NORTHWEST OHIO AREA COMPUTER SERVICES COOPERATIVE
<u>CHANGING FROM 26 PAYS TO 24 PAYS</u>

1) If you have a deadline in place, it's important to notify staff several months in advance (or more) so they can change their banking needs if necessary (some staff members have auto-draws set up for payments to fall on the same days as a paydate).

2) Set your calendar showing 24 pays and how they will be tied to pay periods. The decision to make about setting your paydates is important. Avoiding the 30th or 31st will avoid hassles at year-end, and avoiding dates on the 1st of the month will also be better to avoid a paydate that happens to 'hit' January 1. The most common paydate cylces are the 5th and the 20th and the 10th and the 25th.

3) Once you set your paydates, you'll need to decide how to assign your pay periods to be consistent. Each paydate needs a pay period assigned to it. **BEFORE YOU OFFICIALLY SET YOUR NEW PAYDATES**, please refer to any negotiated agreements or board policies you may have that describes how to deal with a payday falling on a holiday. With your new paydates falling on actual DATES, you will sometimes hit weekends or holidays. Most districts move up the paydate to the week day immediately prior to the weekend or holiday paydate. For instance, if you are using the 5th and 20th, and the 20th falls on a Sunday, would you want that paydate to be moved to the Friday preceding the holiday (the 18th)? **This needs to be a consistent decision as long as you have 24 pays**.

4) You will need to notify both STRS and SERS as soon as possible with your payroll date/period changes and when those will take place.

5) Notify your withholding agents (annuities, HSAs, etc.) of the payroll changes as it may require the recalculation of withholding to fit with two payrolls a month (especially if a particular deduction is calculated for 26 pays).

6) Be sure to check your maximum amounts on deductions to ensure you can still use those calculations.

7) Notify your bank with the change of paydates, especially since you will often find yourself adjusting paydates to account for holidays or weekends. Also find out in advance what your processing schedule will be for each of these paydates to get your direct deposits to the bank on time.

8) Determine how you want to implement the change. The least stressful seems to be to bring on groups during the summer as their old contracts expire. For instance, if you have employees who are considered "July 1 contracts" you could set them up for 24 pays right away on their new contracts and align their two pays in July to fall on your regular July paydates. When your "August 1 contracts" are ready to set up for new pay, you would do the same, setting up the contracts for 24 pays and then just paying the July 1 and August 1 contract employees on the two dates available in August. When you get to the "September 1 contracts" you will then bring the last of the employees over to 24 pays.

    If you have any odd contract start dates, it's still possible to use this scenario and just align their paydates as best you can to fall with the existing paydates until all are converted.

9) Keep in mind, if your pay periods fall over several weeks, you will need to manually calculate overtime for overtime-possible employees. With a pay period sometimes falling midway of a week, you'll need to calculate each week for anyone who may be eligible for overtime to be sure you don't miss paying someone accurately for overtime. This means keeping a separate spreadsheet for weeks worked for overtime-eligible employees to ensure you are adhering to federal overtime requirements.

10) Communicate often with staff about the official change to 24 pays so they are not surprised.

A sample conversion schedule:

(Old payroll dates)
July 9 2021
July 23 2021
August 6 2021
August 20 2021
September 3 2021

(For example purposes only, if changing to the 5th and 20th of each month)

July 1 contract start date employees would have new contract information set for 24 pays.

Still pay July 1 contract start date employees on July 9 and July 23 to avoid having to do separate payrolls.

August 1 contract start date employees would have new contract information set for 24 pays.

Still pay July 1 and August 1 contract start date employees on August 6 and August 20 to avoid doing separate payrolls.

September 1 contract start date employees would have new contract information set for 24 pays.

Pay ALL contracts with new paydates of September 3 and September 20 (September 3 because September 5 falls on a Sunday)

From that point forward, you will continue paying on the 5th and 20th of the month with paydates adjusted as needed for holidays and weekends.

NOTE: YOU CAN ALSO JUST RUN SEPARATE PAYROLLS YOU BRING IN NEW PEOPLE, BUT THAT IS HIGHLY DISCOURAGED AND THIS SEEMS TO WORK MUCH BETTER. There is also an option to mass load to switch everyone at once, but that comes with its own set of problems. Please let us know if you would prefer the mass load option.