

SUBJECT: Optional General Payroll Deductions

Original Issuance Date: June 2, 2014
Last Revision Date:

1. POLICY PURPOSE

The purpose of this policy is to set forth criteria for establishing new optional general payroll deductions and define an annual review process for active optional general payroll deductions. This policy does not apply to the establishment of mandatory general payroll deductions as defined in Section 3 of this policy.

2. POLICY BACKGROUND

Prior to the original issuance date of this policy, there was no defined policy to request or approve new optional general payroll deductions. The basis for this policy is provided for in [§20.921, Wis. Stats.](#) which sets forth the requirements for what is allowable as a deduction from salary and [Chapter Adm 30, Wis. Admin. Code](#) which set forth requirements for payroll deductions for charitable purposes.

During the development of this policy, 195 active general deductions were reviewed by the Human Resources staff of the institutions and institutional stakeholders to validate the business need for each deduction. Twenty-five deductions will be inactivated effective July 1, 2014, due to this review process. The Executive Committee for Enterprise-Wide Administrative Systems approved both the inactivation of the twenty-five deductions and this policy on February 11, 2014.

3. POLICY DEFINITIONS

“Mandatory General Payroll Deductions” are deductions necessary to meet regulatory or system obligations (such as subsequent year FICA deductions), benefit program deductions that are not set up in Benefits Administration, or deductions for employee expenses which *must* be collected and paid to another entity, such as rent charged to employees who live in state-owned housing, controlled by the Department of Administration (DOA). [§20.921 \(2\), Wis. Stats.](#) further defines mandatory payroll deductions.

“Optional General Payroll Deductions” are deductions not required by law but are established through a request and approval process. [§20.921 \(1\), Wis. Stats.](#) further defines optional payroll deductions.

“Payroll Deductions” are amounts withheld from an employee’s paycheck to pay a specific entity. Deductions may be mandatory or optional and may be pre-tax or post-tax.

4. POLICY

A. Criteria for Optional General Payroll Deductions

An optional general payroll deduction must meet the following criteria to be approved:

- The general optional payroll deduction should support the mission of the institution(s) and provide an institution-wide opportunity to support a multi-scope mission and have the support of the Chancellor (or designee); and
- Optional general payroll deductions should be taken on multiple, consecutive payrolls (one-time or infrequent deductions should be taken using the institution's accounts receivable deduction); and
- Institution-specific optional general payroll deductions (those not sent to an outside entity) should be reimbursed to the institution directly through an institution funding string. The creation of a physical check will be strictly limited; and
- If the amount due is not deducted from the employee's paycheck, the institution and/or the UW Service Center are not responsible for the collection of the amount owed; and
- There may be rare exceptions to any or all of the above criteria. The UW Service Center Payroll Manager will determine if the exceptions are allowable.

B. Process to Request a New Optional General Payroll Deduction

All requests for new optional general payroll deductions must be approved by the institution's Human Resources Director, the UW Service Center Payroll Manager and if necessary, the Director of the UW System Administration Office of Human Resources and Workforce Diversity.

The following steps are required to request and approve a new optional general payroll deduction:

- The institution's Human Resources Director will initially review and approve a request per the criteria outlined in Section 4A of this policy. This institutional process to request a new optional general payroll deduction may be further defined by the institution.
- The institution's Human Resources Director must sign and complete a New Optional General Payroll Deduction Request Form and forward it to the UW Service Center Payroll Manager at least 45 business days prior to the beginning of the pay period in which the deduction should begin.
- Once received by the UW Service Center Payroll Manager, the Manager will determine if the requested optional general payroll deduction is approved based on the criteria set forth in this policy. If the Manager, in consultation with the Service Center Director, questions whether or not the deduction aligns with this policy, the request will be forwarded to the Director of the UW System Administration Office of Human Resources and Workforce Diversity for further consideration.
- Additional information may be requested of the institution at any time.
- Once the new optional general payroll deduction is approved, the UW Service Center Payroll Manager will notify the institution's Human Resources Director of the approval date and effective date of the deduction.
- Before a request is denied, the UW Service Center Payroll Manager will consult with the Director of the UW System Administration Office of Human Resources & Workforce Diversity. Once it is determined that the request should be denied, the UW Service Center Payroll Manager will notify the Human Resources Director who initiated the request.

- If an institution would like to appeal the denial of a request, the appeal should be initiated by the institution's Chief Business Officer and submitted to the UW System Administration's Senior Vice President for Administration and Fiscal Affairs for consideration.

C. Annual Review of Optional General Payroll Deductions

On an annual basis, the UW Service Center Payroll Manager will review the active optional general payroll deductions, including those that were grandfathered as of the original issuance date of this policy. Those deductions that do not meet the requirements of this policy, have lower than anticipated usage or have not been used for at least 12 months, may be inactivated. The institution's Human Resources Director will be notified in advance of the deactivation.

5. RELATED DOCUMENTS

[University of Wisconsin New Optional General Payroll Deduction Request Form](#)

[KB 16987 – HRS Payroll – Maintain Employee General Deductions](#)

[§20.921, Wis. Stats.](#) (Appropriations and Budget Management – Deductions from Salaries)

[Chapter Adm 30, Wis. Admin. Code](#) (Payroll Deductions for Charitable Purposes)