

# SECTION 13: SPECIAL PROCESSES

## Make Whole and Settlement Pay Awards

### INTRODUCTION

Settlement pay and make whole back pay are awarded in negotiated settlements between the employee's bargaining unit representative and the State or in arbitration awards. The language of each settlement is unique and the settlement must be processed according to specific provisions of the settlement agreement or arbitrator's award. Reference [AAM 310](#) and [AS 44.21.020](#).

Careful consideration must be given when preparing to make payment for a settlement or make whole award. Determine the *intent* of the negotiated agreement to know what is included and how to proceed. The agreement may be providing the employee with wages and additional service time for retirement. Or it may be a flat amount payment which does not include retirement service time. Knowing the intent will help determine the appropriate pay codes and what benefits are to be applied.

### PROCEDURES

#### **Settlement Pay**

**In Lieu Of Notice Pay** – A negotiated settlement for **permanent** employees only. An employee is dismissed and is given up to two weeks pay at their annualized hourly rate of pay without performing work. This type of pay, E360, does not include retirement service time or leave accruals. The employee is separated on the 10 and A1 screens based on the last day actually worked.

**Non-Wage Awards** - A negotiated or arbitrated award to pay the employee a flat dollar amount. The pay code, E365 does not provide retirement service time or leave accruals. The employee is separated on the 10 and A1 screens based on the last day actually worked.

#### **Make Whole Award**

A make whole is a negotiated or arbitrated award to pay an employee for a specified period of time as if they had been working, less earnings from other sources. The pay codes used are E103/E104 and other applicable premium pay earnings codes specified in the agreement. The employee is granted service time for the make whole period and AKPAY is corrected to reflect active status on the 10 and A1 screens for the time period specified.

#### **Gather Documents and Clarify the Agreement**

Once the make whole agreement is received, determine the scope of the agreement and what benefits are involved. It may be necessary to discuss the agreement with Labor Relations to understand the full intent of the agreement. Refer to the Make Whole Employee Check List to ensure the appropriate preparation has been made to process a make whole and guarantee the employee has been notified of pertinent information.

1. Review the employee's AKPAY screens to determine what benefits and voluntary options the employee had prior to the separation. Contact the employee through Labor Relations to give options and provide appropriate forms.

## SECTION 13: SPECIAL PAY PROCESSES, MAKE WHOLE AND SETTLEMENT PAY AWARDS

2. Contact the Health Trusts or Retirement & Benefits for health insurance, other benefit amounts, and eligibility.
3. Contact Division of Finance (DOF) if the employee had a child support, court order, or tax levy deduction. The appropriate entity will be contacted to determine if a balance owed by the obligor exists. A new order may need to be issued if a withholding order has lapsed.

### Calculate Gross Wages

Back pay for the make whole period is calculated by computing what the employee would have normally earned less earnings from other sources. Using the Make Whole Spreadsheet template, calculate the pay the employee would have received during the make whole period. Pay should be listed by pay period with calendar year totals.

- **Pay Increases**

Consider pay changes which may have occurred had the employee continued to work.

- **Merit Anniversary Increases** – Wages are adjusted for merit increases that would have been awarded during the make whole period if so granted, agreed to, or ordered.
- **Pay Increments** - Adjust wages for Pay Increments in accordance with [AS 39.27.011](#).
- **Performance Incentives** - Adjust wages for performance incentives in accordance with collective bargaining agreements.
- **Cost of Living and Salary Increases** – Adjust wages due for pay increases that would have been awarded if so granted, agreed, or ordered to, such as a mass salary update per contract language. Apply to back wages retroactive to the date of the increase.
- **Class Study changes** – Apply the results of any class study results to the position and wages.

- **Premium Pay**

Unless otherwise specified in the make whole agreement, use the following guidelines for paying premium pay.

- **Overtime** – No compensation is paid for overtime unless specified in the award. If specified, overtime is calculated on the employee's average overtime hours actually worked in the 12 months immediately preceding the make whole period.
- **Shift Differential** is paid in accordance with the employee's regular schedule. If the employee was assigned to a shift schedule immediately preceding the make whole period, the differential would continue to be paid. Calculate shift pay on work hours only, excluding holidays, using a Monday through Friday schedule.
- **Standby** - No compensation is paid for standby unless specified in the award and the employee's department has a written policy of maintaining a standby roster.
- **Hazard Pay or Sea Duty** – If a replacement employee was assigned to hazard pay or sea duty during the make whole period, the employee will be due this premium using the actual number of hours of hazard pay or sea duty earned by the replacement employee.

- **Holiday Compensation**

[AAM 310.080](#). The employee will be compensated at the appropriate rate for holidays if the employee would have worked the day before and the day after a scheduled holiday during the make whole period.

## SECTION 13: SPECIAL PAY PROCESSES, MAKE WHOLE AND SETTLEMENT PAY AWARDS

Floating Holidays - An employee in a bargaining unit with a floating holiday will have hours added to the employee's leave account if the employee will continue working beyond the make whole period. If the employee is separated at the end of the period, the accrued leave will be paid out as terminal leave.

- **Leave Adjustments**

### **Personal or Annual**

[AAM 310.090](#). Personal or annual leave that would have accrued during the make whole period will be added to the employee's leave account if the employee will continue working beyond the make whole period. If the employee is separated at the end of the period, the accrued leave will be paid out as terminal leave. The leave is paid using an E403 if the hours are not on the B2 screen or an E404/405 if hours are posted prior to payment. Use the departmental terminal leave cash in override collocation code.

### **Mandatory leave**

Mandatory leave provisions are not applied, as the employee would not have been given an opportunity to use leave if they were not at work.

### **Sick Leave**

Sick leave balances will be restored to pre-separation levels if the employee continues working. This includes sick leave, excess sick leave, and donated leave balances. In addition, sick leave that would have accrued during the make whole period is added to the employee's leave account.

### **Repayment of Personal or Annual Leave Cashed Out**

[AAM 310.100](#). Employees continuing to work beyond the make whole period will be given a one-time opportunity to buy back personal or annual leave paid out at the time of layoff or separation. If the hours are posted back in the same year they were paid, collect from the gross make whole wages using an E404/405 with negative hours and dollars. If it is collected back in a later year, post the hours back to the B2 screen with an E960/965 and collect the dollars using a V061 salary overpayment code. Follow standard overpayment procedures and contact the [salary overpayment desk](#) in the Division of Finance.

### **Union Business Leave Assessment**

[AAM 310.110](#). During the make whole period, if the bargaining unit had a business leave assessment of all members, take a deduction from the employee's leave balance. Use the appropriate business bank earnings code with positive hours.

- **Gross Amount Offsets to Back Pay**

[AAM 310.050](#). The employee has an obligation to mitigate back pay damages by making reasonable efforts to find interim employment and provide documentation of earnings. The determination for identifying offsets should be handled between the union and Labor Relations. Offset wages will reduce all employer costs, with the exception of retirement contributions. Use code E119, Salary Overpayment Gross Recovery, when collecting offset wages. Gross amount make whole wages will be offset by the following:

- Full time employment earnings – gross wages from all paying jobs held by the employee, including retirement earnings received
- Part-time employment earnings

## SECTION 13: SPECIAL PAY PROCESSES, MAKE WHOLE AND SETTLEMENT PAY AWARDS

- Overtime earnings during the interim period
- Self-employment earnings – including such things as daycare
- Willfully incurred income losses – such as turning down gainful employment
- In kind income at fair market value – such as painting a house, the going rate for a painter may be deducted
- Inability to work due to the illness of self or a family member – If the employee is ill or injured and would not have been working, that period of time is not paid or would be covered by available accrued leave
- Inability to work due to incarceration or other absences
- In Lieu of Notice Pay, E360 and possibly other Settlement Pay, E365

- **Strike Wages**

[AAM 310.070](#). No adjustments will be made for strike pay and no back pay will be made to the employee for any period while the employee could have participated in a sanctioned strike against the employer.

- **Legal Trust**

[AAM 310.130](#). For those bargaining unit members in GGU, SU, or KK (7/1/2004), the employer will pay retroactive premiums for the make whole period for applicable employee E481/E482/E483 and employer V802/V803/V810 legal trust contributions. This is an employee fringe benefit and is subject to SBS and taxes by the employee.

- **Supplemental Benefits System (SBS)**

[AAM 310.140](#). Contributions to SBS are limited to the maximum allowed in the year the settlement is paid. Use a Payroll Calculation sheet to determine the current year maximum withholding amount. If the employee worked and was paid in the current year the make whole is being paid, access the B4 screen for the E500 SBS amounts already contributed. Using that amount plus the amounts calculated on the spreadsheet, only contribute up to the maximum amount allowed for the year. Take employee E500 and matching employer E800 contributions.

- **SBS Voluntary and Other Benefits**

[AAM 310.150](#). **Coordination with Retirement & Benefits to confirm actual contribution amounts to be withheld is required.**

### **Benefit Year**

If the make whole period crosses a benefit year, the employee must be given the opportunity of an open enrollment to select benefit options for the current year only. Other benefits, unless noted below, continue from separation up to the end of that benefit year.

### **SBS Voluntary**

Voluntary SBS contributions will be deducted and paid retroactive only to the beginning of the benefit year in which the settlement is paid. Contributions will be the same amount in effect prior to the layoff or separation. If an open enrollment period or a qualifying status change has occurred during the make whole period, the employee is entitled to change SBS voluntary benefits upon reinstatement.

For example, a make whole is paid in 2005 for 03/01/2004 through 09/30/2005. The E501 amount in effect 03/01/2004 was \$15.00. No E501 will be taken 03/01/2004 through 06/15/2005. The

## SECTION 13: SPECIAL PAY PROCESSES, MAKE WHOLE AND SETTLEMENT PAY AWARDS

employee can opt to change selections beginning 06/30/2005 for the month of July. Begin the new elections, or if the employee does not re-enroll, take the previous election with new rates in effect on 07/01/2005 for the period of 06/30/2005-09/30/2005.

### **Dependent Care (DCRA) or (DCAP)**

DCRA contributions will only be made for the current benefit year in which the settlement is paid. Deductions are not taken if the employee did not incur childcare expenses during the current year of the make whole period. Deductions are not taken for prior tax years.

### **Health Flexible Spending Account (HFSA)**

Per IRS rules, an employee may not contribute retroactively to their HFSA account, though they can contribute up to the annual limit for the current year if they are reemployed. If an open enrollment period or a qualifying status change has occurred during the make whole period, the employee is entitled to change HFSA benefits upon reinstatement.

Contact Retirement & Benefits or appropriate Trust to determine if the employee is eligible to make payments up to the annual limit in the year they are reemployed.

### **Deferred Compensation**

[AAM 310.160](#). Employee deferred compensation contributions are limited to the maximum allowed in the year the settlement is paid.

The employee must have had a previous election prior to separation and elect in writing to have deferred compensation deducted from back pay. The employee must actually perform services in the year being made whole and can contribute up to the elected amount for that year. It is limited to the maximum amount allowed by the plan in the year payment is made unless catch up provisions apply.

For example:

If the employee was contributing \$1000 a pay period at the time of their separation, and had 3 missed pay periods in the first year of make whole, 24 missing pay periods in the second year of make whole and the limit for the current year was \$17000, they would be eligible to make up \$3000 from year one because they had been working, and they could not make up anything from year two because they did not actually work. In the current year, if they returned to work they could make the 1<sup>st</sup> year \$3000 missed deferrals, plus the balance of the current year contributions maximum (\$14,000). If they did not return to work, they would not be able to contribute beyond the \$3,000.

If the employee had an active deferred compensation contribution set up prior to termination, they can elect up to the maximum allowed in the years they actually performed services for the employer.

If the employee did not have deferred compensation set up at termination and will be re-hired, made whole and remain active, they can enroll in the deferred compensation plan and have deferred compensation taken out of the settlement up to the maximum in the current year.

If the employee did not have deferred compensation at termination and was being made whole but not returning to work, Retirement & Benefits would need to make the determination as to eligibility. An employee with a previous election may ask to have no deferred compensation taken from the make whole by completing a deferred compensation form to cancel enrollment.

## SECTION 13: SPECIAL PAY PROCESSES, MAKE WHOLE AND SETTLEMENT PAY AWARDS

In all cases, notify Retirement & Benefits, Deferred Compensation coordinator prior to payment to determine final eligibility and the amount to be taken.

### Public Employees Retirement System

Employee and employer contributions are required for employees who would have been eligible for PERS during the make whole period. The calculations are based on the compensation that would have been paid to the employee had there been no break in service at the rates in effect during the make whole period. See the prior appropriate Payroll Calculation Sheets for rates.

A copy of the first page of the actual settlement agreement showing the summary of the award granted and a copy of the final make whole spreadsheet must be sent to Retirement & Benefits, Active Employee Payroll section. Spreadsheets for part-time employees who are being made whole must also include hours that would have been worked.

Gross offsets (reductions to make whole compensation for earnings from other sources) will **not** reduce the basis on which PERS contributions are calculated. Employer contributions are due on the whole settlement amount regardless of any offsets. Employee contributions to PERS are pretax and automatically taken on the remaining payment (total make whole less gross offsets). Employee contributions on any gross offsets are calculated and repayment is optional. The employee should be given the option of establishing a post tax indebtedness account or having contributions taken as pretax when the payment is made. If there is not enough gross pay to cover the full contribution amount, an indebtedness account will be established through Retirement & Benefits.

**For example**, the employee is separated and is receiving retirement pay. The employee also worked at a non-state part-time position during which time a make whole is awarded. The total gross amount of the make whole period is calculated, this is the PERS base, and employer PERS contributions will be taken on the entire amount calculated. The gross amount received from retirement wages and the gross amount from the part-time job is subtracted from the gross make whole amount.

\$75,000 = total gross calculated for the make whole period.

\$75,000	PERS base x 6.75% (EE PERS) = \$5,062.50 employee PERS amount
(\$20,000)	less retiree offset
<u>(\$5,000)</u>	less part-time job offset
\$50,000	Gross make whole amount to be paid with employee contributions:
	\$50,000 x 6.75% = \$3,375.00 – automatically taken in make whole payment.
	\$25,000 x 6.75% = \$1,687.50 – employee payment option: pre-tax in make whole or post tax as an indebtedness to be paid in the make whole or at some future time.

### Determine Retirement Plan – Defined Benefits (DB) or Defined Contribution Retirement (DCR)

Employees in PERS Tier I, II, or III and TRS I or II are in Defined Benefits (DB). This plan has only one employee and one employer contribution based on the employee's Occupational plan. Use actual percentages in effect during the make whole, providing sub-totals of contributions by calendar year. See section below on *Completing the Worksheet*.

Employees in PERS Tier IV and TRS Tier III, which began 7/1/2006, are in Defined Contribution Retirement (DC). This plan has one employee contribution and five employer contributions. Of the four employer contributions, the employer match, employer OD&D, and the employer major

## SECTION 13: SPECIAL PAY PROCESSES, MAKE WHOLE AND SETTLEMENT PAY AWARDS

medical are percentage of PERS gross pay. The employer HRA is a flat amount to be taken every full or partial pay period to equal the monthly amount in effect at the time. Beginning 7/1/2007, an additional employer Defined Benefit Unfunded Liability (DBUL) must be taken up to the percentage in effect during the make whole.

### **Reinstatement of PERS Refund**

[AAM 310.180](#). If the employee received a PERS account refund at separation and is subsequently made whole, the employee may reinstate the prior refund. Once the make whole adjustments are completed and PERS is notified, an indebtedness account will be established for the employee. PERS will contact the employee with repayment options and advise on the effects of indebtedness on retirement.

If the employee is not returning to work and wants to receive an additional refund of PERS contributions from the make whole payment, a separate application to the Division of Retirement & Benefits will be required.

If the employee received retirement benefits and elects to remain retired after the make whole settlement, retirement benefits will be recalculated to include the additional service and any necessary adjustments will be made.

### **Health Insurance**

[AAM 310.190](#). Health insurance will be reinstated from the date it lapsed and the employer will pay the premiums at actual amounts in effect during the make whole period. The employee portion of retroactive health insurance premiums will be deducted from GROSS make whole pay.

Notify the appropriate Health Trust or Select Benefits of the additional eligibility coverage. Inform the employee to submit all claims directly to the health insurance carrier. If the make whole period crosses a benefit year or the employee had a qualifying status change, offer an open enrollment selection. Employee premiums continue at the rate in effect at the time of separation or layoff until a new benefit year is reached. For the ASEA Trust, if no open enrollment elections are made, the employee portion converts to the default amount beginning the new benefit year following the separation or layoff. For Select Benefits, if no open enrollment elections are made, the same employee premiums continue until a change is initiated.

Update the A1 screen health insurance in AKPAY by reversing the sequences which showed the employee as ineligible. If the employee will not be returning to work, add a new ineligible date of the first day of the month after the date the employee is terminated and premiums have been paid.

In some cases, the make whole agreement may specify alternative arrangements for handling health insurance.

- **Federal Tax Withholding**

The Internal Revenue Code, constructive receipt, requires the reporting of income to the IRS in the year the payment is made. Prior year wages paid in the current year are taxed and reported to the IRS in the year paid. Federal tax is withheld at the withholding rate the employee had at the time of layoff or separation, unless the employee submits a new form W-4 prior to the payment being made.

If the employee had a flat amount in addition to the normal withholding, the flat amount is not taken on the make whole warrants. Exempt withholding is valid only for the payroll year the form was submitted and set up in AKPAY. If the make whole payment is made in the same year as the separation, the withholding still applies unless the employee submits a new W-4 form. If the payment

## SECTION 13: SPECIAL PAY PROCESSES, MAKE WHOLE AND SETTLEMENT PAY AWARDS

is made in a subsequent year, the withholding is no longer valid and would not be applied without a current year W-4 form.

- **Medicare Deductions**

[AAM 310.200](#). Compensation resulting from arbitration awards and settlements will be treated as income in the year paid. Medicare taxes are calculated on income at the rate in effect for the year the compensation is paid. There is no limit on compensation or income subject to Medicare Tax.

If the employee was Medicare eligible at the time of layoff or separation, then Medicare would be taken. If the employee was NOT Medicare eligible at the time of layoff or separation, then Medicare would not be taken, as there would no longer be a break in service.

See the [Include/Exclude](#) matrix for the appropriate earnings codes to use in determining the Medicare base for the Medicare Tax calculations.

### Net Amount Offsets to Back Pay

- **Unemployment Wages**

[AAM 310.060](#). The NET amount of make whole wages shall be offset by unemployment benefits received by the employee during the make whole period. The amount should be provided by the employee. As of 2007, amounts can no longer be obtained through the Department of Labor, Employment Security, Benefit Payment Control. The amount is collected using a V7xx, department specific miscellaneous deduction code. Once the amount is collected in AKPAY, the Payroll Services Section must provide back up to the employee's fiscal office to issue an AKSAS check from the department's miscellaneous deduction code account to the Department of Labor.

At the end of the year the make whole is paid, the Department of Labor will issue the employee a form 1099-G for repaid unemployment benefits. The employee may be eligible to take the credit on their current year income tax return.

To correct the employee's unemployment wages with the Department of Labor, DOF will need to complete a Correction of Wage Item form. This correctly reports the make whole payment in the appropriate quarters.

- **Garnishments/Child Support/Levies**

If the employee had an active order at the time of separation and a termination order has not been received, the deduction is still in effect. Contact DOF in advance of submitting the make whole online request so the appropriate entity can be contacted to determine if a balance is still owed by the employee. A new order may need to be issued if a withholding order has lapsed. Garnishments and levies still in effect are taken on each of the warrants issued for the make whole.

- **Select Life or Group Life Insurance**

Premiums in effect at the time of layoff or separation will be deducted and paid during the make whole period retroactive to the date of layoff or separation. Re-evaluate the flat amount based on the employee's base pay and age, if the make whole period crosses benefit years, in case the employee's age or salary causes the amount to change.

## SECTION 13: SPECIAL PAY PROCESSES, MAKE WHOLE AND SETTLEMENT PAY AWARDS

- **Union Dues**

[AAM 310.120](#). If at the time of layoff or separation, the employee had a valid dues authorization form on file, the form is still valid and dues should be collected. Determine if dues rates have changed during the period being made whole. Calculate and collect payment for retroactive union dues at the actual rates in effect during the make whole period.

- **Overpayments**

Review the A5 and A7 AKPAY screens and the employee's file to determine if any unpaid payroll overpayments exist; including salary, moving, mileage, per diem, and equipment collections due.

### **Other Employer Costs**

- **Workers' Compensation**

Employer workers' compensation is a yearly premium. Once it is paid, the charge is inactivated for the remainder of the fiscal year. For this reason, prior and current year contributions are not collected on a make whole settlement.

- **Term Leave**

Employer term leave charges are computed in the make whole according to current percentages. See the [Include/Exclude](#) matrix to determine the appropriate pay codes to use in computing the base for the term leave calculations.

- **Cash In**

Employer cash in charges are computed in the make whole according to current percentages. See the [Include/Exclude](#) matrix to determine the appropriate pay codes to use in computing the base for the cash in calculations.

- **Unemployment**

Employer unemployment insurance charges are computed in the make whole according to the current year percentages. See the [Include/Exclude](#) matrix to determine the appropriate pay codes to use in calculating the base for the UI calculations.

- **GGU Injury Leave**

Employees in General Government will have an annual Injury Leave employer charge included in the make whole if payment period includes the 7/31 pay period.

### **Completing the Worksheet**

Two Excel make whole spreadsheets and detailed instructions for completing the make whole spreadsheets are located on the DOF/Payroll web site and can be used as a template for completing a make whole. One is less complex for shorter time frames and one is more complex for larger time periods. No make whole is exactly the same and the worksheet will most likely need to be modified by adding or subtracting columns according to the set-ups the employee has and the language in the settlement. Always be sure the correct employee and employer charge percentages are listed on the spreadsheet.

## SECTION 13: SPECIAL PAY PROCESSES, MAKE WHOLE AND SETTLEMENT PAY AWARDS

- **General Guidelines:**

Depending on the span of time covered by the make whole, multiple spreadsheet tabs may be necessary to present the data in different ways.

**Tab 1: Pay Sheet by Year** – summarizes pay for reporting to Retirement & Benefits.

- Pay must be entered on the worksheet by pay period.
- Enter offset wages to correspond with the year wages are being paid.
- Total pay period columns by calendar year, beginning 01/01/xx and ending 12/31/xx.
- Enter any collections such as Settlement Pay, E365 or In Lieu of Notice Pay, E360 that might have been received.
- Enter any leave transactions, pay-outs, or leave buy-backs.
- Use the [Include/Exclude](#) matrix to apply the various employee negative earnings and employer costs.

**Tab 2: Pay Sheet by Warrants** – summarizes pay to ensure online warrants do not exceed \$9,999.99 net.

- Copy the completed pay sheet by year to a second tab in the worksheet titled *Pay Sheet by Warrants*.
- Remove any totals rows.
- Split and total the pay periods in the second worksheet by the amounts to be entered in the online warrants not to exceed \$9,999.99 net.
- The first warrant should have the largest gross amount and have all the gross and net offsets added to it.
- Determine the employee's preliminary tax withholding to ensure the net limits are correct. Once the online warrants are actually done, go back and view the A9 screen withholding, as calculated amounts may be slightly different than actual amounts due to rounding in AKPAY.

**Tab 3: Summary**

- Complete a third tab as a summary sheet to arrive at the total cost of the make whole including both wages, taxes, and employer costs.
- Add a section for employee/employer retirement percentages in effect and applied to the make whole.
- Add any other notes regarding the make whole.

### Correcting AKPAY Screens

- **Employee returns to work:**

- Reverse the 10 screen layoff or separation action. Add any pay or position changes that occurred.
- Reverse the A1 screen HI ineligible record to show the employee is HI eligible during the make whole period.
- Reverse the A1 screen Occ Code to reflect active retirement service for the make whole period.
- Post accruals to the B2 screen using appropriate leave adjustment codes, E965/960/950/958/952, in an adjustment batch.
- Review the A5/A7 screens to determine if all appropriate EE/ER codes are active. Forward a deduction worksheet to DOF.

## SECTION 13: SPECIAL PAY PROCESSES, MAKE WHOLE AND SETTLEMENT PAY AWARDS

- **Employee is NOT returning to work:**

- Reverse the 10 screen layoff or separation action. Add any pay or position changes that occurred. Leave the employee active until after the online warrant(s) update and adjustment batches process in a scheduled pay run.
- After the online warrant(s) have updated in AKPAY, add the new separation date to the 10 screen.
- Reverse the A1 screen HI ineligible record to show the employee is HI eligible during the make whole period. Enter a new **Z** record the first day of the month after the date of the employee's new termination date.
- Reverse the A1 screen Occ Code to reflect active retirement service for the make whole period. Enter a new **N** record with the same date as the 10 screen separation date.
- Post accruals to the B2 screen using appropriate leave adjustment codes, E965/960 in an adjustment batch in a pay run prior to the online being paid, if time allows.

- **Online Warrant Batches**

- Submit a *draft* worksheet and the Labor Relations checklist to the DOF, Payroll Section for review prior to processing the online.
- Use the current month online warrant pay period number for the batch(es).
- Line date amounts by calendar year end if the make whole crosses years, using 12/31/xxxx.
- Use E104 for prior year lines and E103 for current year lines.
- If paying premium pay, combine with regular pay and code under E104/103. Be sure to exclude premium pay from employer cash in and term leave per Include/Exclude matrix on the worksheet. Employer charges in the online warrant will be hard coded based on the amounts on the worksheet.
- Do use E404/405 to pay off term leave if the hours are posted to the B2 screen. Use E403 if the hours are not posted at the time the online warrants are processed. Enter the override term leave collocation code.
- Submit the approved worksheet and Labor Relation checklist and the settlement resolution along with the online warrant request to DOF.
- On the warrant request, designate who is to receive the warrants if other than the Payroll Services Section.

### Post Payment Clean Up

- **Update Worksheets and AKPAY Screens**

- Once the warrants have been created, update the worksheet with the actual amounts for negative earnings, taxes, and net deductions. There will be slight rounding differences between calculating the charges by pay period and AKPAY calculation on a lump sum gross amount.
- If E403 was used in the online warrant, process a leave clean up batch to post the hours, and then move the hours and dollars from the E403 to the E404/405 code.
- Ensure that AKPAY reflects the proper status on the 10 screen and A1 screen after the warrants and adjustments have updated in a pay run.

- **Notification**

- Forward a copy of the final spreadsheet to Retirement & Benefits, Active Employee Payroll to update the employee's retirement account.
- Forward a copy of the final spreadsheet to Labor Relations for their files.

## SECTION 13: SPECIAL PAY PROCESSES, MAKE WHOLE AND SETTLEMENT PAY AWARDS

- **Unemployment Benefits Received**

Once the online warrants have processed, submit backup to the employee's department fiscal office. The unemployment benefits (UI) collected on the make whole with the agency specific miscellaneous deduction code are sitting in a suspense account. Provide payment backup to the employee's department fiscal office and request an **AKSAS** warrant be issued. The warrant is sent to the Department of Labor, Employment Security Division to credit the employee with the UI repayment. This also clears the dollars from the departmental miscellaneous account.

### CONCLUSION

Careful review of the award must be made when preparing to make payment for a settlement or make whole to determine how it should be paid and what benefits apply. Follow the checklists to ensure all items have been considered. Once the spreadsheets are drafted, have them reviewed by the Division of Finance and approved by Labor Relations. Process the online warrants, finalize the spreadsheets, and make the necessary notifications.