

Biweekly Lag Pay Frequently Asked Questions

Transition Resources

As you may know from previous communications, the Judicial Branch was informed of a decision made by the Colorado Executive Branch to change the schedule of the Central Personnel and Payroll System (which the Judicial Branch uses) to a biweekly lag cycle slated for July of 2018. We understand this will be a difficult change and may have a significant impact on employees. To help with this transition, the State of Colorado will offer employees low-interest loans and a benefits holiday to soften the impact of the change. In addition, the Judicial Department will provide employees with tools, calculators, and helpful information to assist with the move to biweekly lag pay.

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Lag and Biweekly Pay Principles

What is lag pay?

Lag pay is payment of employees for work already performed, including overtime, after the end of the 'pay period' during which an employee worked. There will be a two-week lag in pay under the new payroll schedule. The two-week lag means that an employee receives their paycheck two weeks after the end of the pay period the paycheck accounts for.

What is biweekly pay? / How often will I get paid?

Biweekly pay is a pay schedule where paychecks are provided every two weeks. Employees will receive 26 paychecks in a year. Once the transition to biweekly pay is complete, all state, including judicial, employees will be paid every other Friday.

What is a pay period?

A *pay period* is the recurring length of time (e.g., weekly, biweekly, monthly) over which an employee's work is recorded and for which they are paid. judicial employees, who are currently paid monthly (pay once a month), will be transitioning to biweekly (pay every two weeks).

How are judicial employees paid now?

Colorado judicial employees are presently paid current monthly.

What is gross pay? Net pay? Take home pay?

Gross pay is your pay before tax withholdings and deductions. Gross pay does not include overtime, shift, or pay differentials.

Net pay is the amount shown on your pay stub. This is your gross pay minus tax withholdings and deductions. Tax withholdings include federal, state, and local taxes. Deductions may include, but are not limited to, PERA contributions, 401(k) contributions, health insurance premiums, flex spending account contributions, ECO pass, and parking. It is important to remember that additional direct deposits also are shown as deductions on your paycheck. Net pay is commonly known as 'take-home' pay.

You can obtain your gross and net monthly pay by logging into Employee Self Service at <https://ess.state.co.us/ess/>.

The State's Transition

Why is the State moving to biweekly lag pay in July?

The State is building a new Human Resource Information System, HRWorks, that will automate statewide business processes for payroll and human resources functions. As part of the HRWorks implementation, the State is adjusting business models to align with best practices, including converting all state (and judicial) employees to a biweekly lag pay cycle. The payroll system is also out-of-date, which causes a number of issues related to processing and security.

In addition, today judicial employees are “paid current,” or on the last working day of each month for that month's work. To accommodate this, payroll must be processed before the end of the month, and so payroll processing involves predicting how much to pay employees each month before they work the entire month. If employees work less than predicted, or leave employment before the end of the month, then the overpayment is taken out of the employee's next paycheck or requires employees paying the State back for time they did not work. Lag pay simplifies the payroll process, reduces the amount of adjustments, and avoids situations where employees need to repay the State.

Impact to Employees

Will I be affected by the change to biweekly lag payroll?

Judicial employees are paid monthly; therefore, you will be affected by the change to the biweekly lag cycle starting in July 2018.

When will biweekly lag pay begin?

The State anticipates the payroll transition to biweekly lag pay will occur in July 2018. The State is working with the General Assembly on a bill to make the change to biweekly lag pay (current statute mandates a transition to semi-monthly lag pay). The bill must be passed by the end of the legislative session, May 9th.

How will employees be paid starting in July 2018?

With biweekly lag pay, employees are paid every two weeks (26 times a year) for work performed two weeks previous. The transition to lag pay will create a delay in the cash flow of employees in July.

When will I get paid during the transition?

The initial schedule for biweekly lag pay is:

July 2 - Employees paid for all June

July 20 - Employees paid for July 1 - 6

August 3 - Employees paid for July 6 - 20

August 17 - Employees paid for July 20 - August 3

August 31 - Employees paid for August 3 - 17

How much will I get paid during the transition?

July 2 - Your gross monthly pay

July 20 - ½ of your gross biweekly pay (hourly rate for 40 work hours July 1-6—fewer if less than 1 FTE)

August 3 - gross biweekly pay (hourly rate for 80 work hours July 6-20—fewer if less than 1 FTE)

August 17 - gross biweekly pay (hourly rate for 80 work hours July 20-August 3—fewer if less than 1 FTE)

August 31 - gross biweekly pay (hourly rate for 80 work hours August 3-17—fewer if less than 1 FTE)

How will deductions be taken from each of my paychecks?

The deductions schedule given by the State is provided on the *following page*, and can also be downloaded here:

<https://www.courts.state.co.us/userfiles/file/Administration/HR/HR%20WORKS/Payroll%20Transition%20FAQs%20522018.pdf>

For all deductions, employees' current monthly deductions will be annualized (multiplied by 12) and then divided by the annual number of deductions. There are three possibilities for how deductions will be taken out:

1. *26 per year*: deductions are taken out of every biweekly paycheck
2. *24 per year*: deductions are taken out of every biweekly paycheck except the third paychecks that fall within the two months per year where employees receive a third paycheck
3. *12 per year*: deductions are taken out of one biweekly paycheck per month, either the first or second within the month

For the month of July 2018, the State will pay employee portions of dental and health premiums, so those will not be taken out of employees' pay. Further information is not yet available.

Deduction	Number of Deductions Taken Per Year
Benefits	
Health Insurance	24
Dental Insurance	24
Employee Life Insurance	24
Spouse Life Insurance	24
Dependent Life Insurance	24
Health Savings Account	24
Flex Spending Account	24
Dependent Flex Spending Account	24
Parking & Transportation	
Parking	24
EcoPass	24
Retirement	
PERA Life	12 (second paycheck of the month)
PERA Percentage	26
401(k) - Flat Dollar Amount Contribution	24
401(k) - Percentage Contribution	26
457 - Flat Dollar Amount Contribution	24
457 - Percentage Contribution	26
401(k) Loan	24
Long-Term Disability	26
Taxes	
Federal Tax Levy	26
State Tax Levy	26
Federal Tax	26
Additional Federal Taxes	26
State Tax	26
Additional State Taxes	26
Medicare	26
Local Tax	12 (first paycheck of the month)
Other	
Colorado Combined Campaign	24
Creditor Garnishment Percentage	26
Child Support	26
Student Loan Percentage	26
Bankruptcy Garnishment	26
Direct Deposits	26

How will additional direct deposits be deducted?

Per the biweekly deductions schedule, additional direct deposits that are percentage based will be deducted from 26 (every) paycheck. Information on how flat-dollar additional direct deposits will be deducted has not yet been confirmed by the Executive Branch, though we believe this will also be deducted from 26 paychecks.

How will my deductions be taken out of my July 20th paycheck?

Per the information received from the Executive Branch, all deductions (except for medical and dental premiums) will be taken out of the July 20th paycheck according to the biweekly deductions schedule (annualized and then divided by 12, 24, or 26). Further information on how deductions will be split is being gathered, and employees should check back for additional information.

Percentage deductions will be proportional to the size of the paycheck. This includes PERA percentage, 401(k) percentage, 457 percentage, long-term disability, taxes, garnishments, child support, student loan percentage, and percentage direct deposits.

For life insurance, EcoPass, parking, PERA life, 401(k) loans, and local taxes, if there is not enough pay in the July 20th paycheck these deductions will 'skip' the paycheck and then will be made up from the August 3rd paycheck as a deduction for the month of July and the first paycheck in August.

For HSAs, FSAs, dependent FSAs, flat-amount 401(k)s and 457s, CCC, flat-amount additional taxes, and flat amount direct deposits, if there is not enough pay in the July 20th paycheck they will skip the paycheck and will not be made up. These deductions will resume with the August 3rd paycheck.

For Optum HSAs, employees may choose to transfer funds from their bank account if they are planning for a specific contribution amount. Employee contributions are not required to be made to their Optum HSAs in order to have the \$60 state contribution.

How will the transition impact my benefits?

For most benefits, no impact other than changes in splitting deduction costs for the new pay dates will occur. This does not impact coverage for employees. However, For FSAs and dependent FSAs, *employees may not be able to max out their contributions for calendar year 2018*. Further clarification is being sought from the Executive Branch. Due to this, we recommend that employees prepare to make changes to their FSAs during open enrollment, ending May 14th.

When will my benefits start/end?

New hire benefits start on the first of the month after hire. Benefits end on the last day of the month of employment (e.g., if an employee's last work day is the 1st, they receive coverage through the end of the month). Mid-year benefit changes to add or drop coverage are effective the first of the month after entry in the benefit enrollment system or the event date, whichever is later. If employees terminate in a month and their last paycheck is not sufficient to cover deductions in that month, deductions will be made from their PTO payout as occurs now. Further details have not yet been shared by the Executive Branch.

If employees make any changes during open enrollment (April 24th-May 14th), the deduction changes will take effect with their July 20th paycheck.

If employees terminate mid-month, they may receive a paycheck in a calendar month after their last month of work (due to the lag in pay). Information on whether benefit deductions will be pulled from this last paycheck is not yet available.

How do I calculate biweekly gross pay?

If you know your *annual gross pay*, divided it by 26 (the number of biweekly paychecks in a calendar year):

Biweekly gross pay = annual gross pay ÷ 26

For example, if you earn \$27,156 in annual gross pay, your biweekly gross pay will be \$1,044.46, which you will receive every other Friday. This amount is calculated as follows: $\$27,156 \div 26 = \$1,044.46$.

For example, if you earn \$55,200 in annual gross pay, your biweekly gross pay will be \$2,123.07, which you will receive every other Friday. This amount is calculated as follows: $\$55,200 \div 26 = \$2,123.07$

If you know your *monthly gross pay*, multiple it by 12 (months in the year) and divided by 26 (the number of biweekly paychecks in a year):

Biweekly gross pay = monthly gross pay × 12 ÷ 26

For example, if you earn \$2,263.00 in monthly gross pay, your biweekly gross pay will be \$1,044.46, which you will receive every other Friday. This amount is calculated as follows: $\$2,263 \times 12 \div 26 = \$1,044.46$.

For example, if you earn \$4,600 in gross monthly pay, your biweekly gross pay will be \$2,123.07. This amount is calculated as follows: $\$4,600 \times 12 \div 26 = \$2,123.07$

Please be aware that these calculations are estimates.

How much will I get paid during the transition?

Use these formulas to calculate your *gross pay* (which will not be the same as your *net pay* after withholdings and deductions) on the following dates:

July 2 = monthly gross pay = annual gross pay ÷ 12

July 20 = biweekly gross pay x ½

August 3 = biweekly gross pay = annual gross pay ÷ 26

August 17 = biweekly gross pay = annual gross pay ÷ 26

August 31 = biweekly gross pay - annual gross pay ÷ 26

For example, if you earn \$27,156 in annual gross pay, your paychecks will be for:

July 2 = \$2,263 gross pay = \$27,156 ÷ 12

July 20 = \$522 gross pay = \$1,044 x ½

August 3 = \$1,044 gross pay = \$27,156 ÷ 26

August 17 = \$1,044 gross pay = \$27,156 ÷ 26

August 31 = \$1,044 gross pay = \$27,156 ÷ 26

\$1,044 gross pay going forward every other Friday

For example, if you earn \$55,220 in annual gross pay, your paychecks will be:

July 2 = \$4,600 gross pay = \$55,220 ÷ 12

July 20 = \$1,062 gross pay = \$2,123 x ½

August 3 = \$2,123 gross pay = \$55,220 ÷ 26

August 17 = \$2,123 gross pay = \$55,220 ÷ 26

August 31 = \$2,123 gross pay = \$55,220 ÷ 26

\$2,123 gross pay going forward every other Friday

Will this affect my June 2018 pay?

No. Monthly employees will receive their June paycheck on July 2, 2018 due to the historical pay date shift.

How will this affect cash flow for state employees?

This transition to lag pay will create a delay in the cash flow of employees paid current monthly during July 2018. The delay in cash flow will only occur for July, the initial month of moving from current monthly pay to biweekly lag pay. For new employees who start their jobs after biweekly lag pay is implemented, their first two-week check will be issued at the end of the next biweekly lag pay period.

How will the transition impact my PERA benefit (HAS calculation, benefit payments, etc.)?

Questions regarding any aspect of PERA should be directed to PERA, in order to attain the most accurate information.

Payment of PERA benefits occurs through a separate system than state payroll, and so the payroll transition will not impact the benefit payment schedule during this transition.

State Assistance

What is the State doing to help employees?

While some employees may be able to manage the shift in their cash flow on their own, the State recognizes that others may need assistance with the transition. As such, the State will offer an interest-free loan and a benefits holiday in July.

The loan would not take the place of or advance a paycheck, but simply assists employees with their cash flow in the month the lag pay cycle begins. You will be able to take a loan for up to 17 days of your individual take-home pay (there are 22 working days in July, 5 of which are accounted for by the July 20th paycheck, leaving 17 additional days compensated on August 3rd and 17th). There will be no credit check or verification of assets to qualify. All state employees, except for those who are on temporary periodic contracts, qualify for the loan. The purpose of this loan is to allow employees to have the same take-home pay at the end of July as they would under the current pay structure.

If you choose to take a loan, payments will be automatically deducted from your biweekly paychecks beginning August 3rd for three years. If you leave state service before the loan is repaid, the remaining balance owed will be deducted from your final paycheck. There will be no penalty for paying off the loan early. Further information on how the loan will be shared as soon as it is received from the Executive Branch.

Examples of a loan repayment structure:

Loan Amount	Repayment Amount Per Pay Period	Calculation
\$1,170	\$15	$\$1,170 \text{ loan} \div 78 \text{ payments}^* = \$15 \text{ payment/period}$
\$1,950	\$25	$\$1,950 \text{ loan} \div 78 \text{ payments} = \$25 \text{ payment/period}$
\$3,900	\$50	$\$3,900 \text{ loan} \div 78 \text{ payments} = \$50 \text{ payment/period}$
\$5,850	\$75	$\$5,850 \div 78 \text{ payments} = \$75 \text{ payment/period}$
\$7,800	\$100	$\$7,800 \div 78 \text{ payments} = \$100 \text{ payment/period}$

For the benefits holiday, the State will pay employees' portions of the dental and health insurance premiums for the full month of July. No deductions for medical and dental will come out of the July 20th paycheck.

Why is the State offering a loan?

The State is offering a loan to assist the employees with their cash flow during the transition month of July 2018 to cover July and early August bills. The intent of the loan is to make the employee's available funds whole for July 2018.

How do I apply for the loan?

Per information we have received from the Executive Branch, we understand employees will receive an email from the Executive Branch during the month of May notifying them of the maximum amount each employee qualifies for. Employees will then correspond with the Executive Branch to select the amount, up to the maximum, they wish to take. The promissory note for the loan is then generated and sent to the employee.

If employees have not received an email by the end of May about the loan, they should contact their HR Analyst or email HRWorks@judicial.state.co.us .

Will the loan appear on a credit report?

This information has not yet been shared by the Executive Branch.

Will the loan be taxable income?

This information has not yet been shared by the Executive Branch.

Will loan repayments be pre- or post-tax deductions?

The repayments would not qualify as pre-tax deductions under IRS rules, and so they will be post-tax.

How will leave be accrued?

Leave accruals will not change with the payroll transition in July 2018.

However, a new leave and timekeeping system is slated to be installed in spring 2019. At that point, employees will accrue leave based on hours worked with each paycheck instead of the 'all or nothing' accrual on a monthly schedule that occurs now.

The new hourly accrual rates will be calculated by annualizing the current accrual rates and then splitting them by 2,080 (the number of work hours for a 1.0 FTE during a year). Employees will accrue that amount of leave for every hour worked, dispersed every two weeks.

Preparing for Biweekly Lag Pay

What should I do to prepare?

Employees may need to adjust personal budgeting to fit the new biweekly lag pay cycle (paychecks every other Friday). Employees may wish to start by reviewing monthly bills and expenses to determine if changes need to be made. Employees should give special attention to both automatic payments and deductions from paychecks to discern if any changes are desired. Employees can also save now to reduce the need for a loan in July 2018.

Employees should read all communications about the change to biweekly lag pay as well as review this entire website.

How will employees learn more?

The Colorado Department of Personnel & Administration, Judicial Branch Division of Human Resources, and Colorado Central Payroll Unit are working with Departments to communicate changes and resources available to state and judicial employees. For more information visit the [Judicialnet](#) or the [Colorado Judicial Branch external website](#) regularly.

Where do I send questions?

If you have questions, send them to HRWorks@judicial.state.co.us or contact your HR Analyst.

Will there be additional information to further discuss this change?

Please be on the lookout for more information via email, the Judicialnet website, other communication channels and information sessions that will be held in conjunction with this transition. If you have questions, send them to HRworks@judicial.state.co.us.

HRWorks

What is HRWorks?

HRWorks is an information system or managed service that provides an application for HR management functions (e.g. core human resources functions, personnel administration, position management, timekeeping, leave management, payroll, and labor allocation). The State has selected CGI (Consultants to Government Industries) and Workday to implement the new HRWorks system.

Find more information at the [HRWorks website](https://www.courts.state.co.us/Administration/Unit.cfm?Unit=hrworks) at <https://www.courts.state.co.us/Administration/Unit.cfm?Unit=hrworks>.