

## NEW EMPLOYEES

### **PURPOSE**

---

This recommended practice describes the generic steps for setting up an employee who is new to state service in OSPA.

### **AUTHORITY / REFERENCES**

---

**PERS:**

- ORS Chapter 238 and 238A, <http://www.leg.state.or.us/ors/> <http://www.leg.state.or.us/ors/243.html>
- OAR Chapter 459 – Public Employees Retirement System, [http://arcweb.sos.state.or.us/pages/rules/oars\\_400/oar\\_459/459\\_tofc.html](http://arcweb.sos.state.or.us/pages/rules/oars_400/oar_459/459_tofc.html)

**PEBB:**

- ORS 243.125, <http://www.leg.state.or.us/ors/243.html>
- OAR Chapter 101 – Public Employee Benefit Board, [http://arcweb.sos.state.or.us/pages/rules/oars\\_100/oar\\_101/101\\_tofc.html](http://arcweb.sos.state.or.us/pages/rules/oars_100/oar_101/101_tofc.html)

**Wage and Hour:**

- ORS Chapter 292 – Salary and Expenses of State Officers and Employees, <http://www.leg.state.or.us/ors/292.html>
- ORS Chapter 652, <http://www.leg.state.or.us/ors/652.html> , and 653, <http://www.leg.state.or.us/ors/653.html> – Wage and Hour

Collective Bargaining Agreements: <http://oregon.gov/DAS/HR/pages/cbas.aspx>

HR State Policies: <http://oregon.gov/das/hr/pages/rules.aspx>

### **SCOPE / APPLICABILITY**

---

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

# **RESPONSIBILITIES**

<b>Entity</b>	<b>Responsibility</b>
Hiring Manager	<ul style="list-style-type: none"> <li>• Hires employee and establishes employment terms</li> <li>• Communicates hire and terms to Agency Human Resources</li> <li>• If employee is a foreign national (alien), notifies HR. See Exceptions, Foreign Nationals (Aliens) below.</li> <li>• If employee has an out-of-state duty station, notifies HR. See Exceptions, Out-of-State Duty Station below.</li> </ul>
New Employee	<ul style="list-style-type: none"> <li>• Submits forms as needed. See Supporting Documentation / Forms below.</li> <li>• Self-enrolls for PEBB benefits</li> </ul>
Agency Human Resources	<ul style="list-style-type: none"> <li>• Determines PERS status and notes on Personnel Action if contributions should begin immediately</li> <li>• Enters employment information in the PPDB</li> <li>• If employee has an out-of-state duty station, notifies agency payroll. See Exceptions, Out-of-State Duty Station below.</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, Foreign Nationals (Aliens) below.</li> <li>• Sends PA to agency payroll office</li> </ul>
Agency Payroll Office	<ul style="list-style-type: none"> <li>• Ensures benefit data is entered in PEBB “dot” benefits (PDB) and interfaces to OSPA</li> <li>• Confirms accuracy of data entered in the PPDB and interfaced to OSPA by reviewing the P030 Job Status Data screen in OSPA or the PBED screen in the PPDB</li> <li>• Makes entries in OSPA. See 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 OSPA Form 99.01 Determination of Foreign National’s Residency and verifies documentation. See Exceptions, Foreign Nationals (Aliens) below.</li> <li>• If the employee is a nonresident alien who is subject to income tax withholding, makes tax adjustments on the P010 screen. See Exceptions, Foreign Nationals (Aliens) below.</li> <li>• If the employee claims exemption from income tax withholding or claims more than 10 withholding allowances, notifies OSPS. See the Statewide Payroll Reference Manual, Payroll Processes, Income Taxes.</li> <li>• If the employee has an out-of-state duty station, contacts OSPS. See Exceptions, Out-of-State Duty Station below.</li> </ul>
Parking Section, Facilities Division, Department of Administrative Services (DAS), <a href="mailto:state.parking@state.or.us">state.parking@state.or.us</a>	<ul style="list-style-type: none"> <li>• Designates deduction and plan code if employee signs-up for state-owned parking</li> </ul>

<b>Entity</b>	<b>Responsibility</b>
Applicable Union for Represented Employees	<ul style="list-style-type: none"> <li>• Notifies agency payroll of employee's choice of union membership</li> <li>• Approves nonreligious charity if employee exercises right of non-association. See Exceptions, Union Dues below.</li> </ul>
Oregon Statewide Payroll Services (OSPS), State Controller's Division (SCD), Department of Administrative Services (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 for annual IRS Form W-2 and other applicable forms</li> <li>• Forwards IRS Form W-4 to the Oregon Department of Revenue (DOR) if the employee claims exemption from withholding or more than 10 withholding allowances. See the Statewide Payroll Reference Manual, Payroll Processes, Income Taxes.</li> </ul>

## **SYSTEMS / APPLICATIONS**

<b>System / Application</b>	<b>Functionality</b>
Position and Personnel Database (the PPDB)	<ul style="list-style-type: none"> <li>• The new employee's information is available in OSPA after entered and saved in the PPDB</li> <li>• Data sent to PDB nightly</li> <li>• Sends new hire information to EDX/jClarety after run 2 final</li> </ul>
PEBB "dot" benefits (PDB)	<ul style="list-style-type: none"> <li>• Interfaces the employee's enrollments for PEBB benefits to the P070 Deductions and Deduction Adjustments screen in OSPA every two minutes</li> <li>• Notifies the insurance companies of the employee's insurance selections on the Friday after entry in PDB</li> </ul>
Oregon Statewide Payroll Application (OSPA)	<ul style="list-style-type: none"> <li>• After each final payroll run sends payments to vendors</li> <li>• After run 2 final sends: <ul style="list-style-type: none"> <li>▪ Hours worked and the P070 screen entries to PDB</li> <li>▪ Subject hours and salary and contributions to PERS EDX/jClarety</li> </ul> </li> </ul>
Leave Accrual and Reporting System (LARS)	<ul style="list-style-type: none"> <li>• Generally, the first night after each run 2 final, updates accrued leave for all eligible employees. See Notes, Furlough Obligation and Personal Business Leave below and the Statewide Payroll Reference Manual, Payroll Processes, Leave Accrual and Reporting.</li> </ul>
Oregon Savings Growth Plan (OSGP)	<ul style="list-style-type: none"> <li>• Sends employee's enrollment in deferred compensation to the P070 screen in OSPA for processing during each preliminary run 2. See Notes, OSGP below.</li> </ul>
PERS EDX/jClarety	<ul style="list-style-type: none"> <li>• Maintains record of employee membership, subject wages and hours, and contributions to PERS. See the Statewide Payroll Reference Manual, Payroll Processes, Public Employee Retirement System.</li> </ul>

## **PREREQUISITES**

Agency Payroll cannot enter employee data in OSPA until a Human Resource staff member has entered the new hire information in the PPDB and the data is available in OSPA.

Each employee must have a work schedule on the P020 Work Schedule Data screen before OSPA will generate a timesheet or a payment for the employee.

Each employee must have income tax withholding information on the P010 Withholding Data / Locator Data screen. If the payroll office does not enter withholding information, OSPA will default to single with zero tax withholding allowances. See the Statewide Payroll Reference Manual, Payroll Processes, Income Taxes.

## **RECOMMENDED PRACTICE**

<b>Action</b>	<b>More</b>
<p>1. Confirm the data from the PPDB on the P030 Job Status Data screen, including:</p> <ul style="list-style-type: none"> <li>▪ <b>JOB STAT START/STOP</b> – START = hire 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>EMP REPR</b> – employee’s bargaining unit, if represented</li> <li>▪ <b>PERSONNEL TRANS CODE</b> – see <a href="http://oregon.gov/DAS/HR/Pages/hrss.aspx#PPDB">http://oregon.gov/DAS/HR/Pages/hrss.aspx#PPDB</a> Group for definitions</li> <li>▪ <b>BENEFIT PKG CD</b> – see the Statewide Payroll Reference Manual, OSPA System Related Documentation, Codes, Benefit Package Codes</li> <li>▪ <b>PERS JOB CLASS CODE</b> – see Notes, PERS, Starting Contributions below</li> <li>▪ <b>WAGE BASIS CD</b></li> <li>▪ <b>TIMESHEET CD</b></li> </ul>	<p>See the Statewide Payroll Reference Manual, OSPA System Related Documentation, Screen Descriptions, P030</p> <p>Note: Limited duration or seasonal employees may have a future STOP date (rather than 999999) for the job segment.</p>
<p>2. Enter new employee’s work schedule on the P020 Work Schedule Data screen, including:</p> <ul style="list-style-type: none"> <li>▪ <b>START DATE</b></li> <li>▪ <b>WS CODE</b> – See the Statewide Payroll Reference Manual, OSPA System Related Documentation, Codes, Work Schedule Codes</li> <li>▪ <b>SHIFT START</b> – 24-hour clock, HHMM, defaults to 0800</li> <li>▪ <b>SHIFT CODE</b> – 1 = day, 2 = evening, 3 = night, defaults to 1</li> </ul>	<p>See the Statewide Payroll Reference Manual, OSPA System Related Documentation, Screen Descriptions, P020</p>

Action	More
<p>3. Make applicable entries on the P010 Withholding Data / Locator Data screen, including:</p> <ul style="list-style-type: none"> <li>▪ <b>TAX DATA FOLLOW-UP FLAG</b> – change to N after entering withholding information</li> <li>▪ <b>FINAL CHECK ISSUED</b> and <b>FINAL CHECK PERIOD ENDING</b> – change to 000000 if dates are present (indicates a re-hire)</li> <li>▪ <b>RETIREMENT START DATE</b> – enter date if employee is new to public service and not yet a member of Tier 1, Tier 2 or OPSRP. See Notes, PERS, Starting Contributions below.</li> <li>▪ <b>FEDERAL / STATE WITHHOLDING</b> – must have W-4 from employee. See Notes below and the Statewide Payroll Reference Manual, Payroll Processes, Income Taxes.</li> <li>▪ <b>RTMT SYST</b> – See Notes, PERS, Starting Contributions below</li> <li>▪ <b>RTMT STAT</b> – See Notes, PERS, Starting Contributions below</li> <li>▪ <b>RTMT ACCT</b> – PERS Tier 1 or Tier 2 only, optional field</li> <li>▪ <b>FICA SUBJ</b> – Y</li> <li>▪ <b>SAIF SUBJ</b> – Y</li> <li>▪ <b>UNEM SUBJ</b> – Y</li> <li>▪ <b>WAIVERS</b> – if employee declines PEBB benefits. See Exceptions, PEBB Decline Benefits below</li> </ul>	<p>See the Statewide Payroll Reference Manual, OSPA System Related Documentation, Screen Descriptions, P010</p> <p>If the employee has worked for another state agency or public employer, PERS contributions may begin immediately. See Notes, PERS, Starting Contributions below.</p> <p>NOTE: some positions or individuals may not be subject to FICA, SAIF or UNEM. See the Statewide Payroll Reference Manual, Payroll Processes, Income Taxes for FICA information. Follow your agency's practices for SAIF and unemployment.</p>
<p>4. If eligible, confirm that employee has self-enrolled or enter employee's insurance selections in PDB.</p> <ul style="list-style-type: none"> <li>▪ If employee has not declined PEBB benefits, ensure employee has the following core (or required) PEBB insurances:           <ul style="list-style-type: none"> <li>○ Medical (or has opted out)</li> <li>○ Vision (if PPO medical plan)</li> <li>○ Dental (or has opted out)</li> <li>○ Basic life (unless YJ benefit package)</li> </ul> </li> </ul>	<p>See Notes, PEBB Benefits below</p> <p>See the Statewide Payroll Reference Manual, OSPA System Related Documentation, Codes, Deduction Codes; Handbooks, PEBB Benefits and Screen Descriptions, PTD1 and PTD2.</p>

<b>Action</b>	<b>More</b>
<p>5. Enter additional voluntary deductions on the P070 Deductions and Deduction Adjustments screen.</p> <ul style="list-style-type: none"> <li>▪ If the employee is in a represented position, ensure that you have received a notice from the union of the employee's membership choice. If you have not received notice before the end of the employee's first month of employment, enter a fair share deduction for the applicable union. OSPA will look-up the amounts from the PTD2 screen or programming. Some unions also have a second "issues" deduction. See Exceptions, Union Dues below.</li> <li>▪ If the employee has applied for parking in a state-owned lot, DAS Facilities Parking will give you the deduction and plan code. OSPA will look-up the amounts from the PTD2 screen.</li> <li>▪ If the employee elects to participate in the Oregon Savings Growth Plan, the deduction will load for payroll run 2 from the electronic file from ING, the OSGP third-party administrator. See Notes, OSGP below and the Statewide Payroll Reference Manual, OSPA System Related Documentation, Interfaces, OSGP.</li> <li>▪ The employee may have up to nine direct deposit deductions. See the Statewide Payroll Reference Manual, Payroll Processes, Direct Deposit.</li> </ul>	<p>See the Statewide Payroll Reference Manual, OSPA System Related Documentation, Codes, Deduction Codes and Screen Descriptions, PTD1 and PTD2.</p>

Action	More
<p>6. 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, make an IR entry on the P050 Gross Pay Adjustments on File screen. See Exceptions, PEBB Opt Out below and the Statewide Payroll Reference Manual, Payroll Processes, PEBB Benefits.</li> <li>▪ If the employee has domestic partner insurance and has not claimed the partner and/or the partner's children as tax dependents, make applicable DPT, DPS and DPN entries on the P050 screen. See Exceptions, PEBB Domestic Partner Insurance below and the Statewide Payroll Reference Manual, Payroll Processes, PEBB Benefits.</li> <li>▪ If the employee declines all PEBB benefits, make entries on the P010 screen. See Exceptions, PEBB Decline Benefits below and the Statewide Payroll Reference Manual, Payroll Processes, PEBB Benefits.</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 Statewide Payroll Reference Manual, OSPA System Related Documentation, Screen Descriptions, PSEC.</li> </ul>	

## NOTES

**Furlough Obligation** -- For the 2011-13 biennium, most state employees are required to take a set number of unpaid furlough hours during the biennium. Collective bargaining agreements (CBA) and HR State Policy govern the number of hours and business rules for the furlough obligation. The employee's PERSONNEL BASE RATE \* PT-FT PCT on the P030 Job Status Data screen defines the employee's furlough tier. LARS looks to the LA FURLOUGH LV# on the PTB1 Payroll Benefit Package Table screen to determine the number of LA hours to accrue for each tier. At the end of each biennium, LARS will zero out the remaining balance .

During the monthly leave accrual process, LARS looks for new hires entered in the PPDB since the last leave accrual. It uses the DAS HRSD Furlough Obligation Chart, <http://oregon.gov/DAS/HR/pages/reductions.aspx> to pro-rate the employee's remaining furlough obligation. The P430 Employee Leave Data screen will not include the furlough obligation for a new employee until the leave accrual process runs after payroll run 2 for the employee's first month of employment. If the employee needs to take a mandatory furlough day prior to the leave accrual, LARS will accept a negative LA balance. When the accrual runs, LARS will subtract the negative leave taken from the accrual. **CAUTION:** If agency payroll makes any manual adjustments to furlough on the P435 Employee Leave Data screen prior to the first leave accrual, LARS will not accrue the LA obligation.

Part-time and job share employees have a pro-rated furlough obligation based upon their regularly scheduled hours. OSPA will use the PT-FT PCT \* PERSONNEL BASE RATE on the P030 screen to pro-rate the furlough obligation. Agency payroll will need to modify the obligation if the employee works more or less than the regularly scheduled hours. See DAS HRSD Cost Reduction Frequently Asked Questions, <http://oregon.gov/DAS/HR/pages/reductions.aspx>

LARS will not calculate furlough obligation for seasonal employees. Agency payroll will need to calculate their furlough obligation manually. See DAS HRSD Cost Reduction Frequently Asked Questions, <http://oregon.gov/DAS/HR/pages/reductions.aspx>

Monitor new employees to make sure LARS pro-rated the beginning balance correctly. If needed, make adjustments on the P435 Employee Leave Data screen.

See the Statewide Payroll Reference Manual, Payroll Processes, Leave Accrual and Reporting.

**Income Tax Withholding** – See Exceptions below and the Statewide Payroll Reference Manual, Payroll Processes, Income Taxes for more information on the following:

- Different withholding allowances for federal and state taxes
- Employees who claim exemption from withholding or more than 10 withholding allowances
- Invalid W-4's
- IRS Lock-in or DOR Determination Letters
- Employees with an out-of-state duty station (see Exceptions, Out-of-state Duty Station below)
- An employee who is a citizen of another country [see Exceptions, Foreign Nationals (Aliens) below]

**OSGP** -- Do not make Oregon Savings Growth Plan (deferred compensation) entries on the P070 screen unless directed to do so by an OSGP staff member. The OSGP third-party vendor (currently ING) will send an electronic file to OSPA. The application will load deduction entries on the P070 screen during preliminary run 2. Typically, employee requests take effect at least one pay period after the request. For example, a participant making an entry at ING's web site in January would generally see the change in March.

Typically, OSGP will only contact payroll to make P070 entries for unusual circumstances, such as:

- Participation in the Max-Plus or Catch-up programs
- A final check

**PEBB Benefits** -- Unless directed to do so by a PEBB staff member, do not make on-going PEBB benefit entries on the P070 Deductions and Deduction Adjustments screen. Instead, the employee will self-enroll in PDB or an agency staff member will enter the employee's insurance enrollment in PDB, which will interface the deduction information to OSPA. Effective January 1, 2011, the employee will have 30 days to enroll.

Normally, a non-job share employee must have at least 80 regular paid hours in a month to qualify for PEBB benefits for the next month. In the employee's first month, the employee is eligible for PEBB benefits, regardless of the number of regular paid hours. OSPA uses the RECOG SVC DT on the P030 screen to identify new employees in their first month.

See Exceptions, PEBB Benefits below and the Statewide Payroll Reference Manual, Payroll Processes, PEBB Benefits.

**PERS, Starting Contributions** – In partnership with PERS and agency human resources, a payroll staff member determines if, and when the state will begin contributing to PERS on behalf of a new employee. Payroll then makes the required entries in the RTMT SYST and RTMT STAT fields on the P010 Withholding Data / Locator Data screen.

The following list gives general guidelines for starting contributions. Agency payroll needs to research a particular employee prior to making the P010 screen entry. If the PERS JOB CLASS CODE on the P030 Job Status Data screen is:

- **1, 2, 4, 5, 6, 7, 8, 9, H, P, T, U, Y, or Z**, start contributions effective with the first paycheck
- **B, D, M, N, O, R, or X**, the employee will not be eligible for PERS contributions or is a State Legislator who has opted out. Make sure that the RTMT SYST and RTMT STAT fields on the P010 screen both have N.
- **G, F, E, L or S**, determine whether the employee has worked six full calendar months with a public employer or is currently dormant with PERS
  - If so, start contributions effective with the first paycheck
  - If not, determine the first month the employee will be eligible for contributions and enter the RETIREMENT START DATE on the P010 screen. (See the PERS Employer Manual, [http://oregon.gov/PERS/EMP/docs/er\\_general\\_information/employer\\_manual.pdf](http://oregon.gov/PERS/EMP/docs/er_general_information/employer_manual.pdf) or the PERS Contribution Start Date Worksheet, <http://oregon.gov/DAS/HR/docs/ppdb/startdate.pdf> )
- **3 or C**, the employee is a state Legislator who has chosen to have the 6% PERS employee contribution deposited to a deferred compensation account. Legislators must make an election within 30 days of taking office.

The RTMT SYST on the P010 screen should match the PERS JOB CLASS CODE on the P030 screen. When it is time to start PERS contributions, use the PERS Wage Job Class Code Worksheet on the DAS Human Resource Services Division (HRSD) Systems and Services web site (<http://oregon.gov/DAS/HR/docs/ppdb/wagejobclasscde.pdf> ) to determine the P010 RTMT SYST.

**CAUTION: If there is a value other than N in the RTMT SYST field, OSPA will make employer contributions on behalf of the employee. If the RTMT SYST field is N, OSPA will not make an employee contribution, even if the RTMT STAT value is D or E.**

If the employee's PERS status is not evident from the PPDB, contact the employee or PERS.

Notify your HR office if the code used in the PPDB is not correct.

See the Statewide Payroll Reference Manual, Payroll Processes, Public Employees Retirement System

**Personal Business Leave** – Eligible employees receive a set number of personal business hours each fiscal year. For existing employees, at the end of the fiscal year, LARS zeroes out the balance from that fiscal year and gives employees a new balance for the new fiscal year. The employee cannot carry the balance into the next year and PB does not have a cash value. Bargaining agreements and statewide policy determine the eligible employees and the number of hours.

During the monthly leave accrual process, LARS looks for new employees entered in the PPDB since the last leave accrual. If the employee will be eligible to take PB before the end of the fiscal year, LARS will give the identified eligible new employees the PB balance the employees would have received if they had been working at the beginning of the fiscal year. The controls in OSPA will prevent them from using the PB before the WAIT period on the PTB1 Payroll Benefit Package Table screen.

Part-time and job share employees receive a pro-rated amount of personal business. Monitor new employees to make sure LARS pro-rated the beginning balance correctly. If needed, make adjustments on the P435 Employee Leave Data screen.

See the Statewide Payroll Reference Manual, Payroll Processes, Leave Accrual and Reporting.

## **EXCEPTIONS**

---

**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 employee who is not a lawful permanent resident through the substantial presence test to determine if the employee is a resident or a 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.

If the employee is exempt from income or FICA tax withholding, notify the OSPS Accountant. If the employee is a nonresident alien and not exempt from income tax 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 IRS Publication 15 (Circular E) Employer's Tax Guide.

See the Statewide Payroll Reference Manual, Payroll Processes, Income Taxes.

**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 of Oregon as the employer is required to withhold taxes for another state, OSPS will register the state of 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. You will need to make a monthly P070 Deductions and Deduction Adjustments screen entry 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 Statewide Payroll Reference Manual, Payroll Processes, Income Taxes.

**PEBB Decline Benefits** – OAR 101-020-0018 allows employees to decline the right to the employer contribution and enrollment in all of the PEBB benefit plans. If the employee declines PEBB benefits, you will need to make entries on the P010 screen. See the Statewide Payroll Reference Manual, Payroll Processes, PEBB Benefits.

**PEBB Domestic Partner Insurance** – Under federal and state income and FICA 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, and FICA (social security and Medicare) taxes and withholding.

If a job share or part-time employee has part-time medical insurance and 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.

Employees may pay surcharges if the covered domestic partner:

- Could have obtained insurance through another employer plan
- Reported the use of tobacco
- Chose not to participate in the Health Engagement Model or did not complete the HEM health assessment or the required e-learning lessons by the deadlines

A positive DPS entry on the P050 screen records the imputed value of the surcharges for the domestic partner and increases the employee's reported federal and state income, social security and Medicare subject wages and withholding.

See the Statewide Payroll Reference Manual, Payroll Processes, PEBB Benefits.

**PEBB Opt Out** – OAR 101-020-0015 allows an employee who has health insurance coverage through 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. See the Statewide Payroll Reference Manual, Payroll Processes, PEBB Benefits.

**Transfers** – See the Statewide Payroll Reference Manual, Payroll Processes, Transfers.

**Union Dues** – Under ORS 243.66 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.

## **TROUBLESHOOTING**

---

Intentionally left blank

## **SUPPORTING DOCUMENTATION / FORMS**

---

Applicable forms include the following:

- OSPS Forms, <http://www.oregon.gov/DAS/SCD/OSPS/Pages/form.aspx>
  - OSPS.99.19 Pay Card Form (signup or cancel)
  - OSPS.99.25 Direct Deposit Form (signup, cancel/stop or suspend)
- IRS Form W-4, <http://www.irs.gov/pub/irs-pdf/fw4.pdf>
- OSGP Forms, [http://oregon.gov/PERS/OSGP/osgp\\_forms.shtml](http://oregon.gov/PERS/OSGP/osgp_forms.shtml)
- Parking, Bus Pass, and Mass Transit forms, <http://www.oregon.gov/DAS/FAC/pages/parking/forms.aspx>
- PEBB Insurance Forms, <http://www.oregon.gov/das/pebb/pages/forms.aspx>

If an employee is a foreign national, the employee may need to submit the following. See the Statewide Payroll Reference Manual, Payroll Processes, 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**

---

U.S. Internal Revenue Service (IRS), <http://www.irs.gov/>

- IRS Publication 15 (Circular E) Employer's Tax Guide
- Form W-4 Employee's Withholding Allowance Certificate
- Form W-9 Request for Taxpayer Identification Number and Certification
- Form 8233 Exemption from Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual

Oregon Revised Statutes (ORS), <http://www.leg.state.or.us/ors/>

- Chapters 237, 238 and 238A Public Employees Retirement System
- Chapter 243 Public Employee Rights and Benefits
- Chapter 292 Salary and Expenses of State Officers and Employees
- Chapter 652 Wage and Hour

Oregon Administrative Rules (OAR), <http://arcweb.sos.state.or.us/pages/rules/access/numerically.html>

- Chapter 101 – Public Employee Benefit Board
- Chapter 459 – Public Employees Retirement System

Human Resource Services Division, Department of Administrative Services,

<http://www.oregon.gov/das/hr/pages/index.aspx>

- State HR Policies, <http://www.oregon.gov/das/hr/pages/rules.aspx>

- Collective Bargaining agreements, <http://www.oregon.gov/DAS/HR/pages/cbas.aspx>
- Cost Reductions, <http://www.oregon.gov/DAS/HR/pages/reductions.aspx>
- Personnel Transaction Codes,  
[http://www.oregon.gov/DAS/HR/Pages/hrss.aspx#PPDB\\_Group](http://www.oregon.gov/DAS/HR/Pages/hrss.aspx#PPDB_Group)
- Wage Job Class Code Crosswalk,  
<http://www.oregon.gov/DAS/HR/docs/ppdb/wagejobclasscde.pdf>

Public Employees Benefit Board:

- Information for Members, <http://www.oregon.gov/das/pebb/pages/index.aspx>
- Information for Agencies, <http://oregon.gov/DAS/PEBB/PDB/>

Public Employees Retirement System, <http://oregon.gov/PERS/>

Statewide Payroll Reference Manual,

<http://www.oregon.gov/DAS/SCD/OSPS/Pages/referencemanual.aspx>

Net pay / withholding calculators:

- <http://www.irs.gov/individuals/index.html?navmenu=menu1>
- <http://www.paycheckcity.com/netpaycalc/netpaycalculator.asp>

## **REPORTS**

---

See the Statewide Payroll Reference Manual, OSPA System Related Documentation, Report Descriptions for additional information on the following reports:

- XREF01 Deduction Reconciliation
- E357-020 Employees Eligible for Participation in Retirement
- E497 Employees with Non-Blank Waiver Codes
- B075A, B075B Gross Pay Adjustments
- E370-06-1 Income Tax Exemptions
- XREF51 PEBB Insurance Exceptions
- E120-052B, E122-042B, E122-042C PEBB Domestic Partner Report

## **ATTACHMENTS**

---

See the OSPS web site, [http://oregon.gov/DAS/SCD/OSPS/pages/checklist.aspx#New\\_Hires](http://oregon.gov/DAS/SCD/OSPS/pages/checklist.aspx#New_Hires) for samples of agency-developed checklists for processing new employees.

## **REVISION HISTORY**

---

<b>Date</b>	<b>Rev. No.</b>	<b>Modification</b>
02/08/07	1.0	Original
09/12/07	1.1	Out-of-state duty station, foreign nationals
02/13/08	1.2	New PERS wage job class codes

<b>Date</b>	<b>Rev. No.</b>	<b>Modification</b>
01/15/09	1.3	PB accrual process, PEBB 2009 Plan Year changes, EICRPT title change, E497 number added to report, link updates
01/20/09	1.4	Update IRS withholding calculator link
05/21/09	1.5	Clarify P010 RTMT SYST and RTMT STAT; PB accrual the last 6 months of the fiscal year
01/28/10	1.6	Appendices to codes; Handbooks; WR#3560, LA
01/12/11	1.7	WR#2564, Legislature OSGP for PERS; WR#3671, pay PEBB benefits even if <80 hrs.; WR#3722, PEBB waiver to PEBB decline, opt out of dental and end PEBB paid basic life; change in direct deposit forms; WR#3700, end savings bonds through payroll deductions; WR#3735, end AEITC
03/15/11	1.8	WR#3760, EXREF51 title change; Income Tax Handbook
05/09/11	1.9	OSPS.99.25 replaced OSPS.99.08 and OSPS.99.10
07/25/11	1.10	Update Wage/Job Class Codes link
10/18/11	1.11	Update Secretary of State links; timing for union dues / fair share entry; PERS wage / job class codes; furloughs for 2011-13 biennium
05/17/12	1.12	WR#3859, PEBB 2012