indicates in Section 1 of the USCIS I-9 that s/he is “an alien authorized to work until _____”, notifies agency payroll office. See Exceptions below.</li> <li>• If employee has an out-of-state duty station, notifies agency payroll. See Exceptions below.</li> </ul>
Agency Payroll Office	<ul style="list-style-type: none"> <li>• Follows Recommended Practice below.</li> <li>• If employee indicates in Section 1 of the USCIS I-9 that s/he is “an alien authorized to work until _____”, asks employee to complete OSPS.99.01 Determination of Foreign National’s Residency Form. See Exceptions below.</li> <li>• If the employee is a nonresident alien who is subject to withholding, makes tax adjustments on the P010 screen. See Exceptions below.</li> <li>• If the employee is an alien who is exempt from withholding, contacts OSPS. See Exceptions below.</li> <li>• If the employee has an out-of-state duty station, contacts OSPS. See Exceptions below.</li> </ul>

**OTHER**

<b>Entity</b>	<b>Responsibility</b>
Transferring Employee	<ul style="list-style-type: none"> <li>• Submits final time for losing agency</li> <li>• Submits any required forms or requests changes in existing deductions to gaining agency payroll, DAS Parking, OSGP or union</li> </ul>
Parking and Commuting Section, Facilities Division, Department of Administrative Services (DAS)	<ul style="list-style-type: none"> <li>• If employee leaves a state-owned parking lot before the end of the month, the Parking and Commuting Section may pro-rate deduction for the old lot</li> <li>• If employee begins parking in a state-owned parking lot, designates deduction and plan code for new lot</li> </ul>

<b>Entity</b>	<b>Responsibility</b>
Applicable Union	<ul style="list-style-type: none"> <li>• If new to union, notifies gaining agency payroll of membership status</li> <li>• For new to union, approves nonreligious charity if employee exercises right of non-association (see Notes, Union Dues / Fair Share below)</li> </ul>
SEIU, 1-877-772-6551	<ul style="list-style-type: none"> <li>• If an SEIU member transfers from represented to unrepresented and submits a request to SEIU regarding associate dues, OPAC Program, or CAPE Program, notifies gaining agency payroll. See Notes, Union Dues / Fair Share below.</li> </ul>
Centralized PERS Services Team, HR Systems and Services Section, Human Resource Services Division (HRSD), DAS, <a href="mailto:Central.PERSServicesTeam@state.or.us">Central.PERSServicesTeam@state.or.us</a>	<ul style="list-style-type: none"> <li>• Serves as liaison between state agencies and PERS</li> <li>• Prepares monthly electronic file of data from the PPDB and OSPA for PERS EDX/jClarety</li> </ul>
Oregon Statewide Payroll Services (OSPS), State Controller's Division (SCD), DAS <a href="mailto:OSPS.Help@state.or.us">OSPS.Help@state.or.us</a>	<ul style="list-style-type: none"> <li>• Submits tax reports and payments to applicable governmental entities</li> <li>• Coordinates preparation of annual IRS Form W-2 and other applicable forms</li> <li>• Forwards IRS Form W-4 to the Oregon Department of Revenue if the employee claims exemption from withholding or more than 10 withholding allowances. See Notes, Income Tax Withholding below.</li> <li>• Forwards IRS Form 8233 or W-9 to the IRS if a foreign national claims exemption from withholding through a tax treaty. See Exceptions, Foreign Nationals below.</li> </ul>

## **SYSTEMS / APPLICATIONS**

<b>System / Application</b>	<b>Functionality</b>
Position and Personnel Database (the PPDB)	<ul style="list-style-type: none"> <li>• Data available in OSPA as soon as the transaction is saved</li> <li>• Data sent to PDB nightly</li> <li>• Data sent to PERS after run 2 final</li> </ul>
PEBB "dot" Benefits (PDB)	<ul style="list-style-type: none"> <li>• Interfaces the stop date for PEBB benefits for the losing agency and the start date for the gaining agency to OSPA every two minutes</li> <li>• Notifies the insurance companies of the agency change the Friday after the transfer</li> <li>• Does not send a COBRA notice</li> </ul>

<b>System / Application</b>	<b>Functionality</b>
Oregon Statewide Payroll Application (OSPA)	<ul style="list-style-type: none"> <li>• After final run 2:               <ul style="list-style-type: none"> <li>▪ Sends hours worked for both agencies to PDB</li> <li>▪ Sends PEBB premiums to carriers</li> <li>▪ Sends hours worked and contributions to PERS</li> </ul> </li> <li>• At the end of the year, includes the earnings from both agencies in a single W-2 for the employee</li> </ul>
PERS EDX / jClarety	<ul style="list-style-type: none"> <li>• Maintains retirement subject wages and contribution records for public employees who are members of the PERS retirement plans</li> </ul>

## ***PREREQUISITES***

The losing agency must process the transfer out in the PPDB, OSPA and PDB before the gaining agency can process the transfer in.

The gaining agency will not be able to transfer leave from the clearing account until the JOB STAT START date displayed on the P030 Job Status Data screen for the gaining agency.

## ***RECOMMENDED PRACTICE***

### **LOSING AGENCY**

<b>Action</b>	<b>More</b>
<ol style="list-style-type: none"> <li>1. Confirm the PPDB data displayed on the P030 Job Status Data screen, including:           <ul style="list-style-type: none"> <li>▪ <b>JOB STAT START</b> – if during current or prior month, review prior job segment(s) to determine reason for change. See Notes, Leave below.</li> <li>▪ <b>JOB STAT STOP</b> – separation date</li> <li>▪ <b>PT-FT CD/PCT</b> – is employee part-time or full-time?</li> <li>▪ <b>APPOINTMENT TYPE DT/CD</b></li> <li>▪ <b>PERSONNEL TRANS CODE</b> – 580, transfer to different agency</li> <li>▪ <b>BENEFIT PKG CD</b> – see the OSPA Reference Manual, Codes, Benefit Package Codes</li> <li>▪ <b>LEAVE ACCRUAL SVC CD</b></li> <li>▪ <b>WAGE BASIS CD</b></li> <li>▪ <b>EQUIVALENT RATE</b> – to be used for vacation and/or comp time pay-off</li> <li>▪ <b>SEPARATION DT / REASON</b> – 80, transfer out, computer assigned</li> <li>▪ <b>TIMESHEET CD</b></li> </ul> </li> </ol>	<p>See the OSPA Reference Manual, Screen Descriptions, P030.</p> <p>The JOB STAT START for the gaining agency should be one calendar day after the JOB STAT STOP date for the losing agency. See Notes, PEBB Benefits below.</p>

Action	More
<p><b>2a. If the employee has a timesheet</b>, enter employee's time on the P001 Session Default Values and P003 Time Capture screens.</p> <p>On the P001 screen:</p> <ul style="list-style-type: none"> <li>▪ <b>Timesheet start date</b> = the first of the month</li> <li>▪ <b>Timesheet end date</b> = JOB STAT STOP date from the P030 screen</li> <li>▪ <b>Pay period ending date</b> = last day of the month</li> </ul> <p><b>2b. If the employee is on ODT</b>,</p> <ul style="list-style-type: none"> <li>▪ Make sure that the employee has entered time on the P004 Time Capture screen</li> <li>▪ Make sure the employee's manager has approved the time on the P006 Payroll Time Capture – Supervisor Entry Menu screen.</li> </ul>	<p>If the employee's time has not yet been entered for the prior month, ensure the time is entered and approved for the prior month.</p> <p>If the Timesheet end date is not the end of the month, reset the P001 screen dates after entering time.</p> <p>See the OSPA Reference Manual, Entry Guides, On-line Daily Time or Time Capture.</p>
<p><b>3. Make applicable entries on the P010 Withholding Data / Locator Data screen, including:</b></p> <ul style="list-style-type: none"> <li>▪ <b>FINAL CHECK ISSUED</b> -- JOB STAT STOP from the P030 screen</li> <li>▪ <b>FINAL CHECK PERIOD ENDING</b> – last day of the month for the JOB STAT STOP date</li> <li>▪ <b>FEDERAL / STATE WITHHOLDING</b> – change if employee submits a new W-4. See Notes, Income Tax Withholding, and Exceptions, MANDATORY WITHHOLDING below.</li> </ul>	<p>See the OSPA Reference Manual, Screen Descriptions, P010.</p> <p><b>DO NOT enter check dates if the employee transfers in December. See the OSPS Reference Manual, Recommended Practices, Year End</b></p>

<b>Action</b>	<b>More</b>
<p>4. Accrue, transfer, and/or pay-off leave:</p> <ul style="list-style-type: none"> <li>▪ If the leave accrual has not run for the prior month and the employee is eligible, advance sick and vacation leave for the prior month.</li> <li>▪ If the employee is eligible, advance sick and vacation leave for the hours the employee will work for your agency in the current month.</li> <li>▪ If the employee has compensatory time, will not use it in the final month, and is eligible, pay it off on the P050 Gross Pay Adjustments on File screen.</li> <li>▪ Transfer sick (SL), military (ML) and pre-retirement leave (PR) to the clearing account. . For ML, enter an expiration date of the next September 30. For SL and PR, enter an expiration date of two years.</li> <li>▪ Transfer the employee's Personal Leave (PB) balance to the clearing account. If the employee has used all of his/her PB for the current fiscal year, transfer a zero amount. Enter an expiration date of June 30 of the current fiscal year.</li> <li>▪ Transfer the employee's Furlough Obligation (LA) balance to the clearing account. If the employee has a zero balance, transfer a zero amount. Enter an expiration date of June 30 of the final year of the current biennium.</li> <li>▪ Transfer the vacation leave that the gaining agency has agreed to take to the clearing account. Enter an expiration date of two years.</li> <li>▪ If the employee has more vacation leave than the gaining agency will accept, will not use it in the final pay, is not on trial service, and is otherwise eligible, pay it off on the P050 screen, up to the maximum allowed in the applicable policy or bargaining agreement.</li> <li>▪ If the employee still has a vacation leave balance after you have transferred vacation leave to the clearing account and paid it off to the maximum allowed, adjust the balance to zero.</li> <li>▪ If the employee has Excess Vacation Leave (VF), notify the gaining agency. Then, adjust the balance to zero.</li> <li>▪ If it is between the day before Thanksgiving and January 31 and the employee has taken governor's leave (negative GL balance on the P430 or P435 screen), notify the gaining agency. Then, adjust the balance to zero.</li> <li>▪ Adjust other leave balances to zero.</li> </ul>	<p>See Notes, Leave below, applicable Collective Bargaining Agreements and HR State Leave policy, and the OSPA Reference Manual, Handbooks, Leave Accrual and Reporting.</p>

Action	More
<p>5. Review and make necessary changes for PEBB benefits:</p> <ul style="list-style-type: none"> <li>▪ Confirm interface of end dates from PDB to the P070 screen in OSPA</li> <li>▪ If the employee will work &lt;80 hours in the last month:               <ul style="list-style-type: none"> <li>○ Force premiums for “required” or core PEBB insurances for the final payment from the agency. Make sure that the employee will have enough pay to cover the employee’s 5% contribution, excluding any applicable subsidy. If the employee will not, collect the amount from the employee.</li> <li>○ If the employee will have enough pay to cover optional PEBB insurance premiums, also force the premiums for optional benefits.</li> </ul> </li> <li>▪ If the employee has &gt;80 hours in the last month, make sure the employee will have enough pay to cover premiums for optional PEBB benefits. If not, notify the gaining agency.</li> </ul>	<p>See Notes, PEBB Benefits below, and the OSPA Reference Manual, Handbooks, PEBB Benefits.</p>
<p>6. Check for any outstanding overpayments. If there is an outstanding balance, deduct the amount from the employee’s final pay. If the final pay does not cover the outstanding amount, and you have not already done so, establish an account receivable.</p>	<p>See OAM Chapter 35, 45.50.00 PO &amp; PR and Notes, Overpayments below.</p>
<p>7. Evaluate voluntary deductions on the P070 Deductions and Deduction Adjustments screen:</p> <ul style="list-style-type: none"> <li>▪ Union deductions are for the current month. If the employee is in a represented position, leave the deduction(s) for the final pay. See Notes, Union Dues / Fair Share below.</li> <li>▪ If the employee has a deduction for state-owned parking, see Notes, State-owned Parking below.</li> <li>▪ Deductions for privately owned parking frequently pay for parking in advance. If the employee will not keep the parking space in the new position and pays for parking in advance, delete the deduction in the current pay period.</li> <li>▪ For other voluntary deductions, determine if the employee will have enough pay to cover them; if not, notify gaining agency.</li> <li>▪ If the employee has a wage withholding order, recalculate it for the final pay.</li> </ul>	<p>If there is time and you will delete some deductions for the final pay, wait to delete them until after the gaining agency has cloned the employee.</p>
<p>8. Use the P370 Calculation of Current Pay-off screen to check your entries. Make sure the employee will not have a net pay negative for the final payment from your agency. <b>DO NOT REQUEST A MANUAL CHECK.</b></p>	<p>See the OSPA Reference Manual, Screen Descriptions, P370.</p>

<b>Action</b>	<b>More</b>
<p>9. Notify the gaining agency when:</p> <ul style="list-style-type: none"> <li>▪ You have transferred leave to the clearing account</li> <li>▪ There are deductions that the gaining agency will need to “pick-up” for the transferring month</li> <li>▪ The employee’s information is ready for cloning</li> </ul>	
<p>10. Send original documentation to the gaining agency. See Notes, Documentation to Send below.</p>	
<p>11. Once the gaining agency has cloned the employee’s data, delete the deductions on the P070 screen for the next pay period, with the following exception:</p> <ul style="list-style-type: none"> <li>▪ The employee may have up to nine direct deposit deductions. Delete them in the earliest pay period that displays on the P190 Payroll Register Data screen. This will prevent an accidental direct deposit if you later set a corrective.</li> </ul>	<p>See the OSPA Reference Manual, Entry Guides, Direct Deposit and Notes, Direct Deposit below.</p>
<p>12. Once the gaining agency has cloned the employee’s data, delete the following, if applicable, for the following pay period:</p> <ul style="list-style-type: none"> <li>▪ If the employee opts out of medical or medical and dental insurance, delete the IR entry on the P050 Gross Pay Adjustments on File screen.</li> <li>▪ If the employee has domestic partner insurance and has not claimed the partner and/or children as tax dependents, delete the DPT entry on the P050 screen. If the P050 also includes a DPN and/or DPS entry, delete those as well.</li> <li>▪ If the employee declined PEBB benefits, delete WAIVERS on the P010 screen.</li> <li>▪ If the employee uses On-line Daily Time, wait until the employee’s supervisor has approved the time for the final month(s) and then delete the employee from the PSEC Time Entry Security Table screen.</li> </ul>	<p>See Exceptions, PEBB, Domestic Partner Insurance, PEBB Decline Benefits, and PEBB, Opt Out below</p> <p>See the OSPA Reference Manual, Screen Descriptions, PSEC.</p>

**GAINING AGENCY**

<b>Action</b>	<b>More</b>
<p>1. Confirm the PPDB data displayed on the P030 Job Status Data screen, including:</p> <ul style="list-style-type: none"> <li>▪ <b>JOB STAT START/STOP</b> – START = start date, STOP = 999999</li> <li>▪ <b>PT-FT CD/PCT</b> – is employee part-time or full-time?</li> <li>▪ <b>APPOINTMENT TYPE DT/CD</b></li> <li>▪ <b>PERSONNEL TRANS CODE:</b> 171, Transfer In – Promotion 173, Transfer In – Lower 175, Transfer In -- Equal</li> <li>▪ <b>BENEFIT PKG CD</b> – see the OSPA Reference Manual, Codes, Benefit Package Codes</li> <li>▪ <b>PERS JOB CLASS CODE</b></li> <li>▪ <b>WAGE BASIS CD</b></li> <li>▪ <b>TIMESHEET CD</b></li> </ul>	<p>See the OSPA Reference Manual, Screen Descriptions, P030.</p> <p>The JOB STAT START for the gaining agency should be one calendar day after the JOB STAT STOP for the losing agency. See Notes, PEBB Benefits below.</p>
<p>2. Review and make necessary changes for PEBB benefits:</p> <ul style="list-style-type: none"> <li>▪ Confirm coverage and start dates for the next pay period interfaced from PDB to the P070 screen in OSPA</li> <li>▪ If the employee will not have enough pay from the losing agency to cover the optional benefits for the current month, make one-time entries for the current month to force the optional benefits.</li> </ul>	<p>See Notes, PEBB Benefits below and the OSPA Reference Manual, Handbooks, PEBB Benefits.</p>
<p>3. Use the P071 screen to clone the employee’s data from the losing agency. The P071 screen will clone the data on the following screens:</p> <ul style="list-style-type: none"> <li>▪ P010 Withholding Data / Locator Data</li> <li>▪ P020 Work Schedule Data</li> <li>▪ P050 Gross Pay Adjustments on File</li> <li>▪ P070 Deductions and Deduction Adjustments (excluding PEBB benefits)</li> </ul> <p>To clone:</p> <ul style="list-style-type: none"> <li>▪ Press [PAUSE] to clear the screen.</li> <li>▪ Type P071 Employee ID or SSN losing agency gaining agency pay period end date (optional): P071 OR##### ##### ##### or P071,OR#####,#####,#####.</li> <li>▪ Press [ENTER] and watch for the message “JU04-1 RECORDS CLONED.”</li> </ul> <p>If you do not enter a date after the gaining agency, OSPA will clone the entries with a current month start date.</p>	<p>See the OSPA Reference Manual, Screen Descriptions, P071.</p> <p>OSPA does not clone PEBB benefits; they will interface from PDB.</p>

Action	More
<p>4. After cloning, review non-PEBB voluntary deductions on the P070 Deductions and Deduction Adjustments screen.</p> <ul style="list-style-type: none"> <li>▪ Make sure union deductions are appropriate. See Notes, Union Dues / Fair Share below.</li> <li>▪ DAS Facilities Parking will designate the deduction and plan code if the employee has applied for or changed state-owned parking. See Notes, State-owned Parking below.</li> <li>▪ The employee may have up to nine direct deposit deductions. If you clone them from the losing agency, they will not pre-note again. See the OSPA Reference Manual, Entry Guides, Direct Deposit.</li> <li>▪ <b>CAUTION:</b> If the employee has a deferred compensation deduction in both agencies for the same month, OSPA will make two deductions.</li> </ul>	
<p>5. Confirm the employee's work schedule on the P020 screen is correct, including:</p> <ul style="list-style-type: none"> <li>▪ <b>START DATE</b></li> <li>▪ <b>WS CODE</b> – see the OSPA Reference Manual, Codes, Work Schedule Codes</li> <li>▪ <b>SHIFT START</b> – 24-hour clock, HHMM</li> <li>▪ <b>SHIFT CODE</b> – 1 = day, 2 = evening, 3 = night</li> </ul>	
<p>6. Review the P010 Withholding Data / Locator Data screen and make any necessary changes, including:</p> <ul style="list-style-type: none"> <li>▪ <b>FINAL CHECK ISSUED</b> and <b>FINAL CHECK PERIOD ENDING</b> – change to 000000 if dates are present</li> <li>▪ <b>FEDERAL / STATE WITHHOLDING</b> – change if employee submits a new W-4. See Notes, Income Tax Withholding below, and various entries under Exceptions below.</li> <li>▪ <b>RTMT SYST</b> – make sure the value cloned from the losing agency matches the PERS JOB CLASS CODE on the P030 screen for your agency. See the crosswalk on the DAS HRSD web site: <a href="http://www.oregon.gov/DAS/HR/docs/ppdb/WageJobClassCde.pdf">http://www.oregon.gov/DAS/HR/docs/ppdb/WageJobClassCde.pdf</a> . See the OSPA Reference Manual, Handbooks, Public Employees Retirement System.</li> <li>▪ <b>RTMT STAT</b> – make sure the value cloned is appropriate for the employee's new position</li> <li>▪ <b>WAIVERS</b> – make sure entries, if any, are still valid. See Exceptions, PEBB, Decline Benefits below.</li> </ul>	<p>See the OSPA Reference Manual, Screen Descriptions, P010.</p>

Action	More
<p>7. Make any additional entries unique to the employee, including:</p> <ul style="list-style-type: none"> <li>▪ If the employee opts out of medical or medical and dental insurance, confirm the IR entry on the P050 screen. See Exceptions, PEBB Opt Out below.</li> <li>▪ If the employee has domestic partner insurance and has not claimed the partner and/or children as tax dependents, confirm the applicable DPT, DPN, DPS entries on the P050 screen. See Exceptions, PEBB Domestic Partner Insurance below.</li> <li>▪ If the employee will be using On-line Daily Time, enter the employee on the PSEC Time Entry Security Table screen. See the OSPA Reference Manual, Screen Descriptions, PSEC.</li> </ul>	
<p>8. Notify the losing agency when you have finished cloning the employee's information.</p>	
<p>9. After the employee's START DATE on the P030 screen, adjust the employee's leave balances on the P435 Leave Data screen:</p> <ul style="list-style-type: none"> <li>▪ Transfer any existing sick (SL), vacation (VA), furlough obligation (LA), military (ML), and pre-retirement (PR) leave from the clearing account. Carefully evaluate the furlough obligation.</li> <li>▪ If the employee had Excess Vacation Leave (VF) in the losing agency, use the P435 screen to add a new pay type and add the remaining VF leave balance.</li> <li>▪ If it is between the day before Thanksgiving and January 31 and the employee took governor's leave in the losing agency, use the P435 screen to add the GL as a new pay type and record the GL taken.</li> </ul>	<p>See Notes, Leave below and the OSPA Reference Manual, Handbooks, Leave Accrual and Reporting</p> <p>If the employee's new benefit package does not include the VF leave type, contact OSPS.</p>
<p>10. If the employee is eligible for personal business:</p> <ul style="list-style-type: none"> <li>▪ If the employee has PB in the Clearing Account, transfer it out</li> <li>▪ After the first leave accrual, review the employee's personal business balance on the P430 or P435 Employee Leave Data screen. If LARS gave the employee a new PB balance, adjust the PB to reflect the amount of PB the employee has remaining for the fiscal year from the losing agency. <b>NOTE:</b> this will be zero if the employee has already used all his/her PB for the fiscal year.</li> </ul>	<p>See Notes, Leave, Personal Business below</p>

## **NOTES**

**Direct Deposit** – Cloning direct deposits on the P070 screen prevents them from going through the pre-note process again. Do not change the employee's direct deposits from the losing agency unless the employee submits a new OSPA.99.19 Paycard Form (sign up or cancel) or OSPA.99.25 Direct Deposit Form (Sign up, Cancel/Stop, or Suspend). See the OSPA Reference Manual, Entry Guides, Direct Deposit.

**Documentation to Send** – Send the gaining agency the original documents that authorize and/or document deductions from or adjustments to the employee's pay or protected leave. They may include:

- Current W-4
- IRS Lock-in Letter or DOR Determination Letter
- Direct deposit forms
- PEBB Affidavit of Domestic Partnership
- PEBB Domestic Partner Certification for Dependent Tax Status
- PEBB forms, including Standard Life Insurance enrollment forms prior to 2005
- Food drive deductions
- Charitable fund drive deductions
- Wage withholding orders
- FMLA / OFLA hours
- SAIF Notices for a Workers' Compensation Claim

Remember that these documents contain personal confidential information. Follow the DAS Statewide Policy 107-004-100 Transporting Information Assets (see Resources below) in sending them to the gaining agency.

**Income Tax Withholding** – See Exceptions below for:

- IRS Lock-in or DOR Determination Letters (MANDATORY WITHHOLDING)
- Employees with an out-of-state duty station
- Foreign Nationals

See the OSPA Reference Manual, Handbooks, Income Taxes, for:

- Different withholding allowances for federal and state taxes
- Employees who claim exemption from withholding or more than 10 withholding allowances
- Invalid W-4's

### **Leave**

For additional information, see the OSPA Reference Manual, Handbooks, Leave Accrual and Reporting.

**Accruals** – For sick leave and vacation leave, the losing agency should advance the employee's leave that will accrue for the losing agency after run 2 for the month in which the employee leaves. If the employee leaves before run 2 of the prior month, also advance leave for the prior month.

**Excess Vacation Leave** -- In the 2007-09 biennium, only Management and Executive Service employees had a furlough obligation. During that biennium, the MAX ALLWD on the PTB1

screen for VA for these employees increased to 425 hours. On January 1, 2010, the MAX ALLWD returned to 350 hours. For those employees who had >350 hours of VA when the December leave accrual ran, LARS moved the hours >350 into an Excess Vacation Leave Account. Employees have until June 30, 2013 to use this leave with pay type VF.

For the losing agency, when an employee with a VF balance transfers to another state agency, tell the gaining agency the number of hours remaining. Then, adjust the VF balance for your agency to zero.

The gaining agency will add the leave type on the P435 Leave Data screen and add the leave hours. See the OSPA Reference Manual, Handbooks, Leave Accrual and Reporting, Entries. NOTE: originally, the VF leave type was only in the XX benefit package. Contact OSPS if you need to add it to the employee's new benefit package.

**Furlough Obligation** -- When an employee transfers to another state agency, the losing agency will transfer the employee's LA balance to the clearing account (even if 0.00).

LARS does not load an LA balance for an employee who transfers into a new agency. For the gaining agency, carefully evaluate the employee's furlough obligation. The employee's furlough obligation from the losing agency reflects the employee's base salary and full-time / part-time status with that agency. The obligation may be different for the gaining agency. Once you have calculated the correct obligation for your agency, make adjustments on the P435 screen to reflect the employee's obligation in the new agency minus furlough time taken in the losing agency.

**Governor's Leave** – When authorized by the Governor, eligible employees may take governor's leave between the day before Thanksgiving and January 31. If the employee has already taken GL in the losing agency, the employee is not entitled to additional GL in the gaining agency. The P430 screen will include GL with a negative balance when the employee has taken the leave. Each year, LARS zeroes out any existing balance during the September leave accrual process.

If an employee transfers between the day before Thanksgiving and January 31 and has already taken GL in the losing agency, payroll notifies the gaining agency. Payroll in the gaining agency can add the GL leave balance on the P435 screen to prevent the employee from taking additional GL in that year. See the OSPA Reference Manual, Handbooks, Leave Accrual and Reporting, Entries for instructions on adding a leave type.

**Leave Accrual Service Code (LASC) Change** – LARS uses the LASC to calculate the number of hours of accrued vacation leave the employee will receive in a given month. An automated program in the PPDB sets the LASC. It interfaces to OSPA with Personnel Action Code 232 Service Related Data Change or 237 Compensation Related Data Change. The PPDB provides a monthly audit report that lists employees who are eligible for a new LASC. The third working day of the following month, the PPDB Automated Step Increase (ASI) program will automatically update the LASC for the eligible employees. The change will be effective for the prior month. LARS uses the new LASC for the leave accrual process after run 2 final for that month.

The ASI will create a new job segment when the employee's LASC changes. For most benefit packages, the change will be effective on the beginning of the prior month. There are a few

benefit packages where the effective date will coincide with the employee's RECOG SVC DT on the P030 screen. Changes for those benefit packages may be effective anytime during the month.

When you are manually accruing (advancing) leave for a transferring employee, you need to use the LASC that is in effect during the applicable month(s). If an employee's LASC changes during the month, you will prorate the hours worked under each LASC.

For example:

- o An employee's LASC changed from 1 to 2 on the 15<sup>th</sup> of the prior month.
- o For the employee's benefit package the accrual rate for an LASC of 1 = 8 hours per month. The accrual rate for an LASC of 2 = 10 hours.
- o The full-time employee worked 80 hours between the 1<sup>st</sup> and 14<sup>th</sup> of the month and 96 hours between the 15<sup>th</sup> and 31<sup>st</sup> of the month.
- o The full-time hours for the month for the employee's schedule = 176 hours.
- o You would pro-rate the leave as explained below:

$$8 \text{ hrs per mo} \times \frac{80 \text{ hrs.}}{176} = 3.64 \text{ hrs.}$$

$$10 \text{ hrs per mo} \times \frac{96 \text{ hrs.}}{176} = 5.45 \text{ hrs.}$$

- o You would accrue 9.09 hours of vacation leave for the month.

If the employee's LASC changes in the employee's final month of employment with your agency, you may not know about the change until leave accruals process after final run 2 for that month. In that case, the employee will be on the E492 Terminated Employees Having Leave Balances Report (see below, this same section). In addition, the B470C, B470D and B470S Leave Accrual – Detail Transaction Registers will have the message "SEPARATED EMPLOYEE HAS LEAVE BALANCE." Research the reason for the message. You may need to transfer additional leave to the clearing account or pay-off the employee.

**Personal Business** -- During the monthly leave accrual process, LARS looks for eligible employees who do not have a PB balance. If the employee will be eligible to take PB before the end of the fiscal year, LARS will give the employee the PB balance the employee would have received at the beginning of the fiscal year. If the transferring employee used personal business while working at the losing agency, the employee is not eligible for the full balance.

The losing agency will transfer the PB balance (even if zero) to the clearing account with an expiration date of June 30 of the current fiscal year.

For the gaining agency, transfer this PB balance from the clearing account to the employee's leave balances in your agency. Also, check the PB balance after the leave accrual process runs and make any necessary adjustments on the P435 screen.

**Pro-rating Leave** -- If the employee will not work a full month in the losing agency and is eligible for sick and vacation leave accrual, pro-rate the accrual rate when you advance the leave. Use the following formula:

$$\text{Monthly accrual rate from PTB1} \quad X \quad \frac{\text{Employee's regular paid hours for mo}}{\text{F-T Hours for mo for employee's schedule}}$$

**Transfer of Sick, Military, and Pre-retirement Leave** – On the P435 screen, for the losing agency, transfer all of the employee's SL, ML and PR leave into the clearing account. SL will be a negative transaction; PR and ML will be positive transactions. For ML, enter an expiration date of the next September 30. For SL and PR, enter an expiration date of two years.

**Vacation Leave Accrual** – The losing agency will need to calculate the number of hours of vacation to accrue:

- The P430 and P435 screens have the employee's VA ACCR RATE. If the employee is job share, LARS multiplies the ACCR RATE by the PT-FT/PCT on the P030 screen.
- For full-time and part-time employees, calculate the amount of leave to accrue:

$$\text{Monthly accrual rate from P435} \quad X \quad \frac{\text{Employee's regular paid hours for mo}}{\text{F-T Hours for mo for employee's schedule}}$$

**Vacation Leave Pay-off** – Unless the employee is on trial service, s/he is entitled to a pay-off for any unused vacation leave that the gaining agency does not accept, up to the maximum amount designated in the applicable policy or bargaining agreement. NOTE: this does not include VF Excess Vacation Leave, which does not have a cash value.

First, transfer the amount of vacation leave the gaining agency will accept to the P420 Clearing Account screen. Next, on the P050 Gross Pay Adjustments on File screen, enter the pay-off, up to the maximum amount allowed. After the transfer and the P050 entry, if the employee still has a vacation balance, adjust the remaining balance to zero on the P435 screen.

**Vacation Leave Transfer** – The gaining agency is generally required to accept up to 80 hours of vacation leave. They may agree to accept more; the agreement must be in writing. The losing agency will use the P435 screen to transfer the VA hours the gaining agency will accept into the clearing account. On the P435 screen, use a negative amount and an expiration date of two years. If the gaining agency does not accept the employee's entire VA and the employee is eligible and will not use it in the last month with the agency, the losing agency will pay-off the additional VA, up to the maximum allowed.

**E492 Terminated Employees Having Leave Balances Report** – This report includes terminated employees (including employees who transfer out) who have leave balances after their separation dates on the P030 screen. The leave types listed on the report include CT, LA, ML, PB, PR, SL or VA. The balances may be in the ACCRUAL BAL or REMAIN ADV fields on the P430 Leave Data screen.

Some of the reasons that there may be leave remaining after an employee transfers include:

- LARS rounded the SL and VA accrual differently
- The employee recorded accrued compensatory time in the last month with the agency
- The employee's LASC changed during the final month
- After payroll transferred and paid-off VA, the employee still had a remaining amount on the P435 screen
- You missed transferring PB, LA, ML, or PR to the gaining agency

Take the applicable steps to bring the balances to zero. Notify the gaining agency's payroll office if you transfer additional balances into the clearing account.

The employee is entitled to receive pay for the remaining accrued comp time balance that you may have missed during the final processing. Unless the employee is still on trial service, the employee is also entitled to receive pay for the remaining balance of VA leave. Your agency may have a policy to write-off small fractions of leave. If either CT or VA has a negative balance, this may represent an overpayment to the employee. Follow your agency's business practices and OAM 45.50.00.PO and PR for collecting overpayments

After the employee's separation date on the P030 screen, you will not be able to make a P050 entry to pay-off a leave balance. You can request that OSPS make the entry:

- Bring up the employee's record on the P050 screen. (As long as the employee has a record on the P032 Job Status Display screen, OSPA will display the employee's ID and name on the screen.)
- Enter the PAY TYP, RATE, UNITS and work charge code(s) (if applicable).
- OSPA will not allow you to save it. With the data and screen message displayed, make a screen print.
- Write the reason for the adjustment on the screen print.
- Send the screen print to OSPS for entry.

See the OSPA Reference Manual, Report Descriptions.

**Overpayments** -- OAM 45.50.00.PO and PR Collection of Overpayment and bargaining agreements require that agency payroll deduct an outstanding overpayment from the employee's final wages from the agency. If the final payment does not cover the remaining balance, work with your agency's accounting staff to set up an account receivable and work out a repayment plan. For additional information, see OAM Chapter 35 Accounts Receivable Management.

**PEBB Benefits** – Under OAR 101-020-0047 Transfer, the losing agency normally pays the employee's premiums for the required or core PEBB insurances for the employee's final month with the agency, even if the employee does not work 80 hours in the last month. The employee is still responsible for the 5% employee contribution, minus any applicable subsidy the employee normally receives.

The core PEBB insurances include:

- Medical
- Dental
- Vision (if medical PPO)
- Agency paid pre-tax \$5,000 basic life (unless YJ benefit package)

If the employee will have enough pay, the losing agency also deducts the premiums for the optional PEBB insurances from the employee's final pay. If the employee will not have enough pay to cover the optional insurances, notify the gaining agency.

If the employee does not work 80 hours for the losing agency, you will need to "force" the premiums on the P070 screen by entering insurance deductions with an ADJ TYPE of A for the final month.

For the gaining agency, PDB will establish a start date for the next pay period. If the employee does not have enough pay from the losing agency to pay for optional insurances, the gaining agency payroll will need to make one-time entries on the P070 screen for the month in which the employee transfers (ADJ TYPE A).

For employees who have transfer personnel action codes in the PPDB, agencies do not approve the transfer in PDB and the employee will not receive a COBRA notice.

The benefits must transfer from the losing agency to the gaining agency without a lapse in benefit coverage. This will happen automatically if the gaining agency enters a start date in the PPDB which is one calendar day later than the losing agency's end date. All PEBB benefits should have the same begin and end dates.

**PERS EDX / jClarety** – After each payroll run 2, the DAS HRSD PERS Centralized Services Team prepares an electronic file for the PERS EDX / jClarety system. The file includes:

- Employment status data
- Hours worked
- Salary
- Employer / employee contributions
- Sick leave balance

**State-owned Parking** – Deductions for state-owned parking are for the current month. The losing agency will leave the deduction for the rental fee for DAS Parking for the month in which the employee transfers -- unless the employee's final pay will not cover the deduction. If the employee does not plan to rent the space for the entire month, the DAS Facilities, Parking and Commuting Section may pro-rate the amount.

If the employee will begin renting a state-owned parking space or change parking lots in the new agency, DAS Parking and Commuting will send the gaining agency the deduction and plan code to use.

**Union Dues / Fair Share** – After cloning the employee's records, the gaining agency should make sure that the union related deduction(s) on the P070 screen are appropriate for the new employee's BENEFIT PKG CD on the P030 screen, see the OSPA Reference Manual, Codes, Benefits Package Code. If you need to make changes, **do not make the change between run 1 and run 2. If you make the correction between runs, you will create a vendor negative.**

If the employee changed bargaining units in general:

- Delete the dues / fair share deduction for the old bargaining unit
- Also review the employee's deductions for PAC or "people contributions" for the prior bargaining unit and delete those as well.
- If the employee has deductions for union sponsored insurances, work with the prior union to determine if the employee is still eligible for the insurances
- The new bargaining unit will notify the gaining agency of the deductions to enter, including dues / fair share and any PAC or people contributions

If the employee will still be represented by AFSCME or IAFF, make sure the employee will remain in the same local. If not, delete the old deduction and enter a new deduction with the correct local.

If the employee is an SEIU member (not fair share) and transfers to an unrepresented position (management service, classified unrepresented or unclassified):

- Delete the SEIU dues deduction
- Unless the employee makes a written request to SEIU to be excepted, enter a deduction for associate membership
- Delete the "Issues" deduction
- Keep the "OPAC Program" or "CAPE Program" deductions unless the employee makes a written request to SEIU to stop them

If the employee is an SEIU member and transfers to a position represented by another bargaining unit:

- Enter the deduction(s) for the new bargaining unit
- Only enter a SEIU associate membership deduction if the employee requests it in writing to SEIU. It will remain in effect until the employee makes a written request to SEIU to stop the deduction.
- If the employee transfers during the month, the losing agency will pro-rate the SEIU dues for the final month.

Under ORS 243.666, employees may exercise the right of non-association because of religious tenet or church teaching. With the agreement of the applicable union, the employee will pay the amount equivalent to monthly union dues to a nonreligious charity.

## **EXCEPTIONS**

**MANDATORY WITHHOLDING on the P010 Screen** – A Lock-in Letter from the IRS or a Determination Letter from the Oregon Department of Revenue overrides the employee's current W-4. The withholding requirements described in the letter will display on the applicable MANDATORY WITHHOLDING line on the P010 Withholding Data / Locator Data screen.

The gaining agency has the responsibility to continue the mandatory withholding in effect. When an employee transfers from one state agency to another, this data will automatically follow the employee to the new agency. It will display on the P010 screen even prior to cloning.

See the OSPA Reference Manual, Handbooks, Income Taxes.

**Foreign Nationals (Aliens)** -- For tax purposes, an alien is an individual who is not a U.S. citizen. The IRS classifies aliens as either nonresident or resident. Generally, the U.S. taxes resident aliens based upon their worldwide income, the same as U.S. citizens. The U.S. taxes nonresident aliens based upon their income from sources within the U.S. only and on certain income connected with the conduct of a trade or business in the U.S.

OSPS Form 99.01 Determination of Foreign National's Residency guides the agency and the employee who is not a lawful permanent resident through the substantial presence test to determine if the employee is a resident or nonresident alien. If the employee claims exemption from withholding because of a tax treaty, s/he will also need to complete IRS Form 8233 Exemption from Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual or IRS Form W-9 Request for Taxpayer Identification Number and Certification. See IRS Publication 15 (Circular E) Employer Tax Guide for instructions.

If the employee claims exemption from withholding, notify the OSPS Accountant.

If the employee is a nonresident alien and not exempt from withholding, you will need to adjust the withholding information on the P010 Withholding Data / Locator Data screen to increase the employee's withholding.

See the OSPA Reference Manual, Handbooks, Income Taxes, for additional information.

**Out-of-State Duty Station** – If you become aware that an employee has an out-of-state duty station, contact OSPS immediately. If the state is required to withhold taxes for another state, OSPS will register Oregon as an employer in that state, enter a deduction code on the PTD1 Payroll Deduction Table screen, and calculate the amount to withhold, based upon the current salary. Each month, enter a deduction on the P070 Deductions and Deduction Adjustments screen for the withholding. The OSPS Accountant will file the required reports and make the required payments to the other state.

Clues that may indicate an out-of-state duty station include:

- Employee's home address listed on the PBED screen in the PPDB or on the employee's W-4
- Employee's work phone listed on the PBED, PBET, or PBEV screen in the PPDB

See the OSPA Reference Manual, Handbooks, Income Taxes.

**PEBB Decline Benefits** – OAR 101-020-0018 allows employees to decline the right to the employer contribution and enrollment in any of the PEBB benefit plans. The employee's declination will interface to the P070 screen from PDB with deduction code OONN and plan code 005. Agency payroll will enter WAIVERS for health, dental and life insurance on the P010 screen. See the OSPA Reference Manual, Handbooks, PEBB Benefits.

**PEBB Domestic Partner Insurance** – Under federal and state tax law, health insurance benefits provided by an employer to an employee and the employee's spouse or eligible dependents are not taxable to the employee. The employee may submit a PEBB Domestic Partner Certification for Dependent Tax Status to claim the employee's domestic partner and/or the partner's children as tax dependent(s). If the employee does not, the market or imputed value of the benefit for the domestic partner and/or the DP's eligible children is taxable income to the employee.

Agency payroll makes a DPT (Domestic Partner Taxable) entry on the P050 Gross Pay Adjustments on File screen when an employee has medical and/or dental insurance coverage for a domestic partner and/or the DP's children and they are not tax dependents. This makes the imputed value of the premium taxable income and increases the employee's federal and state income, social security and Medicare taxes.

If a job share or part-time employee has out-of-pocket costs for the domestic partner insurance, the agency may also make a negative DPN (Domestic Partner non-Taxable) entry on the P050 screen. This reduces the employee's taxable income by the out-of-pocket costs.

For PEBB 2012 plan year, PEBB implemented surcharges for non-participation in the HEM, tobacco use and covering a domestic partner or spouse when the partner or spouse is eligible for other employer medical coverage. These surcharges have separate pre-tax deduction codes. The imputed value of the surcharge attributed to a domestic partner is taxable to the employee. To

record this non-cash taxable income, agency payroll makes a positive DPS entry on the P050 screen.

See the OSPA Reference Manual, Handbooks, PEBB Benefits.

**PEBB Opt Out** – OAR 101-020-0015 allows an employee who has medical and dental coverage under another employer sponsored group medical plan to opt out of PEBB medical or medical and dental insurance. The employee who opts out may receive cash in lieu of coverage. Agency payroll enters an IR pay code on the P050 screen to give the employee the cash. See the OSPA Reference Manual, Handbooks, PEBB Benefits.

## TROUBLESHOOTING

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## SUPPORTING DOCUMENTATION / FORMS

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Links to many of these forms are available from the OSPS website:

<http://oregon.gov/DAS/SCD/OSPS/forms.shtml>

- OSPS.99.19 Paycard Form (sign up, cancel)
- OSPS.99.23 Direct Deposit Form (sign up, cancel, suspend)
- IRS Form W-4
- OSGP Forms
- Parking, Bus Pass, and Mass Transit forms
- PEBB Insurance Forms

If an employee is a foreign national, the employee may need to submit the following. See the OSPA Reference Manual, Handbooks, Income Taxes, for additional information.

- OSPS Form 99.01 Determination of Foreign National's Residency
- IRS Form 8233 Exemption from Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual
- IRS Form W-9 Request for Taxpayer Identification Number and Certification

## RESOURCES

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IRS Publication 15 (Circular E) Employer's Tax Guide, <http://www.irs.gov/pub/irs-pdf/p15.pdf>

Net pay / withholding calculators:

- <http://www.irs.gov/individuals/employees/index.html>
- <http://www.paycheckcity.com/netpaycalc/netpaycalculator.asp>

PEBB:

- Employee Benefits web site, <http://oregon.gov/DAS/PEBB>
- Agency Information web site, <http://oregon.gov/DAS/PEBB/PDB/>

PERS web site, <http://oregon.gov/PERS>

State HR Policies, <http://oregon.gov/DAS/HR/rules.shtml>

Bargaining agreements, <http://oregon.gov/DAS/HR/CBAs.shtml>

Oregon Accounting Manual, [http://oregon.gov/DAS/SCD/SARS/oam\\_toc.shtml#Payroll](http://oregon.gov/DAS/SCD/SARS/oam_toc.shtml#Payroll)  
 State Enterprise Security policies, <http://www.oregon.gov/DAS/EISPD/ESO/Policies.shtml>  
 OSPS News Archives, February 28, 2006, "Important Alert Regarding SEIU Dues Deductions"  
<http://listsmart.osl.state.or.us/pipermail/osps-news/2006-February/000509.html>  
 State Agency Payroll Contacts, OSPS web site,  
<http://oregon.gov/DAS/SCD/OSPS/docs/pubs/ospsagcycontact.pdf>

## **REPORTS**

See the OSPA Reference Manual, Report Descriptions for additional information.

- E322-01 Deductions Past Job Ending Date
- E122-077-01, E122-077-02 Employee Furlough Leave Used
- B075A, B075B Gross Pay Adjustments
- E260-100 Gross Pay Over 2.0 x Adj Base Exception Report
- E370-06-1 Income Tax Exemptions
- XREF51 PEBB Insurance Exceptions
- E460 Leave Accrual – Adjustments and Transfers
- B470C, B470CM, B470D, B470S Leave Accrual – Detail Transaction Register
- E260-200 Net Pay Negative Report
- XREF24 P & F Extra Retirement Units for Terminated Employees
- E120-052B, E122-042B, E122-042C PEBB Domestic Partner Report
- XREF17 Regular Contributions for Terminated Employees
- E357-030 Separated Employees with Net Pay Positive Adj
- E421-260-1 EID Security Table Entries by RDC/Supervisor
- E492 Terminated Employees with Leave Balances (see Notes above)

## **ATTACHMENTS**

See the OSPS web site for examples of agency checklists for processing transfers,  
<http://oregon.gov/DAS/SCD/OSPS/checklist.shtml#Transfers> .

## **REVISION HISTORY**

<b>Date</b>	<b>Rev. No.</b>	<b>Modification</b>
02/22/07	1.0	Original
04/20/07	1.1	Correct cloning instructions
09/12/07	1.2	Foreign nationals, out-of-state duty station, clarification of leave accrual
01/08/08	1.3	Correct ORS 243.666
02/14/08	1.4	Clarify PERS job class code
02/29/08	1.5	Clarify vacation leave payoff
06/02/08	1.6	New Entry Guides, Leave, Advance, & May 16, 2008 OSPS Users' Forum best practices discussion

<b>Date</b>	<b>Rev. No.</b>	<b>Modification</b>
03/17/09	1.7	Clarify PB accrual for new employees, 2009 PEBB changes, LA, EICRPT title change
05/07/09	1.8	Clarify PB accrual process
11/19/10	1.9	End savings bond deductions, LA and VF leave types, handbooks, codes, revised direct deposit / AccelaPay forms, PB and LA leave may be zero on P420 screen, PEBB plan year 2011, end of AEITC
03/11/11	1.10	Income Taxes Handbook, WR #3760, change XREF51 title
07/13/11	1.11	OSPS.99.08 & .11 to OSPS.99.25; title change for OSPS.99.19; E421-260-1 SSN to EID; E260-200 added to Net Pay Negative report; correct B470 report numbers; change link for wage/job class codes; corrections for jClarety process
03/14/12	1.12	WR #3859, PEBB 2012; reminders about union deductions; correct typos