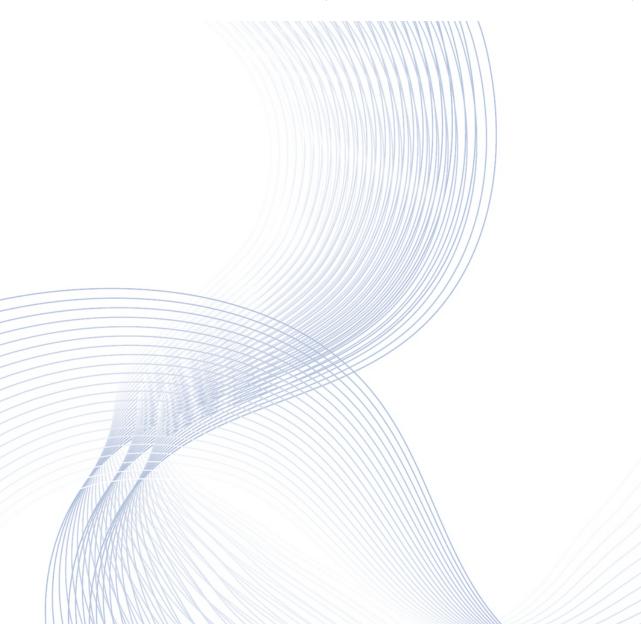ADOA – General Accounting Office

AGENCY PAYROLL GUIDE:
DIFFERENTIAL PAYMENTS

DIFFERENTIAL PAYMENTS

Table of Contents

Overview

The objective of this quick reference guide is to provide general information on the process of Differential payments in HRIS as it relates to the Agency Payroll Specialist. The guide is not intended to be all-inclusive and may not offer step-by-step instructions.

Agency Payroll Functions

1. Verify employee is eligible to receive Differential Pay by reviewing State policy

2. Complete applicable Differential Pay Computation Worksheet based on documentation provided by the employee

3. Enter time records into the HRIS to generate payment to the employee in compliance with SAAM

Deadlines

1. Shift Differential is based on the shift indicated on the time record at 2 pm on compute Tuesday

2. NDMS and Military Differential Pay: Request within 60 calendar days after completion of the period of active military duty with proof of honorable service

Helpful Resources and Documents

Policies

Arizona Revised Statute §

A.R.S. §26-168 – Absence from employment for military duty

A.R.S. §38-610 – Leave of absence for certain federal training; definition

A.R.S. §38-610.01 – Leave of absence and compensation for employees during active military service

A.R.S. §38-610.02 – Leave of absence and compensation for NDMS employment

SAAM

SAAM 5530 – Military Emergency Activation Differential Pay

SAAM 5531 – National Disaster Medical System Differential Pay

Personnel Rules

ASPS/HRD-PA6.02 – Statewide Policy - National Disaster Medical System (NDMS) Leave

Personnel Rules R2-5A-403.B – Supplemental Pay – Shift Differential

Personnel Rules R2-5A-B610 – Leave for National Disaster Medical System (NDMS) Training

Personnel Rules R2-5A-D603 – Military Leave

Forms

GAO-42 Military Emergency Activation Differential Pay Computation Worksheet

GAO-43 Reconciliation of Military Emergency Activation Differential Pay Upon Discharge or Death

GAO-44 National Disaster Medical System Differential Pay Computation Worksheet

Shift Differential Pay

Shift differential is paid to eligible employees who work other than a day shift. State Personnel Rule R2-5A-403(B) Shift Differential policy defines the requirements. Shift differential is paid at the following rates:

Assigned Shift	Differential Pay Rate
1	None
2	5%
3	10%

1. The shift the employee is assigned to work is indicated on the employee's record in HRIS. This is reflected on the **HR11 – Pay Tab**.

2. Shift Differential will **default** into the time record based on the shift indicated on HR11 during ETE or HRIS time entry

   - *The shift can be overwritten during employee entry in ETE*

   - The shift can be overwritten during time entry in HRIS by the Agency Payroll Specialist

   - Updates to the assigned shift on the employee's HRIS HR11 record must be processed by Agency Human Resources

3. The HRIS Paycode Listing details the paycodes eligible for shift differential pay

   - Shift differential is included in the daily rate under Earnings; it is not reflected as a separate line item

   - Telecommuting is not eligible for shift differential pay

4. ZR131 - Retro payment will exclude the shift differential pay, therefore, manual calculation adjustments must be made for shift using pay code 144 for the shift difference.

Shift Differential Corrections

Once the time records have processed through the payroll compute, corrections to shift are processed using the XR35.2 screen to reverse out the incorrect shift and record the correct shift. For each time record date, create two time records.

Example of adjustment, paid at Shift 1, should have paid at Shift 2

FC	Hours	Pay Code	Date	Rate	Shift
A ▼	-8	100	06/08/2021		1 ▼
A ▼	8	100	06/08/2021		2 ▼

1. Enter **negative** hours to recover the **wrong** shift
2. Enter **positive** hours to pay at the **correct** shift

Military Differential Pay

A.R.S. § 38-610.01 authorizes and directs State agencies to pay a State employee who is a reservist or guardsman the difference by which, during his period of activation, his State compensation pay exceeds the sum of his military pay and allowances when the employee has been ordered to active duty during a **state of emergency** and when his military leave balance has been exhausted. SAAM 5530 establishes the guidelines for paying the difference.

1. Military Differential Pay is calculated using Form GAO-42
    - Line 20 Military Activation Differential Pay for Period displays the amount to pay
    - *If Line 20 is negative, employee not due Military Differential,* they are earning more in the military than their normal state pay

2. Payments are generated while the employee is absent from State work and on active duty in the military after Military leave balances have been exhausted
    - Create time record on XR35.2
    - Use pay code **385** with Attendance Code **MD**
    - Time record Date: **Pay Period End Date**

FC	Hours	Pay Code	Date	Rate	Shift	Pay Dist	Attend Code
A ▾		385 Q₹	06/11/2021 📅	649.32Q₹	▾	▾	MD Q₹

3. Upon conclusion of active service and return to State service, a reconciliation of Military Differential Pay is calculated using GAO-43
    - Use pay code **385** with Attendance Code **MD** to pay any balance due or collect overpayment of differential pay
        a) Overpayments can only be collected through payroll in the year which they occur
        b) Prior year overpayments must be collected using the GAO-70A – Overpayment Worksheet

National Disaster Medical System (NDMS) Differential Pay

The National Disaster Medical System manages people—civilian medical specialists—who enroll with the NDMS to provide certain types of relief assistance during national disasters. A civilian medical specialist may be engaged in training duty, during which time he is on paid leave, or on deployment, during which time he is on LWOP and may qualify for differential pay.

A.R.S. § 38-610.02 authorizes and directs State agencies to pay an employee who is a civilian medical specialist, while deployed, *the amount by which his State compensation, had it been paid, would have exceeded his NDMS pay*. SAAM 5531 establishes the guidelines for paying the difference.
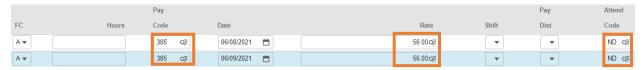
Additional information concerning an employee's status when on training duty or on deployment can be found in Statewide Policies and Procedures entitled **National Disaster Medical System(NDMS) Leave,** published by the Human Resources Division of the Arizona Department of Administration.

1. NDMS Pay is calculated using Form **GAO-44**

   ▪ A separate GAO-44 must be used for each State pay week

		Sat	Sun	Mon	Tue	Wed	Thu	Fri	
	State Pay Rate $25.00						**Federal Pay Rate** $18.00		
Date					6/8/2021	6/9/2021			
State Hours Scheduled					8.00	8.00			
State Pay Rate					$25.00	$25.00			
Scheduled State Pay		$0.00	$0.00	$0.00	$200.00	$200.00	$0.00	$0.00	
Federal Hours Worked				0.00	8.00	8.00	0.00	0.00	**Total NDMS**
Federal Pay Rate					$18.00	$18.00			**Differential**
Federal Pay		$0.00	$0.00	$0.00	$144.00	$144.00	$0.00	$0.00	**Pay Due**
NDMS Differential Pay Due		$0.00	$0.00	$0.00	$56.00	$56.00	$0.00	$0.00	**$112.00**

2. Payments are generated while the employee is absent from State work and on NDMS Leave

   ▪ Use pay code **385** with Attendance Code **ND**

   ▪ Create **daily** time records

FC	Hours	Pay Code	Date		Rate	Shift	Pay Dist	Attend Code
A ▼		385	06/08/2021		56.00	▼	▼	ND
A ▼		385	06/09/2021		56.00	▼	▼	ND

3. Upon conclusion of active service and return to State service, a reconciliation of Differential Pay is calculated using **GAO-43**

   ▪ Use pay code **385** with Attendance Code **ND** to pay any balance due or collect overpayment of differential pay

      a) Overpayments can only be collected through payroll in the year which they occur

      b) Prior year overpayments must be collected using the GAO-73A – Overpayment Worksheet

Need Assistance?

View the Central Payroll Directory click here