



CITY OF HOUSTON

Executive Order

Subject: **Employee Payroll Deduction Policy**

E.O. No:
1-13 Revised

Effective Date:
09/24/2010

1. AUTHORITY

1.1 Article VI, Section 7a, of the City Charter of the City of Houston.

2. PURPOSE

2.1 To establish a consistent citywide automated payroll deduction policy. The City of Houston permits automated payroll deductions for voluntary contributions to charitable organizations, employee associations and to various insurance companies for a variety of benefit options.

3. OBJECTIVE

3.1 To establish and implement a clearly defined policy and procedure for automated payroll deductions to be applied consistently across all City departments.

4. DEFINITIONS

Applicant - An association or organization making application to participate in the payroll deduction plan.

City Employee Benefit - Any employee benefit offered or provided by the City.

Director - The Director of the Administration and Regulatory Affairs Department or designee.

Eligible Employee Association/Organization - An association or organization comprised solely of employees of the City of Houston organized or established to address the terms and conditions of the members' employment with the City.

Participation Enrollment Roster - A form promulgated by the Director and completed by an organization to notify the City of Houston employees requesting payroll deduction privileges.

Payroll Cycle - The bi-weekly payroll schedule on which city employees are paid.

Payroll Deduction - The deduction of a specified amount of money from an employee's taxable wages, as required by law or valid court order, or at the written request of the City employee.

Payroll Deduction Agreement - Contract between the City of Houston and a vendor approved to participate in the payroll deduction plan. This agreement outlines the responsibilities and requirements of the vendor and assigns a payroll cycle during each pay period in which payroll deduction privileges will be granted.

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Payroll Deduction Application Form - A form promulgated by the Director for use by an organization to apply for participation in the City of Houston Payroll Deduction Plan.

Payroll Deduction Authorization and Cancellation Form - A form promulgated by the Director for City employees to use to request payroll deductions and cancellations.

Taxable Wages - The amount of an employee's salary subject to federal taxation.

5. SCOPE

- 5.1 This directive is applicable to all payroll deductions for City Departments, with the exception of those relating to the Combined Municipal Campaign (CMC) for Charitable Donations. Guidelines pertaining to the CMC are detailed in Administrative Procedure 2-16.

6. RESPONSIBILITIES

- 6.1 The Director is responsible for accepting the Payroll Deduction Application Form, processing the form in accordance with this directive, and implementing payroll deductions in a timely manner.
- 6.2 Department Directors are responsible for verifying the employment of departmental participants in the payroll deduction program; securing employee signatures; approval of the final package and returning all required forms to Administration & Regulatory Affairs Payroll Services.
- 6.3 City employees are responsible for submitting a completed Payroll Deduction Authorization Form with their designated departmental payroll representative.
- 6.4 An Applicant is responsible for submitting a completed application to the Director when requesting enrollment for the automated payroll deduction program.

7. REQUIREMENTS

- 7.1 An eligible organization must provide a direct benefit to City employees, such as membership in an employee association or enrollment in individual/group insurance coverage. In addition, charitable organizations, as defined by the Internal Revenue Service (IRS), may be eligible for the program. Applicants requesting payroll deductions must:
 - 7.1.1 Be qualified to do business in the State of Texas;
 - 7.1.2 Obtain payroll deduction authorizations from a minimum of 500 city employees;
 - 7.1.3 Use the standard Payroll Deduction Application Form promulgated by the Director;
 - 7.1.4 Submit the names of agents or salespersons who will be soliciting City employee participation; and
 - 7.1.5 Assume responsibility for the actions and soliciting behavior of its agents so as to ensure that employees are solicited in accordance with this policy; the work environment of the employee and his/her supervisor is not disrupted; City

employees are not harassed; and display conspicuously in boldface type the disclaimer, THE CITY OF HOUSTON NEITHER SPONSORS NOR ENDORSES THIS PRODUCT OR SERVICE, on all informational material distributed.

- 7.1.6 No advertisements or other printed materials shall be distributed by the City of Houston on behalf of an organization.
- 7.2 Any organization requesting changes to the amount of the deduction for existing products or services, including the addition/deletion of any product or service, must receive approval from the Director. At a minimum, the request should include the name and type of product/services affected; the current deduction amount and recommended increase; a brief reason for the change; an example of the notice to be sent to participants; and the distribution list for such notice.
- 7.3 Employee benefits offered or provided by the City of Houston are exempt from the requirements enumerated in Section 7.1.

8. PROCEDURES

- 8.1 An application for a payroll deduction is not required for the following types of administrative payroll deductions:
 - 8.1.1 Payroll deductions required by federal or state statute
 - 8.1.2 Payroll deductions required by valid court order
 - 8.1.3 Payroll deductions for any approved City employee benefit program
 - 8.1.4 Payroll deductions required by City Charter or Ordinance
- 8.2 Each applicant requesting an automated payroll deduction shall submit a Payroll Deduction Application Form (Attachment A) and the City of Houston Employee Participation Enrollment Roster (Attachment B) to the Director for approval.
- 8.3 Within ten (10) days from the date of receipt of a completed Payroll Deduction Application Form, the Director will notify the applicant of the acceptance or rejection of the application.
- 8.4 On acceptance of the application form, the Director will forward the application form to the appropriate departmental payroll representative who must verify current employment of each participant listed on the Payroll Deduction Participation Enrollment Roster; secure each employee's signature on the Payroll Deduction Authorization and Cancellation Form (Attachment C); obtain Department Director's approval; and return all required forms to Administration and Regulatory Affairs Payroll Services. The Department must note any discrepancies on the Participation Enrollment Roster. Payroll Deduction Authorization and Cancellation Forms are available through the designated departmental payroll representative.
- 8.5 Once approved by the Director, a copy of the approved Payroll Deduction Authorization Form will be forwarded to the applicant for execution. Executed authorization forms must be forwarded to Payroll Services within five business days of receipt and in accordance with the current payroll schedule.
- 8.6 Payroll deductions will begin no later than the pay period following the pay period of submission unless otherwise notified by the Director.

8.7 Payroll deductions will be made from an employee's taxable wages in the following order, until the amount of money remaining in the adjusted gross paycheck is insufficient to make the next payroll deduction in the full authorized amount:

8.7.1 FICA (Medicare)

8.7.2 FIT (Federal Income Tax)

8.7.3 Mandatory Pension

8.7.4 City Health Insurance

8.7.5 Court Ordered Child Support

8.7.6 IRS Tax Levies

8.7.7 Bankruptcies

8.7.8 Other City Employee Benefits (in an order to be determined by the Director)

Note: Any scheduled payroll deduction, other than those required by statute or valid court order, not paid due to insufficiency will not be deducted from subsequent paychecks.

9. REMITTANCE OF FUNDS FOR PAYROLL DEDUCTIONS

9.1 Payroll deductions will be transferred to organizations as required by statute or valid court order, or if no method is prescribed, as specified by the Director.

9.2 Payroll Services or the authorized departmental payroll representative will enter each deduction into the payroll system by organizational code.

9.3 Payroll Services will review and forward the deduction distribution report to the City Controller for audit. For each payroll cycle, the report will contain the combined payroll deductions for all City employees making a remittance to the same organization.

9.4 Each payroll cycle, the City Controller will audit payroll deductions made for each organization and remit one payment for the net amount due each participating organization.

10. DISCONTINUATION OF PAYROLL DEDUCTIONS

10.1 Employees may discontinue payroll deductions not required by statute, valid court order, City sponsored employee benefit programs or dues, and available by this executive order.

10.2 Employees may discontinue the aforementioned deductions by completing the Payroll Deduction Cancellation Form and obtaining approval from their Department Director through the designated departmental payroll representative, who will submit to ARA Payroll Services.

10.3 Additionally, the Director may discontinue payroll deductions to an organization when the number of City employees who authorized payroll deductions payable to that organization falls below 500 or when the organization fails to comply with provision outlined in the Payroll Deduction Agreement.

10.4 The Director will notify the organization in writing of the decision to discontinue payroll deduction privileges. The organization will be given fifteen (15) calendar days from the date of notification to correct any deficiencies noted by the Director.

10.5 An organization, whose payroll deduction privileges have been revoked, will be eligible for reapplication one calendar year from the date of revocation.

11. ATTACHMENTS

11.1 Attachment A - Payroll Deduction Application Form

11.2 Attachment B - City of Houston Deduction Application Form Supplement

11.3 Attachment C - City of Houston Employee Participation Enrollment Roster

11.4 Attachment D - City Of Houston Payroll Deduction Authorization and Cancellation

Attachment A
Payroll Deduction Application Form

CITY OF HOUSTON
PAYROLL DEDUCTION APPLICATION FORM

Applicant: _____
(Name of Company)

Mailing Address: _____

Payment Address: _____

Telephone Number: _____ Contact Person: _____

Tax Identification Number (TIN): _____

Type of Product or Service Provided: _____

Name of Agent or Salesperson: _____

_____, is hereby making application to the City of Houston,
(Name of Company)

Finance and Administration Department, for participation in the Employee Payroll Deduction
Program. Currently, _____ City of Houston employees desire our services and have requested
payroll deduction privileges.

We understand that the City of Houston will require our Company to agree to terms outlined in the
Payroll Deduction Agreement for participation in the Payroll Deduction Program.

We also understand that the City of Houston reserves the right to reject this application if the number
of City employees listed on the City of Houston Employee Participation Enrollment Roster is found
to be less than 500.

REQUIRED CERTIFICATION

I certify that the information contained on this application for participation in the City of Houston
Payroll Deduction Program is true and correct to the best of my knowledge.

Signature of Company's Authorized Representative:

_____(Signature) _____(Print Name and Title)

Date Signed: _____

TO BE COMPLETED BY FINANCE AND ADMINISTRATION

_____ Approved _____ Denied

_____(Signature) _____(Date)

Attachment B/ C
City of Houston Deduction Application Form
Supplement
City of Houston Employee Participation
Enrollment Roster

Attachment D
City Of Houston Payroll Deduction
Authorization and Cancellation

CITY OF HOUSTON
PAYROLL DEDUCTION AUTHORIZATION AND CANCELLATION FORM

I, [Redacted] hereby authorize the City of Houston to
(Print Employee Name)

deduct/stop \$ [Redacted] from my pay each scheduled cycle and remit to

[Redacted]
(Company Name, Address, City, State and Zip Code)

[Redacted]
(Agent/Representative Name)

[Redacted]
(Agent's Phone Number)

in payment of goods and services purchased by me.

I understand the City of Houston neither sponsors nor endorses the product or services purchased from the above company, nor does it attest to the worth or value of the product or service. I understand, except when restrictions by federal laws apply, that I may cancel this authorization at any time, in writing, by executing this form. In consideration of the City providing this service, I agree not to hold the City liable for any loss resulting from failure to deduct and/or remit the payment specified. I will pay directly to the company any monies not withheld during a payroll cycle. I will request directly from the company any change to my address; however if I fail to do so, I authorize the City to release my address of record to the company. I certify that no portion of this deduction is for any purpose prohibited by City of Houston Legislation.

Employee Signature: _____ Date Signed _____

(TO BE COMPLETED BY DEPARTMENT PAYROLL CLERK)

Employee ID: _____ Dept. Number: _____ Dept. Name: _____

Check Appropriate Box(es):

Table with 4 columns: Description, Amount, TYPE/PLAN, DATE. Rows include Start Amount, Change if new amount, Stop Amount, One Time Deduction, and One Time Refund.

Department Payroll Clerk

Date Prepared

Department Head