



STATE OF MICHIGAN  
STATE BUDGET OFFICE  
LANSING

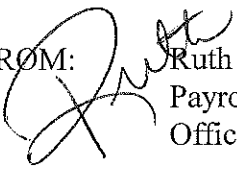
RICK SNYDER  
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REVISED  
August 2, 2012

**MEMORANDUM**

TO: Finance, Administrative, and Human Resources Officers

FROM:  Ruth Duquette, Director  
Payroll and Tax Reporting Division  
Office of Financial Management

SUBJECT: Fiscal Year 2013 Lump Sum Payments

As you may be aware, in accordance with collective bargaining agreements and the approved Coordinated Compensation Panel recommendations, compensation for classified employees for the fiscal year beginning October 1, 2012, includes a base pay rate increase effective October 1, 2012 and a lump sum payment provision as identified below.

Employee Group	Unit	Base Pay Increase	Lump Sum
MSEA	Labor and Trades Safety and Regulatory	1%	1%
MCO	Security	1%	1%
SEIU	Scientific and Engineering Human Services Support Technical	1%	1%
MSPTA	State Police Enlisted	2%	1%
UAW	Human Services Administrative Support	1%	1%
AFSCME	Institutional	1%	1%
NEREs	Business & Admin. Managerial, Supervisory, Confidential	3%	2%

Eligible represented employees will receive a lump sum payment equal to 1% of the annualized base pay rate in effect as of October 2, 2012. Eligible non-represented

employees will receive a lump sum payment equal to 2% of the annualized base pay rate in effect as of October 2, 2012. The base pay rate in effect as of October 2, 2012, will include the base pay rate increase. Non-career employees are not eligible to receive the lump sum payment.

The lump sum payments will be included on the November 8, 2012, pay date along with longevity. The lump sum payments will be pro-rated for eligible employees who have accumulated less than 2,080 hours of continuous service since October 1, 2011, and employees that are on a leave of absence or layoff on October 2, 2012. The proration will be based on actual continuous service hours earned during the period October 1, 2011 through September 30, 2012.

The Payroll and Tax Reporting Division (PTRD) will process the lump sum payments using the pay code 82LP. The lump sum payment expenditures will distribute using a new comptroller object code: 3241. Agencies that utilize agency objects, crosswalks, or distribution matrices need to ensure the necessary agency object profile and DCDS setup changes are in place by October 31, 2012, or labor distribution errors may occur.

The lump sum payment amount will be calculated as follows:

1. Employees will receive a 1% lump sum payment or 2% lump sum payment based upon their representation as of 10/2/2012.
2. Annualized base pay rates will be determined for hourly employees based upon the base pay rate as of 10/2/2012 (after the base pay rate increase) multiplied by 2,080. Annualized base pay rates for salaried employees equal the base pay rate as of 10/2/2012 (after the base pay rate increase).
3. Employees with at least 2,080 continuous service hours accrued between 10/1/2011 and 9/30/2012 will receive a lump sum payment equal to 1% or 2% of their annualized base pay rate as of 10/2/2012.
4. Employees with less than 2,080 continuous service hours accrued between 10/1/2011 and 9/30/12 will receive a lump sum payment equal to 1% or 2% of their annualized base pay rate as of 10/2/2012 prorated based upon the continuous service hours worked each pay period between 10/1/2011 and 9/30/2012.

Lump sum payments for salaried employees will be recorded as a single gross pay adjustment. Lump sum payments for hourly employees will be recorded as 26 gross pay adjustments in order to properly generate retroactive overtime calculation adjustments where applicable.

August 2, 2012

PTRD will temporarily place eligible employees that are on a leave of absence or layoff in an adjustment status to ensure that they receive the lump sum payment on the November 8, 2012 pay date.

After the lump sum payments have processed through payroll and labor distribution, PTRD will generate a report for agencies identifying the lump sum payment charges by coding block. Agencies will need to use this report to transfer the one-time costs associated with the lump sum payments (including the associated retirement and FICA charges based on a blended rate that will be provided) from the current distribution to the one time appropriations that were established to account for these payments.

If you have any questions or concerns please contact your agency payroll liaison.

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