Supplemental Payment Processing

Supplemental payments (or extra pay for employees) are processed on the bi-weekly pay cycle. These payments include:

**Service Contract Agreements** - Employees who receive an award or provide additional service(s) to the University (not under their normal contract and done outside of their normal working hours) are paid and taxed through Payroll via a Service Contract Agreement. Service Contracts should only be used for active employees, single activities, administrative teaching assignments and awards. This agreement should NOT be used for dual employment, temporary salary increases, or a temporary increase of working hours for an employee. Federal income tax is withheld at a flat rate of 25% for supplemental payments/wages as per IRS Publication 15. Social security, Medicare, and retirement (TRS/ORP) contributions (if applicable) are also withheld from most supplemental payments. Supplemental payments are also subject to wage garnishments (student loans) and court ordered deductions (child support). Supplemental payments in excess of $500 made to employees with active child support orders are reviewed by the issuing state to determine if withholding is required.

**Lump Sum Vacation and/or Overtime Compensatory Time (OCT/Comp Time) Payout** - If an employee resigns from their position and has accumulated vacation hours and/or OCT/comp time, these hours are paid to the employee and taxed through Payroll on the bi-weekly pay date following their final paycheck. If an employee transfers from a non-exempt to an exempt position and has accumulated OCT/comp time, these hours are also paid to the employee on the bi-weekly pay date following their final paycheck from their non-exempt position. The Payroll Office must receive approved/completed documentation from the Office of Human Resources, which specifies the amount of hours that are due to the employee, in order to issue payment. Federal income tax is also withheld at a flat rate of 25% for lump sum payouts as per IRS Publication 15. Social security and Medicare taxes (if applicable) are also withheld from lump sum payouts. As per the State Comptroller’s Office, any non-payroll payments, such as vacation lump sum payouts, made to an employee who is indebted to the State of Texas will be held. If the employee fails to pay the debt owed or make arrangements with the appropriate vendor(s) within 30 days, the payment will be applied to the debt.

**Catch-Up Payments** - Monthly payroll is processed approximately a week before the actual pay date and bi-weekly payroll is processed approximately 3 days before the pay date. If an employee's paperwork is not processed or received by the payroll processing date, the employee will receive their paycheck on the following bi-weekly pay date as a "catch up". For example, if monthly payroll is processed on 9/22/2014 for the pay date of 10/1/2014 and an employee's electronic personnel action (EPA/hiring document) is received by the Payroll Office on 9/23/2014, the employee will be paid on 10/10/2014, the closest bi-weekly pay date following the monthly pay date when the employee should have been paid.