



Josephine County, Oregon

Finance Office

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To: All County Employees
From: Arthur O'Hare, Finance Director
Re: Biweekly Payroll

The County is considering moving to a biweekly payroll process. I am researching the advantages and disadvantages. However, I anticipate this will be a benefit to most employees. I have prepared this memo to provide answers to some of the most commonly asked questions. After reading this memo, if you have further questions or need clarification, please email me. I will compile the questions of general concern and send out another email at a later date.

General Questions

1. What does “biweekly” mean?

Being paid biweekly means you will receive a paycheck every other week (26 times a year). Biweekly is different than semi-monthly. A semi-monthly payroll gives you a paycheck twice a month all year long for a total of 24 paychecks. A biweekly payroll gives you a check every two weeks, so there will be two months out of the year in which you will receive a third paycheck.

2. Why is this change necessary?

A biweekly payroll will standardize the payroll cycle for all employee, eliminate the need to project employee time each pay period, reduce manual calculations and adjustments/corrections, pay hourly employees for actual hours worked and overtime on a timely basis, pay employees more frequently, and create consistency in the time between timesheets and the time between payrolls.

3. What are the advantages to me?

- a. You will now be paid every two weeks rather than waiting a whole month between checks.
- b. More timely access to money earned.
- c. Paydays are predictable and consistent every two weeks.
- d. Paychecks will reflect actual time worked.
- e. Overtime hours you work in the pay period will be paid more frequently.

4. When will the change from a monthly pay schedule to a biweekly pay schedule take effect?

It will take several months to work through this process. As we gather more information and receive feedback from this memo, we will bring this issue to the Board of Commissioners. If approved, we will establish a transition date and notify all employees prior to the transition.

5. Can I choose not to go to the biweekly pay schedule?

Due to staffing constraints and the desire to create consistency county-wide, as well as to achieve efficiencies in the payroll process, all employees will be on the same payroll schedule.

6. I am currently paid on the 7th of each month. What will my payday change to?

You will be paid on the same day every other week; for example, every other Wednesday. We are still determining the best day to ensure adequate time for timesheet and payroll processing.

7. I know that there are 12 monthly pay periods in a calendar year. How many biweekly pay periods are in a calendar year?

A biweekly pay cycle consists of 14 days, beginning on Sunday and ending on the second Saturday of the pay period. You are paid every two weeks, giving you a total 26 biweekly pay periods in a calendar year.

8. Will the change in pay frequency affect my vacation and PTO accruals?

No. You will still receive the same amount of accruals, which are part of the collective bargaining agreement and the County Personnel Manual.

How will this change impact me?

9. What should I do to prepare for the conversion to biweekly pay?

We encourage you to review your personal budget situation and determine your income needs based on a biweekly pay schedule. In preparation for the conversion, you may want to:

- a. Review your current tax withholdings elections to make any necessary changes.
- b. Adjust your automatic withdrawals or bill pay dates to align with your new pay schedule.

10. Will I need to make any changes to my direct deposit?

No. If you currently receive your pay via direct deposit, you do not have to make a change. If you deposit a fixed flat-dollar amount, the amount will be recalculated to biweekly. For example, a monthly \$100 deposit to your savings account will become a \$50.00 deposit from each biweekly paycheck.

- Note: when three biweekly pay period end dates fall within the same month, no flat dollar deductions are taken for the payday that reflects payment for the third pay period; only percentage deductions are taken.

11. What if I pay some of my bills through automatic bill pay?

If you have automatic bill pay set up for any regular expenses, such as mortgage payments, student loan payments, or car payments, then we encourage you to review your budget to ensure funds received early in the month are available for those bills. You should work directly with your financial institution(s) to change payment dates as needed.

Benefit and Deductions Inquiries

12. How does biweekly change my benefit deductions?

Benefit deductions will be paid with each biweekly check, with the first half of your deductions in the first biweekly check of the month, and the second half of your deductions in the second biweekly check of the month.

- Note: when three biweekly pay period end dates fall within the same month, the third check will have no benefit deductions withheld.

13. When is my PERS deduction taken?

Since your PERS contribution is based on a percentage of your salary, the deduction is taken from all 26 biweekly paychecks.

14. How will this affect the amount deducted for my garnishment?

If the garnishment deduction is calculated as a percentage of your earnings, a deduction will occur each pay period, up to the maximum deduction allowed based on federal and state regulations. If the garnishment deduction is a fixed flat-dollar amount, the amount is recalculated to a biweekly amount. For example, a monthly \$250.00 garnishment payment will become a \$125.00 deducted against each biweekly pay check.

- Note: when three biweekly pay period end dates fall within the same month, if you contribute a flat-dollar amount, the third check will have no garnishment withheld.

15. I contribute to my deferred compensation plan. When will my contributions be taken?

If your contributions are set up as a percentage deduction, the percentage amount will be taken each biweekly pay day. If your contribution is set up as a fixed flat-dollar amount, the flat-dollar amount will be divided by two and taken each pay day. For example, if your current contribution is \$100.00 per month, it will be divided into a \$50.000 contribution each biweekly pay day.

- Note: when three biweekly pay period end dates fall within the same month, if you contribute a flat-dollar amount, the third check will have no deduction withheld.

16. Will I need to make any changes to my taxes or withholdings?

If you have an additional tax amount deducted from your monthly paycheck, that amount will be split in half and 50% will be withheld from each biweekly check. If you do not want the current additional amount to be split in this manner, please update your W4 Form before the transition takes place.

17. How does the change in pay frequency affect my Federal and State taxes?

We will continue to tax you according to the Federal W4 forms you currently have on file. Your biweekly earnings will be taxed based upon the biweekly tax schedule set by the Internal Revenue Service. Taxes are applied within the year in which the payment is made. Please consult your tax advisor for more details.

- a. According to a study by the Hackett Group, 69 percent of payroll organizations in the United States paid employees on a biweekly basis, and only 6 percent reported making payments on a monthly basis.
- b. Payroll departments pay the same annual salaries and payroll taxes regardless of which cycle they follow.
- c. At the end of each year, individuals must resolve the differences between taxes they paid and what they actually owed the government. This is done by filing both federal and state taxes by April 15. The primary factors affecting an individual's tax liability are income bracket, number of exemptions claimed, and any eligible deductions. The frequency with which the employee was paid during the year will have no effect whatsoever on an individual's tax liability.

18. Will there be ongoing communication?

Yes. Ongoing communication will be shared with affected staff regarding the transition. Information will also be distributed to department payroll contacts and information sessions will be offered for staff. If you have any questions on which you need immediate assistance, please contact the Finance Department via email. This will allow us to compile a list of additional questions that may be helpful to others.