

SETTLEMENT PAY

P-1 Type 849 Settlement Pay

Requires Approvals by: PA DEPT COMP PAYL

Pay Period Frequency: One time use.

Back pay awarded to an employee per a grievance settlement or other award (arbitration decision, PERB order, etc.) is paid on a P-1 type 849. If the award is to reduce suspension dates and pay back wages in order to make the employee 'whole', then typically a P-1 type 271 (Leave Balance Correction) is also keyed, to restore banked leave accruals that were missed because the employee was not in pay status.

If the back wages are attributable to dates in a prior fiscal year, then a claim must be submitted to and approved by the State Appeal Board before the wages can be paid. Refer to the [Appeal Board Claim Process](#) document for more information about the steps in the claim process.

DAS-HRE Benefits staff may also need to get involved when there is an award or settlement agreement, if benefits are retroactively restored. Additionally, if the award states that an employee is to be reimbursed for medical costs, that payment is made as a Vendor payment on I/3 Financial (not paid in HRIS, since reimbursement is not treated as taxable wages).

Your agency should work with the DAS Labor Relations Team to address any agency questions or concerns about the intent of a DAS settlement agreement. For a PERB or other authoritative order, you should contact legal counsel with questions.

All fields used on this P-1 can have amounts entered as a wage increase or decrease (+)/(-). Remarks should include the Grievance #, IDAS #, State Appeal Board claim # (if applicable) + an explanation about the details: i.e. suspension dates, termination date, reinstatement date and details + calculations by pay period, showing amount of the settlement award. Send copies of the settlement paperwork to both HRE and SAE for pre-audit review/approvals.

Note: During the pay period in which the settlement pay is processed, the HRA should advise the employee about the option of completing a flat tax withholding authorization form, or about adjusting Fed/State W-4 withholding amounts.

Income Not Subject to Retirement Pay Field (page 1 of 2 on P-1 entry)

- This field is to record wages that will not be reported as retirement covered (IPERS, POR, Judicial, etc).
- Examples: Lump sum amounts not attributable to a specific time period are not IPERS covered. Recoupment of unemployment benefits received (entered as a negative amount to offset back wages paid), plus recoupment of wages received from another employer are not covered.
- If unemployment benefits are recouped on this P-1, typically additional agency actions are required as well. Payment from the agency to IWD is to be initiated on the I/3 Accounting system, on the employee's behalf, to reimburse IWD for previous benefits paid to the claimant. IWD should receive notice from your agency so that payment can be applied to proper SUI account.

Regular Other Pay Adjustment Field (page 1 of 2 on P-1 entry)

For an employee who is owed back pay wages, enter the adjustment on the "Reg Oth Pay Adj" line. It's very important that you include calculations and detailed remarks about what specific dates the wages are for.

Example Remarks: 'For original suspension dates of 07/11/12-07/13/12, the 3-day suspension was reduced to 1-day suspension with leave accruals adjusted (or possibly paid out instead of restored). 16.0 hrs wages due to employee.'

GRIEVANCE SETTLEMENT PAY CONTINUED

Biweekly: $\$2149.60 + \48.00 shift differential = $\$2197.60 / 80 = \$27.47/\text{hr}$.

$\$27.47/\text{hr} * 16.0 \text{ hr} = \439.52 wages to be paid

Vacation Earned: 3.692307 accrual rate / $80 = .046154 * 16$ hours = $.73846$ hrs accrued

Vacation Balance: $46.4393 + .73846$ accrued = 47.17776 hours to be paid or restored

Same type of entry needed for sick accruals.

Back Pay Subject to POR Field (page 2 of 2 on P-1 entry)

For a DNR or DPS employee who is owed back pay wages to be treated as retirement covered, enter the adjustment in the "BACK PAY SUBJ POR" line. It's very important that you include calculations and detailed remarks about what specific dates the wages are for.

DAS-SAE may later need to make wage adjustment/reclassification entries with IPERS, to adjust wages back to the applicable prior time period(s). This is why specific suspension/back pay dates need referenced in the P-1.