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TO: All State Agencies

FROM: Robert J. Murphy, Director  
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General Accounting Division

SUBJECT: Payroll Advance Requests/Payroll Advance Recoveries Process (*Effective 9/11/17*)

The Comptroller's Central Payroll Bureau (CPB) and the General Accounting Division (GAD), responsible for the State's payroll and state agency working funds, respectively, have jointly established a new standardized process to assist agencies in their use/handling of advance payroll requests, repayment terms/agreements with employees, authorizations to recover advances via payroll deductions and reimbursement of payroll advances to the agency working funds. This process is effective *immediately*.

**Why was a new Standardized Payroll Advance request and Advance Recovery Process created?**

A standardized payroll advance request and recovery process was created as a result of recently passed legislation. The **Payroll Recovery Act** (House Bill 1144, A.K.A. Chapter 783) was passed during the 2017 General Assembly session. This Act was effective July 1, 2017 and it shall remain effective for a period of 2 years and, at the end of June 30, 2019, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect.

The final House Bill can be found at the following link -

<http://mgaleg.maryland.gov/webmga/frmMain.aspx?jd=hb1144&stab=01&pid=billpage&tab=subject3&ys=2017RS>

**What agencies are affected by this bill?**

All state agencies are impacted by the Payroll Recovery Act.

**What does the Payroll Recovery Act require and what impact did the Act have the existing State Personnel and Pensions statutes?**

This act requires the following modifications/additions under section 2-402:

- The Central Payroll Bureau shall establish regular pay periods and pay certain employees within certain periods of time;
- Each *Appointing Authority* shall accurately and timely calculate and report to Central Payroll the payroll information for each employee;
- Each *Appointing Authority* shall provide each employee at the time of hiring their rate of pay, the regular pay periods, and the employee's leave benefits;
- The Central Payroll Bureau shall provide for each employee, for each pay period, a statement of the gross earnings of the employee and any deductions from the gross earnings;

This act requires the following modifications/additions under section 2-407:

- If an *Appointing authority* does not report payroll information in accordance with §2-402 of this subtitle, the employee or the employee's exclusive representative may initiate a grievance under the grievance procedure established under Title 12, Subtitle 2 of this article;
- Additional changes under this section address such things as: initiation of valid grievances within certain time limits, sets an expiration timeline for late discovered failures of pay, provides guidelines for determining start date for damage awards, provides percentage of increase on outstanding damages per pay period, and sets the limit for the maximum award per pay failure.

**What impact does the Payroll Recovery Act have on my agency?**

With the passage of the **Payroll Recovery Act**, and its' history for significantly increasing the number of employee payroll advance requests, The Central Payroll and The General Accounting Division have developed new forms to standardize the issuance and recovery of salary advances. Use of these new forms will simplify the payroll advance requests and its associated replenishment of State Agency working funds. Again, this process is *Effective September 11, 2017 and its use is mandatory*.

**Does this new process in any way change how agencies handle non-salary advance working fund reimbursement requests?**

No. Agencies should continue to utilize the established transmittal processes.

**What changes do we need to implement operationally to comply?**

To facilitate the implementation of these guidelines, three new electronic forms are accessible via the Central Payroll Website shown below:

[http://comptroller.marylandtaxes.com/Government\\_Services/State\\_Payroll\\_Services/default.shtml](http://comptroller.marylandtaxes.com/Government_Services/State_Payroll_Services/default.shtml)

Under 'General Information', scroll to the bottom of the page and click on 'Payroll Forms'

The form names to use are:

<u>Form</u>	<u>Description</u>
• Payroll Adv Request	- Payroll Advance Request
• Payroll Adv Repay Terms / Cond	- Payroll Advance Repayment Terms & Conditions
• Payroll Adv Recovery Auth Page 1	- Payroll Advance Deduction Recovery Authorization (page 1 of 2)
• Payroll Adv Recovery Auth Page 2	- Payroll Advance Deduction Recovery Authorization (page 2 of 2)

These forms (created as PDF's) can either be used as electronic fill-in forms or printed for manual use and circulation. Either way, their mandatory use will provide the employee and agencies with a standardized approach to the request of, and repayment of, payroll advances.

Additionally, a flow chart (attached) has been developed to outline the new payroll advance / recovery process.

**Who should agencies call if they have questions on these new procedures?**

Questions regarding payroll forms should be directed to Dhiren Shah at 410-260-7404 ([dshah@comp.state.md.us](mailto:dshah@comp.state.md.us)). Questions regarding the usage of the working fund should be directed to Denitsa Myers at 410-260-7459 ([dmyers@comp.state.md.us](mailto:dmyers@comp.state.md.us)) or Dacia Thomas at 410-260-7670 ([dthomas@comp.state.md.us](mailto:dthomas@comp.state.md.us)).



