

Section 5.41. Payroll Requirements

**STATE OF TEXAS
COMPTROLLER OF PUBLIC ACCOUNTS
CLAIMS PROCESSING – PAYROLL**

Note: Section 5.41 is currently in the process of being amended. Portions of the policy document to amend the rule have been included in segments throughout the Payroll Policies and Procedures Guide. An update to the Payroll Guide will be mailed to all agencies upon adoption of the amended rule.

Section 5.41. Payroll Requirements. (Government Code, secs. 403.011, 403.072, 403.078, and 2101.035) .

- (a) **Definitions.** The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise.
- (1) **Appropriation year** – The accounting period beginning on September 1st and ending the following August 31st.
 - (2) **Casual or task employee** – An individual who is employed by an institution of higher education for a short time period or a specific task.
 - (3) **Document** – Has the meaning assigned to “voucher.”
 - (4) **FACTS** – The financial accounting and control for the Texas system.
 - (5) **FACTS format** – The FACTS layout that a state agency uses to submit payroll vouchers to the comptroller.
 - (6) **Fiscal year** – Has the meaning assigned to “appropriation year.”
 - (7) **FLSA** – The Fair Labor Standards Act of 1938.
 - (8) **GAA** – The General Appropriations Act.
 - (9) **HRIS** – The human resource information system.
 - (10) **Include** – A term of enlargement and not of limitation or exclusive enumeration. The use of the term does not create a presumption that components not expressed are excluded.
 - (11) **Institution of higher education** – Has the meaning assigned by the Education Code, sec. 61.003, except that the term does not include a public junior college.
 - (12) **May not** – A prohibition. The term does not mean “might not” or its equivalents.

- (13) **Payroll document** – The type of document that a state agency submits to the comptroller in the USAS format when requesting payment of the compensation of state employees or certain other types of payments as required by the comptroller.
- (14) **Payroll information** – Information concerning the type and amount of compensation earned by a state employee, deductions from the compensation earned by the employee, and the source of funding for the payment of compensation to the employee. The term includes other types of information that the comptroller requires to be reported as payroll information.
- (15) **Payroll voucher** – The type of voucher that a state agency submits to the comptroller in the FACTS format when requesting payment of the compensation of state employees or certain other types of payments as required by the comptroller.
- (16) **Personnel information** – Information about a state employee’s job, compensation, or personal characteristics. The term includes other types of information that the comptroller requires to be reported as personnel information.
- (17) **Qualified deferred compensation plan** – A deferred compensation plan that is governed by the Internal Revenue Code of 1986, sec. 401(k) .
- (18) **State agency** – A department, board, commission, committee, council, agency, office, or other entity in the executive, legislative, or judicial branch of Texas state government, the jurisdiction of which is not limited to a geographical portion of this state. The term includes the State Bar of Texas, the Board of Law Examiners, and an institution of higher education.
- (19) **State employee** – Includes a state officer, a casual or task employee, and an individual whose employment with a state agency is conditional on the individual being a student.
- (20) **USAS** – The uniform statewide accounting system.
- (21) **USAS format** – The USAS layout that a state agency uses to submit payroll documents to the comptroller.
- (22) **USPS** – The uniform statewide payroll/personnel system.
- (23) **Voucher** – The paper or electronic request that a state agency submits to the comptroller for the purpose of requesting the comptroller to make a payment on the agency’s behalf.
- (24) **Workday** – Any day that is not Saturday, Sunday, or a state or national holiday under the GAA or the Government Code, secs. 662.001–662.010.

- (b) **Content and format requirements for payroll vouchers and documents.**
 - (1) **Required submission of payroll vouchers. A state agency must submit a payroll voucher instead of a payroll document to the comptroller if the agency:**
 - (A) does not use USPS; and
 - (B) is not requesting reimbursement for the agency's payment of compensation to its employees.
 - (2) **Required submission of payroll documents. A state agency must submit a payroll document instead of a payroll voucher to the comptroller if the agency:**
 - (A) uses USPS; or
 - (B) is requesting reimbursement for the agency's payment of compensation to its employees.
 - (3) **Content of payroll vouchers. A payroll voucher that a state agency submits to the comptroller must state, provide, or list:**
 - (A) the appropriate transaction codes;
 - (B) the agency's correct name and number;
 - (C) the appropriate voucher type;
 - (D) whether the voucher is submitted on tape or paper;
 - (E) the correct tape batch number, if the voucher is submitted on tape;
 - (F) the correct tape volume number, if the voucher is submitted on tape;
 - (G) the agency voucher number;
 - (H) the correct payroll ending date;
 - (I) the tax deposit date;
 - (J) the total amount of the voucher;
 - (K) the numbers of the funds from which the payments resulting from the voucher will be made;
 - (L) the correct fiscal years that will be charged for the payments resulting from the voucher;
 - (M) the appropriate cost center numbers;
 - (N) the appropriate comptroller object codes;
 - (O) the amount of payments for each combination of cost center number and comptroller object code;
 - (P) that the payroll voucher is correct and unpaid;
 - (Q) that the payments are not prohibited by the Texas Constitution and do not violate any statutory requirements or conditions;

- (R) a certification that if the GAA requires the filing of a salary supplementation report with the comptroller and the secretary of state, the report has been filed; and
 - (S) an approval of the voucher according to the Government Code, sec. 403.071 and sec. 2103.004.
- (4) Content of payroll documents. A payroll document that a state agency submits to the comptroller must state, provide, or list:
- (A) the document date, which is the payroll period ending date;
 - (B) the effective date, which is the date the document processes in USAS;
 - (C) the due date, which is:
 - (i) the date printed on the warrants resulting from the document; or
 - (ii) the date that funds are posted to the payees' bank accounts if the payments are made by electronic funds transfer;
 - (D) the document and suffix number;
 - (E) the correct number of the agency;
 - (F) the appropriate transaction code;
 - (G) the correct appropriation years that will be charged for the payments resulting from the document;
 - (H) a valid program cost account or index number;
 - (I) the appropriate comptroller object codes;
 - (J) the amount of each transaction included in the document;
 - (K) the payment distribution type for each transaction included in the document;
 - (L) the document amount;
 - (M) the correct name of the agency;
 - (N) the payee identification number and name of each individual or entity that is receiving a payment as a result of the document;
 - (O) the correct number of each appropriation and fund that is being used to support payments as a result of the document.
- (c) Payroll details.
- (1) Required submission of payroll details. Except as provided in paragraph (2) of this subsection, a state agency must attach one copy of the payroll detail to each payroll voucher.
 - (2) Electronic submission of payroll details. A state agency may electronically submit a payroll detail to the comptroller according to the comptroller's requirements.
 - (3) Content of payroll details. A payroll detail for a payroll voucher must:

- (A) specify the appropriate transaction codes;
 - (B) specify the payroll period ending date;
 - (C) specify the numbers of the funds from which the payments resulting from the voucher will be made;
 - (D) have accurate information in the detail, address, and, where applicable, the “C” lines for each payment record;
 - (E) specify the line numbers;
 - (F) specify the correct fiscal years that will be charged for the payments resulting from the voucher;
 - (G) provide the appropriate cost center numbers;
 - (H) list the appropriate comptroller object codes;
 - (I) provide the payee identification number and name of each individual or entity who is receiving a payment as a result of the voucher;
 - (J) provide the gross and net amount for each payment record;
 - (K) provide the appropriate plan identifier and deduct type for each payment record that involves:
 - (i) a deduction to a qualified deferred compensation plan;
 - (ii) the repayment of a loan made under a qualified deferred compensation plan; or
 - (iii) both a deduction to and the repayment of a loan made under a qualified deferred compensation plan;
 - (L) specify the amount and payee of each payroll deduction resulting from the voucher; and
 - (M) specify for each payment record the amount deducted to or the amount of the repayment of a loan under a qualified deferred compensation plan, if any.
- (d) **Deadline for receipt of payroll vouchers and documents.**
- (1) **Generally.** Except as provided in paragraph (2) of this subsection, a payroll voucher or document must be received by the comptroller, according to the comptroller’s requirements, not later than the seventh workday before payday. This subparagraph applies regardless of:
 - (A) how often a state agency pays its employees; or
 - (B) whether the agency submits a voucher or document electronically or on paper.

- (2) **Exceptions.**
 - (A) If a state agency wants to pick up its warrants before payday under a bailment contract the agency has executed with the comptroller, then the agency's payroll voucher or document must be received not later than the seventh workday before the day on which the agency wants to pick up the warrants.
 - (B) A payroll voucher or document that is submitted by a state agency that uses USPS must be received by the comptroller, according to the comptroller's requirements, not later than the fourth workday before payday.
- (e) **Supplemental payroll vouchers and documents.**
 - (1) When allowed. A state agency may submit a supplemental payroll voucher or document to the comptroller if a change occurs between the agency's submission of its regular payroll voucher or document and the end of the month.
 - (2) **Required explanation.** When a state agency submits a supplemental payroll voucher or document to the comptroller, the agency must briefly explain on the voucher or document the need for the supplemental payroll.
 - (3) **Adjustments in compensation.** When a change results in a state agency owing money to a state employee, the agency should adjust the employee's compensation for the following month instead of submitting a supplemental payroll if the delay would not cause hardship to the employee.
- (f) **Non-regular payments.** A state agency may make a payment to a state employee for other than the employee's regular compensation on a regular payroll voucher or document. The agency must select the proper comptroller object code for the payment.
- (g) **Cancellations of payments of compensation.**
 - (1) **Cancellations of warrants.** When a state agency needs to cancel a payroll warrant, the agency must properly complete the comptroller's warrant cancellation voucher form. After completing the form, the agency must forward the form and the warrant, with "CANCELED" clearly written on the warrant, to the comptroller's claims division for processing. A state agency may not mix a payroll warrant cancellation with cancellations of non-payroll warrants on a warrant cancellation voucher form.
 - (2) **Cancellation of electronic funds transfers.** When a state agency needs to cancel a payment of compensation via the comptroller's electronic funds transfer system, the agency must follow the procedures specified by the comptroller.

- (3) Issuance of new warrants. When a state agency needs to issue a new payroll warrant after canceling the original payroll warrant, the agency must follow the comptroller's procedures for supplemental payrolls.
- (h) Payroll conversions. In early September of each year, state agencies that are subject to the Position Classification Act must furnish payroll conversion information to the comptroller and the state auditor according to their guidelines. Although the comptroller sends the guidelines to each state agency once each year, the guidelines are always available from the comptroller upon request.
- (i) Electronic submission of payroll vouchers and documents. The comptroller prefers for each state agency to electronically submit its payroll vouchers and documents to the comptroller. The electronic submission of a payroll voucher or document must comply with the comptroller's requirements.
- (j) Reporting of personnel information to HRIS.
 - (1) Applicability. This subsection applies to a state agency only if it does not use USPS.
 - (2) Reporting requirements.
 - (A) A state agency shall report personnel information to HRIS if:
 - (i) a state employee is added to or removed from the agency's payroll;
 - (ii) the agency changes a state employee's compensation rate;
 - (iii) the agency changes a state employee's classification or job title;
 - (iv) the legal name of a state employee of the agency changes;
 - (v) the social security number of a state employee of the agency changes;
 - (vi) a state employee of the agency goes on leave without pay or faculty development leave;
 - (vii) the home address of a state employee of the agency changes;
 - (viii) deduction information concerning a state employee of the agency changes, if HRIS requires reporting of that information; or
 - (ix) other job or descriptive information concerning a state employee of the agency changes, if HRIS requires reporting of that information.
 - (B) A state agency shall ensure that HRIS receives its report not later than the seventh day of the month after the month in which the change or event occurs that triggers the requirement for the agency to file the report.

- (C) A report to HRIS under this paragraph must be made in the manner, frequency, and form required by the comptroller.
- (k) Reporting of payroll information to HRIS.
 - (1) Applicability. This subsection applies to:
 - (A) an institution of higher education that does not use USPS;
 - (B) the State Bar of Texas, but only until it begins using USPS; and
 - (C) the Board of Law Examiners, but only until it begins using USPS.
 - (2) Reporting requirements.
 - (A) A state agency shall report payroll information to HRIS.
 - (B) A state agency's report of payroll information must be complete not later than the seventh day of the month following the month covered by the report. A report is complete only if:
 - (i) it encompasses all the pay periods that end in the month covered by the report; and
 - (ii) HRIS receives it by the deadline.
 - (C) A report to HRIS under this paragraph must be made in the manner, frequency, and form required by the comptroller.
- (l) Reporting errors. If the comptroller detects an error in a state agency's report of personnel or payroll information, then the comptroller shall provide a description of the error to the agency. The agency shall then correct the error according to the comptroller's requirements. The agency must correct the error not later than the seventh day of the month following the month in which the agency receives a description of the error.
- (m) Additional mail codes. A state agency may establish an additional mail code for a state employee only by submitting the proper application to the comptroller's claims division.
- (n) USPS.
 - (1) Exemption. This subsection does not apply to an institution of higher education.

- (2) Required use of USPS.
 - (A) Except as provided in subparagraph (B) of this paragraph, a state agency must use USPS to:
 - (i) calculate and otherwise generate the agency's payments of compensation to its state employees; and
 - (ii) maintain the agency's personnel and payroll information.
 - (B) A state agency is not subject to subparagraph (A) of this paragraph if the comptroller has not yet allowed the agency to start using USPS.
- (o) Deceased state employees.
 - (1) Required payees. A state agency must pay the compensation earned by a deceased state employee to the employee's estate unless the Probate Code, sec. 160, or another law authorizes or requires a different payment method.
 - (2) Additional mail codes. When a state agency pays the estate of a deceased state employee, the agency must establish an additional mail code under the payee identification number of the employee.
- (p) Overtime payments.
 - (1) Generally. A state employee covered by the overtime provisions of the FLSA must be credited or paid for overtime hours worked according to the GAA, the FLSA, and the regulations adopted by the United States Department of Labor under the FLSA. Those regulations and the FLSA prevail over the GAA to the extent of conflict, if any.
 - (2) Method for making overtime payments. A state agency may pay overtime on any payroll voucher or document submitted to the comptroller, including a supplemental payroll voucher or document.
- (q) Payments of compensation for working partial months.
 - (1) State employees paid once each month.
 - (A) This paragraph applies only to a state employee who is paid once each month.
 - (B) A state agency must calculate the amount of compensation a state employee is entitled to receive for working less than a full month by:
 - (i) calculating the employee's hourly rate of pay according to the GAA; and
 - (ii) multiplying the employee's hourly rate of pay by the number of hours worked to determine the correct amount of compensation.

- (C) Subparagraph (B) of this paragraph also applies to the compensation paid to a state employee who is on leave without pay for less than an entire calendar month.
- (2) State employees paid twice each month.
 - (A) This paragraph applies only to a state employee who is paid twice each month.
 - (B) This subparagraph applies to a state employee who does not work all the available hours in the first half of a month but works all the available hours in the second half of the month.
 - (i) The total compensation that must be paid to a state employee for an entire month is equal to the product of:
 - (I) the hours worked in the month by the employee; and
 - (II) the employee's hourly rate for the month as calculated according to the GAA.
 - (ii) The amount of compensation that must be paid to a state employee for services provided during the first half of a month is equal to the product of:
 - (i) the hours worked in that half of the month by the employee; and
 - (ii) the employee's hourly rate for the month as calculated according to the GAA.
 - (iii) The amount of compensation that must be paid to a state employee for services provided during the second half of a month equals the difference between:
 - (I) the total compensation that must be paid to the employee for the entire month as determined under clause (i) of this subparagraph; and
 - (II) the compensation that must be paid to the employee for services provided during the first half of the month as determined under clause (ii) of this subparagraph.
 - (C) This subparagraph applies to a state employee who works all the available hours in the first half of a month but does not work all the available hours in the second half of that month.
 - (i) The total compensation that must be paid to a state employee for an entire month is equal to the product of:
 - (I) the hours worked in the month by the employee; and
 - (II) the employee's hourly rate for the month as calculated according to the GAA.

- (ii) The amount of compensation that must be paid to a state employee for services provided during the first half of a month equals 50% of the employee’s compensation for the month.
 - (iii) The amount of compensation that must be paid to a state employee for services provided during the second half of a month equals the difference between:
 - (I) the total compensation that must be paid to the employee for the entire month as determined under clause (i) of this subparagraph; and
 - (II) the compensation that must be paid to the employee for services provided during the first half of the month as determined under clause (ii) of this subparagraph.
- (r) Lump sum payments for accrued vacation time.
 - (1) Special definition. In this subsection, “state employee” has the meaning assigned by the Government Code, sec. 661.061(2) .
 - (2) Entitlement to payments. A state employee who separates from state employment is entitled to be paid for the accrued balance of the employee’s vacation time as of the date of separation.
 - (3) Governing law. A payment under this subsection must be made according to the Government Code, Chapter 661, Subchapter C.
 - (4) Payroll details. The payroll detail submitted with a payroll voucher to make a payment to a state employee under this subsection must include:
 - (A) the employee’s rate of pay;
 - (B) the date of separation from state employment; and
 - (C) the number of days and hours of accrued vacation time, not including hours for authorized national and state holidays.
 - (5) Appropriation year determination. A state agency must charge a payment under this subsection to an applicable appropriation for the payment of compensation. The payment must be charged to the appropriation year in which the state employee’s separation from service becomes effective.
 - (6) Tax and retirement withholding from payments.
 - (A) A payment under this subsection is subject to federal income tax withholding and withholding under the Federal Insurance Contributions Act.

- (B) A payment under this subsection:
 - (i) is not subject to deductions for employee retirement contributions to the optional retirement program or the Teacher Retirement System of Texas; and
 - (ii) according to the Employees Retirement System of Texas, is not subject to deductions for employee contributions to that system.
- (s) Lump-sum payments for accrued vacation leave and sick leave upon the death of a state employee.
 - (1) Special definition. In this subsection, “state employee” has the meaning assigned by the Government Code, sec. 661.031(2) .
 - (2) Entitlement to payments. Upon the death of a state employee, the employing state agency shall pay the employee’s estate for the employee’s vacation leave and sick leave balances according to the limits, if any, established by the GAA. Notwithstanding the GAA, the payment may not be for more than:
 - (A) all of the employee’s accumulated vacation leave; and
 - (B) one-half of the employee’s accumulated sick leave.
 - (3) Governing law. A payment under this subsection must be made according to the Government Code, Chapter 661, Subchapter B.
 - (4) Payroll details. The payroll detail submitted with a payroll voucher to pay accrued vacation leave and sick leave to a deceased employee’s estate must include:
 - (A) the employee’s rate of pay at the time of death;
 - (B) the date of separation from state employment;
 - (C) the number of days and hours of accrued vacation time, not including hours for authorized national and state holidays; and
 - (D) the number of days and hours of accrued sick leave.
 - (5) Appropriation year determination. A state agency must charge a lump-sum payment for accrued vacation leave and sick leave to the agency’s appropriation for the payment of compensation. The payment must be charged to the appropriation year in which the state employee’s death occurred.
 - (6) Retirement withholding from payments. A lump-sum payment for accrued vacation leave and sick leave upon the death of a state employee:
 - (A) is not subject to deductions for employee retirement contributions to the optional retirement program or the Teacher Retirement System of Texas; and
 - (B) according to the Employees Retirement System of Texas, is not subject to deductions for employee retirement contributions to that system.

- (7) Tax withholding from the sick leave portion. The sick leave portion of a lump-sum payment for accrued vacation leave and sick leave upon the death of a state employee is not subject to federal income tax withholding or withholding under the Federal Insurance Contributions Act.
- (8) Tax withholding from the vacation leave portion. The vacation leave portion of a lump-sum payment for accrued vacation leave and sick leave upon the death of a state employee:
 - (A) is not subject to federal income tax withholding;
 - (B) is subject to withholding under the Federal Insurance Contributions Act if the payment occurs during the calendar year of the employee's death; and
 - (C) is not subject to withholding under the Federal Insurance Contributions Act if the payment occurs after the calendar year of the employee's death.
- (t) Hazardous duty pay. The statute governing hazardous duty pay is the Government Code, sec. 659.062.
- (u) Payroll deductions.
 - (1) Special definitions. The following words and terms, when used in this subsection, shall have the following meanings unless the context clearly indicates otherwise.
 - (A) Certified state employee organization – A state employee organization that the comptroller has certified according to sec. 5.46 of this title (relating to Deductions for Certain Membership Fees) .
 - (B) State agency –
 - (i) a board, commission, department, office, or other agency that is in the executive branch of state government and that was created by the constitution or a statute of the state, including an institution of higher education as defined by the Education Code, sec. 61.003;
 - (ii) the legislature or a legislative agency; or
 - (iii) the supreme court, the court of criminal appeals, a court of appeals, the State Bar of Texas, or another state judicial agency.
 - (2) Statutory limitation. The Government Code, sec. 659.002, prohibits a state agency from making a deduction from the compensation paid to an employee whose compensation is paid in full or in part from state funds unless the deduction is authorized by law.
 - (3) List of authorized deductions. The deductions authorized by law are:
 - (A) court-ordered deductions under the Bankruptcy Code, Chapter 13;

- (B) deductions required by levies imposed by the Internal Revenue Service;
- (C) deductions required by payroll deduction agreements between the Internal Revenue Service and state employees if the agreements are legally binding on employing state agencies;
- (D) federal income tax withholding;
- (E) deductions required by the Federal Insurance Contributions Act, which includes social security and Medicare withholding;
- (F) income tax deductions required by states other than Texas or by local governments outside Texas in which state employees live and work;
- (G) contributions to the Employees Retirement System of Texas, the Teacher Retirement System of Texas, the optional retirement program, the Judicial Retirement System of Texas Plan One, or the Judicial Retirement System of Texas Plan Two;
- (H) fees charged to state employees by their employing state agencies for complying with court-ordered child support deductions from the employees' compensation;
- (I) court-ordered child support deductions;
- (J) extra federal income tax withholding;
- (K) deferrals to and repayments of loans from the qualified deferred compensation plan;
- (L) deductions required by a valid assignment, transfer, or pledge of compensation as security for an indebtedness under the Education Code, sec. 51.934;
- (M) health benefits plan deductions, cafeteria plan deductions, and other deductions authorized by the Insurance Code, Article 3.50-2, Texas Employees Uniform Group Insurance Benefits Act;
- (N) health benefits plan deductions, cafeteria plan deductions, and other deductions authorized by the Insurance Code, Article 3.50-3, Texas State College and University Employees Uniform Insurance Benefits Act;
- (O) deductions for goods and services provided to employees by the institutional division of the Department of Criminal Justice;
- (P) deductions for services provided to state employees of the Department on Aging, the Commission on Alcohol and Drug Abuse, the Commission for the Blind, the Cancer Council, the Children's Trust Fund of Texas, the Commission for the Deaf and Hearing Impaired, the Interagency Council on Early Childhood Intervention, the

- Department of Health, the Health and Human Services Commission, the Department of Human Services, the Department of Mental Health and Mental Retardation, the Department of Protective and Regulatory Services, the Rehabilitation Commission, and the Youth Commission;
- (Q) deferrals to the deferred compensation plans governed by the Internal Revenue Code of 1986, sec. 457;
 - (R) contributions by employees of the Texas Higher Education Coordinating Board, the Texas Education Agency, the Department of Mental Health and Mental Retardation, the Department of Health, the Youth Commission, and the governing boards of state-supported institutions of higher education to any investment authorized under the Internal Revenue Code of 1986, sec. 403(b) ;
 - (S) deductions to pay membership fees to certified state employee organizations;
 - (T) service purchase installment deductions for contributing members of the Employees Retirement System of Texas, the Judicial Retirement System of Texas Plan I, or the Judicial Retirement System of Texas Plan II;
 - (U) deductions from the compensation paid to certain faculty members who take English proficiency courses under the Education Code, sec. 51.917;
 - (V) deductions for contributions to eligible charitable organizations;
 - (W) deductions for payments to credit unions;
 - (X) deductions required by federal law for the repayment of guaranteed student loans;
 - (Y) deductions for savings bond purchases; and
 - (Z) deductions for supplemental optional benefit programs approved by the Employees Retirement System of Texas under the Government Code, sec. 659.102;
 - (AA) deductions to make payments under a prepaid tuition contract;
 - (BB) deductions for contributions to a qualified football coaches plan.

- (v) **Garnishments.**
- (1) **Delivery of garnishment notices.** A notice to garnish the compensation of a state employee must be delivered directly to the employing state agency.
 - (2) **Garnishment notices for terminated employees.** If a state agency receives a garnishment notice for a person no longer employed by the agency, then the agency must:
 - (A) return the notice to the entity that issued the notice;
 - (B) inform the entity that the person is no longer employed; and
 - (C) identify to the entity the retirement system that the entity should contact to seek information about the person's retirement contribution balance.
 - (3) **Compliance with garnishment notices.** Upon receipt of a valid garnishment notice, the receiving state agency must:
 - (A) inform the affected state employee about the notice and the procedures the agency will follow to comply with the notice;
 - (B) establish a mail code on the comptroller's Texas payee information system for the recipient of the garnishment proceeds unless a payee number has already been designated for all state agencies to use; and
 - (C) show the garnishment as a miscellaneous deduction on the affected state employee's payroll record.
 - (4) **Effective date of garnishment notices.** A garnishment notice takes effect with the first payroll voucher submitted to the comptroller after the notice is received. Therefore, if a state agency receives a garnishment notice after the agency has submitted a payroll voucher to the comptroller, the notice does not apply to that voucher.
- (w) **Refunds of deductions.** A state agency may refund amounts previously deducted in error only by using credit amounts in the appropriate deduction column on a payroll voucher or document.

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Section 5.46. Deductions for Certain Membership Fees

STATE OF TEXAS
COMPTROLLER OF PUBLIC ACCOUNTS
CLAIMS PROCESSING – PAYROLL

Section 5.46. Deductions for Paying Membership Fees to Employee Organizations. (Government Code, sec. 403.0165) .

- (a) **Definitions.** The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise.
- (1) **Comptroller** – The Comptroller of Public Accounts for the State of Texas.
 - (2) **Eligible organization** – A state employee organization that the comptroller has certified in accordance with this section and whose certification has not been terminated.
 - (3) **Employer** – A state agency that employs one or more state employees.
 - (4) **Fiscal year** – The fiscal year of the State of Texas.
 - (5) **Holiday** – A state or national holiday as specified by the Government Code, secs. 662.001-662.010. The term does not include a holiday that the General Appropriations Act prohibits state agencies from observing.
 - (6) **Include** – Is a term of enlargement and not of limitation or exclusive enumeration. The use of the term does not create a presumption that components not expressed are excluded.
 - (7) **Institution of higher education** – Has the meaning assigned by the Education Code, sec. 61.003.
 - (8) **May not** – Is a prohibition. The term does not mean “might not” or its equivalents.
 - (9) **Membership fee** – The dues or fee that a state employee organization requires a state employee to pay to maintain membership in the organization.
 - (10) **Payee identification number** – The 14-digit number that the comptroller assigns to each direct recipient of a payment made by the comptroller for the State of Texas.
 - (11) **Salary or wage leveling agreement** – A contract or other agreement between a state employee and the employee’s employer that requires the employer to pay the employee’s total annual salary or wages over 12 months even though the employee is not scheduled to work each of those months.

- (12) **Salary or wages** – Base salary or wages, longevity pay, or hazardous duty pay.
 - (13) **State agency** – A department, commission, council, board, office, agency, or other entity of Texas state government, including an institution of higher education.
 - (14) **State employee** – An employee of a Texas state agency. The term includes an elected or appointed official, a part-time employee, an hourly employee, a temporary employee, an employee who is not covered by the Position Classification Act of 1961, and a combination of the preceding. The term excludes an independent contractor and the employee of an independent contractor.
 - (15) **State employee organization** – An association, union, or other organization that advocates the interests of state employees concerning grievances, compensation, hours of work, or other conditions or benefits of employment.
 - (16) **Workday** – A calendar day other than Saturday, Sunday, or a holiday.
- (b) **Deductions.**
- (1) **Authorization of deductions.**
 - (A) A state employee may authorize one or more monthly deductions from the employee’s salary or wages to pay membership fees to eligible organizations.
 - (B) No state agency or state employee organization may state or imply that a state employee is required to authorize a deduction under this section.
 - (C) A state employee may provide an authorization only if the employee:
 - (i) properly completes an authorization form; and
 - (ii) submits the form to the eligible organization to which the membership fees will be paid.
 - (D) Neither the comptroller nor a state agency is liable or responsible for any damages or other consequences resulting from a state employee authorizing an incorrect amount of a deduction authorized by this section.
 - (2) **Manual change in the amount of a deduction.**
 - (A) At any time, a state employee may authorize a change in the amount to be deducted under this section from the employee’s salary or wages.
 - (B) A state employee may authorize a change in the amount of a deduction under this section only if the employee:
 - (i) properly completes an authorization form; and
 - (ii) submits the form to the affected eligible organization.

- (C) Neither the comptroller nor a state agency is liable or responsible for any damages or other consequences resulting from a state employee changing the amount of a deduction authorized by this section.
- (3) Automatic change in the amount of a deduction.
 - (A) A state employee may authorize the employee's employer to change the amount of a deduction under this section from the employee's salary or wages without the employee first submitting an authorization form for the change.
 - (B) A state employee may provide an authorization under subparagraph (A) of this paragraph only for a change that is needed because an eligible organization has changed the amount of membership fees it charges to state employees. An employee may not provide the authorization for a change that is needed because the employee's salary or wages have increased or decreased.
 - (C) Even if a state employee provides the authorization under subparagraph (A) of this paragraph, the employee's employer may require the employee to submit a properly completed authorization form to the employer before the employer changes the amount of a deduction under this section from the employee's salary or wages.
 - (D) A state employee may provide the authorization under subparagraph (A) of this paragraph only if the employee:
 - (i) properly completes an authorization form that enables state employees to provide the authorization; and
 - (ii) submits the form to the affected eligible organization.
 - (E) When an eligible organization wants to change the amount of membership fees it charges to state employees, the organization must provide prior written notification of the change to the comptroller. If the comptroller receives the notification on the first calendar day of a month, then the change is effective for the salary or wages paid to state employees on the first workday of the second month following the month in which the comptroller receives the notification. If the comptroller receives the notification after the first calendar day of a month, then the change is effective for the wages and salaries paid to state employees on the first workday of the third month following the month in which the comptroller received the notification.
- (4) Sufficiency of salary or wages to support a deduction.
 - (A) A state employee is solely responsible for ensuring that the employee's salary or wages are sufficient to support a deduction authorized by this section.

- (B) If a state employee's salary or wages are sufficient to support only part of a deduction authorized by this section, then no part of the deduction may be made.
 - (C) The amount that could not be deducted from a state employee's salary or wages because they were insufficient to support the deduction may not be made up by deducting the amount from subsequent payments of salary or wages to the employee.
- (5) Timing of deductions.
 - (A) Except as provided in subparagraph (B) of this paragraph, a deduction authorized by this section must be made from the salary or wages that are paid on the first working day of a month.
 - (B) If a state employee does not receive a payment of salary or wages on the first working day of a month, then the employer of the employee may designate the payment of salary or wages to the employee from which a deduction authorized by this section will be made. A deduction authorized by this section may be made only once each month.
- (6) Regularity of deductions.
 - (A) This subparagraph applies to a state employee who is scheduled by the employee's employer to work each month of a year. A deduction authorized by this section must be calculated so that the total membership fee paid by a state employee per year is spread evenly over 12 monthly deductions.
 - (B) This subparagraph applies to a state employee who is not scheduled by the employee's employer to work each month of a year.
 - (i) If a state employee has entered into a salary or wage leveling agreement, then a deduction authorized by this section must be calculated so that the total membership fee paid by the employee per year is spread evenly over the months the employee will be paid under the agreement.
 - (ii) If a state employee has not entered into a salary or wage leveling agreement, then a deduction authorized by this section must be calculated so that the total membership fee paid by the employee per year is spread evenly over the months the employee will be paid.
 - (C) The eligible organization to which a state employee authorizes a deduction under this section is responsible for calculating the deduction amount in accordance with this paragraph. The eligible organization is also responsible for instructing the state employee about how to enter the correct deduction amount on the authorization form.

- (7) **Retroactive deductions.**
 - (A) In this paragraph, “retroactive deduction” means a deduction authorized by this section to the extent the purpose of the deduction is:
 - (i) to correct an error made in a previous month that resulted in the amount of money deducted being less than the amount authorized by a state employee; or
 - (ii) to catch up on the amount of membership fees owed by a state employee to an eligible organization because a deduction authorized by this section was not made in one or more previous months.
 - (B) A retroactive deduction is prohibited unless:
 - (i) an error described in subparagraph (A) (i) of this paragraph was committed by the employer of the employee; and
 - (ii) the eligible organization that received the erroneous deduction consents to the retroactive deduction.
 - (8) **Cancellation of deductions.**
 - (A) A state employee may cancel at any time a deduction authorized by this section.
 - (B) A state employee may cancel a deduction authorized by this section to an eligible organization only if the employee:
 - (i) properly completes a cancellation form and submits the form to the organization or the employee’s employer; or
 - (ii) provides other written notice of the cancellation to the organization or the employee’s employer.
 - (C) If a state employee submits a cancellation form or other written notice of cancellation to the employee’s employer, then the agency must include a copy of the form or notice with the next detail report that the agency sends to the affected eligible organization.
 - (D) Neither the comptroller nor a state agency is liable or responsible for any damages or other consequences resulting from a state employee cancelling a deduction authorized by this section.
 - (9) **Interagency transfers of state employees.** A state employee who transfers from one state agency to a second state agency must be treated by the second state agency as if the employee has not yet authorized any deductions under this section.
- (c) **Effectiveness of authorization forms.**
- (1) **Effective date of authorization forms.**

- (A) This subparagraph applies if a state agency receives a state employee's properly completed authorization form on the first calendar day of a month.
 - (i) The first deduction authorized by this section must be made from the employee's salary or wages that are paid on the first workday of the first month following the month in which the agency receives the form.
 - (ii) If an authorization form is submitted to change the amount of a deduction authorized by this section, then the change is effective with the deduction made on the first workday of the first month following the month in which the agency receives the form.
 - (B) This subparagraph applies if a state agency receives a state employee's properly completed authorization form after the first calendar day of a month.
 - (i) The first deduction authorized by this section must be made from the employee's salary or wages that are paid on the first workday of the second month following the month in which the agency receives the form. However, the agency may consent for the first deduction to occur from the salary or wages that are paid on the first workday of the first month following the month in which the agency receives the form.
 - (ii) If an authorization form is submitted to change the amount of a deduction authorized by this section, then the change is effective with the deduction made on the first workday of the second month following the month in which the agency receives the form. However, the agency may consent for the change to be effective with the deduction made on the first workday of the first month following the month in which the agency receives the form.
 - (C) If the first calendar day of a month is not a workday, then the first workday following the first calendar day is the deadline for the receipt of properly completed authorization forms.
 - (D) Eligible organizations are solely responsible for ensuring that properly completed authorization forms are received by the deadline.
- (2) Return of authorization forms.
- (A) A state agency shall return an authorization form to the eligible organization that submitted the form if:
 - (i) the form is incomplete, contains erroneous data, or is otherwise insufficient; and
 - (ii) a deficiency listed in clause (i) of this subparagraph makes it impossible for the agency to establish the deduction in accordance with the form.

- (B) A state agency shall return an authorization form to the eligible organization that submitted the form if the form is for an individual who is not employed by the agency.
 - (C) A state agency may either accept an authorization form from or return an authorization form to the eligible organization that submitted the form when the form postpones the first deduction authorized by this section beyond the effective date determined under paragraph (1) of this subsection. If the agency accepts the authorization form, then the agency may not make the deduction effective before the effective date specified on the form.
 - (D) A state agency shall state in writing the reason for the return of an authorization form. The statement must be attached to the form being returned.
- (3) Copies of authorization forms. An eligible organization is solely responsible for making a copy of each authorization form before the organization submits the form to the appropriate state agency.
- (d) Effectiveness of cancellation forms and cancellation notices.
- (1) Effective date of cancellation forms and cancellation notices.
 - (A) This subparagraph applies if a state agency receives a state employee's properly completed cancellation form or cancellation notice on the first calendar day of a month. A state employee's cancellation of a deduction authorized by this section is effective for the salary or wages paid to the employee on the first workday of the first month following the month in which the agency receives the cancellation form or cancellation notice.
 - (B) This subparagraph applies if a state agency receives a state employee's properly completed cancellation form or cancellation notice after the first calendar day of a month. A state employee's cancellation of a deduction authorized by this section is effective:
 - (i) for the salary or wages paid to the employee on the first workday of the second month following the month in which the agency receives the cancellation form or cancellation notice; or
 - (ii) for the salary or wages paid to the employee on the first workday of the first month following the month in which the agency receives the cancellation form or cancellation notice if the agency consents to this effective date.
 - (C) If the first calendar day of a month is not a workday, then the first workday following the first calendar day is the deadline for the receipt of properly completed cancellation forms or cancellation notices.

- (D) State employees and eligible organizations are responsible for ensuring that properly completed cancellation forms and cancellation notices are received by the deadline.
- (2) Return of cancellation forms and cancellation notices.
 - (A) A state agency shall return a cancellation form or cancellation notice to the state employee or the eligible organization that submitted the form or notice if:
 - (i) the form or notice is incomplete, contains erroneous data, or is otherwise insufficient; and
 - (ii) a deficiency listed in clause (i) of this subparagraph makes it impossible for the agency to cancel the deduction in accordance with the form or notice.
 - (B) A state agency shall return a cancellation form or cancellation notice to the state employee or the eligible organization that submitted the form or notice if the form or notice is for an individual who is not employed by the agency.
 - (C) If a state agency returns a cancellation form or cancellation notice to an eligible organization, then the agency must promptly mail or deliver a copy of the returned form or notice to the state employee who completed it.
 - (D) A state agency shall state in writing the reason for the return of a cancellation form. The statement must be attached to the form being returned.
- (3) Copies of cancellation forms and cancellation notices. A state employee or eligible organization is responsible for making a copy of the employee's cancellation form or cancellation notice before the employee or organization submits the form to the employee's employer.
- (e) Authorization and cancellation forms.
 - (1) The comptroller's approval of authorization and cancellation forms.
 - (A) An eligible organization may not distribute or provide an authorization or cancellation form to a state employee until the organization has received the comptroller's written approval of the form.
 - (B) As a condition for retaining its eligibility, an eligible organization must produce an authorization form and a cancellation form that comply with the comptroller's requirements and this section. The organization must produce the forms within a reasonable time after the organization receives its certification from the comptroller.
 - (C) The comptroller may not approve the authorization or cancellation form of an eligible organization unless:

- (i) the form is at least 8 1/2 inches wide;
 - (ii) the form is at least 11 inches long; and
 - (iii) the cancellation form clearly informs state employees that they are not required to state a reason for a cancellation; and
 - (iv) the form complies with the comptroller's requirements for format and substance.
 - (D) An eligible organization must revise an authorization or cancellation form upon request from the comptroller. The organization may not distribute or otherwise make available to state employees a revised form until the organization has received the comptroller's written approval of the form.
 - (2) Distribution of authorization or cancellation forms.
 - (A) An eligible organization must provide an authorization or cancellation form to a state employee or state agency promptly after receiving:
 - (i) an oral or written request for the form from the employee or agency; or
 - (ii) an oral or written request to provide the form to the employee from the comptroller or the employee's employer.
 - (B) A state agency may maintain a supply of cancellation forms and distribute the forms to its state employees upon request. An eligible organization shall promptly provide the forms to the agency upon request.
- (f) Procedural requirements for certifying state employee organizations.
 - (1) Request for certification.
 - (A) The comptroller may not certify a state employee organization unless the comptroller receives a written request for certification from an individual who is authorized by the organization to make the request.
 - (B) The comptroller may not certify a state employee organization if the comptroller receives the organization's request for certification after June 2nd of a fiscal year.
 - (2) Requirements for requests for certification. The comptroller may not certify a state employee organization unless the organization's request for certification includes:
 - (A) the organization's complete name;
 - (B) the street address of the headquarters of the organization;
 - (C) the mailing address of the headquarters of the organization, if different from the street address;

- (D) the full name, title, telephone number, and mailing address of the organization's primary contact;
 - (E) a specific request for certification as an eligible organization;
 - (F) a specific agreement to pay the administrative fees charged by the comptroller under this section;
 - (G) a specific acceptance of the requirements of this section as they exist at the time the request is made or as adopted or amended thereafter;
 - (H) the payee identification number of the organization; and
 - (I) the other information that the comptroller deems necessary.
- (g) Substantive requirements for certifying state employee organizations.
- (1) Membership.
 - (A) The comptroller may not certify a state employee organization unless it submits persuasive evidence to the comptroller that the organization had a membership of at least 4,000 state employees throughout the 18 months preceding the month in which the comptroller receives the organization's request for certification.
 - (B) An example of the evidence that the comptroller may review is a membership roster containing the name of each state employee who is a member of the organization, the date each employee joined the organization, and the date through which each employee's membership fees are paid.
 - (2) Statewide activities. The comptroller may not certify a state employee organization unless it demonstrates to the comptroller that the organization conducts activities on a statewide basis. A state employee organization may satisfy this requirement by submitting any relevant evidence, including newsletters, news articles, correspondence, and membership rosters containing the names and addresses of the organization's members.
 - (3) Membership fee structure.
 - (A) The comptroller may not certify a state employee organization unless it proves to the comptroller that the organization had a membership fee structure for state employees throughout the 18 months preceding the month in which the comptroller receives the organization's request for certification. A state employee organization may satisfy this requirement by submitting relevant evidence, including dated enrollment forms from state employees, documentation about the fees structure, and financial records.

- (B) The comptroller may not certify a state employee organization unless it demonstrates to the comptroller that the membership fees collected from state employees will be equal to an average of at least one-half of the membership fees received by the organization nationwide. A state employee organization may satisfy this requirement by submitting financial records that compare the membership fees to be received from state employees with the membership fees received from other individuals throughout the nation.
- (4) Electronic funds transfers. The comptroller may not certify a state employee organization unless:
 - (A) the organization has submitted a request to be paid through electronic funds transfers under rules adopted by the comptroller; and
 - (B) the comptroller has approved the request.
- (5) Exception.
 - (A) The comptroller shall certify a state employee organization that demonstrates to the satisfaction of the comptroller that the organization had a membership of at least 4,000 state employees on April 1, 1991. The organization is not required to satisfy any of the other substantive requirements of this subsection except for paragraph (4) of this subsection.
 - (B) A state employee organization may demonstrate that the organization had a membership of at least 4,000 state employees on April 1, 1991, only by:
 - (i) submitting a membership roster containing the name of each state employee who was a member of the organization on April 1, 1991;
 - (ii) the date each employee joined the organization; and
 - (iii) the date through which each employee's membership fees were paid as of April 1, 1991.
- (6) Notifications.
 - (A) The comptroller shall mail a notice to a state employee organization about the comptroller's approval or disapproval of the organization's request for certification by no later than the 30th day after the comptroller receives the request if the request is complete in all respects.
 - (B) The comptroller shall notify each state agency of the comptroller's certification of a state employee organization by no later than the 30th day after the comptroller makes the certification.

- (h) **Effective date of certification.** The first deduction to pay a membership fee to an eligible organization may be made from salary or wages paid on the first workday of the second month following the month in which the comptroller certifies the organization.
- (i) **Payments of deducted membership fees.**
 - (1) **Payments by the comptroller through electronic funds transfers.** The comptroller shall pay deducted membership fees to an eligible organization by electronic funds transfer unless it is infeasible to do so.
 - (2) **Payments through warrants issued by the comptroller.**
 - (A) This paragraph applies only if it is infeasible for the comptroller to pay deducted membership fees to an eligible organization by electronic funds transfer.
 - (B) The comptroller shall pay deducted membership fees by warrant.
 - (C) The comptroller must issue one warrant for each combination of state agency, eligible organization, and payroll voucher submitted by the agency if the agency has at least one state employee from whose salary or wages a deduction is made under this section. The comptroller must make the warrant payable to the organization.
 - (D) The comptroller must make each warrant available for pick-up by the state agency whose employees' membership fees are being paid by the warrant. The agency must mail or deliver the warrant to the payee of the warrant by no later than the 10th calendar day of the month. If the 10th calendar day of a month is not a workday, then the first workday following the 10th calendar day is the deadline for the mailing or delivery of warrants.
 - (3) **Payments by institutions of higher education.**
 - (A) This paragraph applies only to membership fees in eligible organizations that have been deducted from salaries or wages that the comptroller does not pay directly to state employees of institutions of higher education.
 - (B) An institution of higher education shall pay deducted membership fees to an eligible organization by electronic funds transfer unless it is infeasible to do so.
 - (C) If it is infeasible for an institution of higher education to pay deducted membership fees to an eligible organization by electronic funds transfer, then the institution shall pay the fees by check. The check must be mailed or delivered to the organization by no later than the 20th calendar day of the month following the month when the salary or wages from which the deductions were made were earned. If the 20th calendar day of a month is not a workday, then the first workday following the 20th calendar day is the deadline for the mailing or delivery of checks.

- (4) **Payment reconciliation and discrepancies.**

 - (A) An eligible organization shall reconcile the detail report provided by a state agency under subsection (l) of this section with the amount of membership fees paid to the organization under this subsection.
 - (B) An eligible organization must report all discrepancies between the detail report provided by a state agency under subsection (l) of this section and the actual amount of membership fees received under this subsection. The organization must ensure that the agency receives the organization's report of the discrepancies by no later than the 60th calendar day after the day on which the agency mailed the detail report to the organization. If the 60th calendar day is not a workday, then the first workday following the 60th calendar day is the deadline.
 - (C) A state agency that receives a report of discrepancies from an eligible organization shall investigate the discrepancy and notify the organization of the action to be taken to eliminate the discrepancy. A discrepancy may be eliminated by:

 - (i) making a retroactive deduction if it is authorized by subsection (b) (7) of this section;
 - (ii) recovering an excessive payment to an eligible organization of amounts deducted under this section from a subsequent payment to the organization;
 - (iii) recovering an excessive payment to an eligible organization of amounts deducted under this section by obtaining a refund from the organization in accordance with subsection (k) (7) of this section; or
 - (iv) the agency making corrections to the detail report if the report is incorrect.
- (5) **Subordinate units of eligible organizations.**

 - (A) A chapter or other subordinate unit of an eligible organization may receive directly from the comptroller or an institution of higher education a payment of deducted membership fees if:

 - (i) the fees were deducted under authorization forms that authorized the payment of the fees to the organization; and
 - (ii) the organization is credited on the accounting records of the State of Texas for the payment.
 - (B) A request to pay deducted membership fees to a chapter or subordinate unit instead of the parent eligible organization must be submitted to the comptroller by the organization.

- (C) The comptroller may grant a request under subparagraph (B) of this paragraph only if the membership fee structure of the chapter or subordinate unit is the same as the membership fee structure of the parent eligible organization.
 - (D) The comptroller's granting of a request under subparagraph (B) of this paragraph is not a certification of the chapter or subordinate unit as an eligible organization.
 - (E) The comptroller may require an eligible organization to submit proof that an entity is a chapter or other subordinate unit of the organization before a payment of deducted membership fees is paid directly to the entity. The comptroller may periodically require the organization to submit proof that the entity is still a chapter or other subordinate unit of the organization as a condition for continuing to pay deducted membership fees directly to the entity.
- (j) Solicitation. Nothing in this section prohibits the head of a state agency from permitting or prohibiting solicitation by eligible organizations on the premises of the agency.
- (k) Responsibilities of eligible organizations.
- (1) Disseminating information.
- (A) An eligible organization is solely responsible for the dissemination of relevant information to its representatives and employees.
 - (B) An eligible organization must ensure that its representatives and employees comply with the requirements of this section.
- (2) Notification to the comptroller. An eligible organization must notify the comptroller in writing immediately after a change occurs to:
- (A) the organization's name;
 - (B) the street address of the headquarters of the organization;
 - (C) the mailing address of the headquarters of the organization, if different from the street address; or
 - (D) the full name, title, telephone number, or mailing address of the organization's primary contact.
- (3) Primary contact. The individual that a state employee organization designates as its primary contact must represent the organization for the purposes of:
- (A) communicating with the comptroller, including receiving and responding to correspondence from the comptroller; and
 - (B) disseminating information, including information about the requirements of this section, to representatives of the organization.

- (4) **Payee identification number.** The payee identification number of an eligible organization must appear on all correspondence from the organization to the comptroller or a state agency.
- (5) **Acceptance and submission of authorization forms.**
 - (A) An eligible organization must accept an authorization form from a state employee if a refusal to accept the form would violate a law of the United States or the State of Texas.
 - (B) An eligible organization must make a reasonable effort to ensure that the appropriate state agency receives the original of a state employee's authorization form within a reasonable time after the organization receives the form.
- (6) **Acceptance and submission of cancellation forms and cancellation notices.**
 - (A) An eligible organization must accept a cancellation form or cancellation notice from a state employee unless:
 - (i) the employee is not a member of the organization; or
 - (ii) the employee did not properly complete the cancellation form.
 - (B) An eligible organization must make a reasonable effort to ensure that the appropriate state agency receives the original of a state employee's cancellation form or cancellation notice within a reasonable time after the organization receives the form or notice.
- (7) **Refunding excessive payments of amounts deducted under this section.**
 - (A) An eligible organization shall refund a payment of amounts deducted under this section to the extent the amount exceeds the amount that should have been paid to the organization if:
 - (i) the organization receives a written request for the refund from a state agency;
 - (ii) the agency provides reasonable evidence of the overpayment to the organization; and
 - (iii) no subsequent payments of amounts deducted under this section are anticipated to be made to the organization.
 - (B) If a refund is required by subparagraph (A) of this paragraph, the organization must ensure that the appropriate state agency receives the refund by no later than the 30th calendar day after the later of:
 - (i) the date on which the organization receives the agency's written request for the refund; and
 - (ii) the date on which the organization receives the agency's reasonable evidence of the overpayment.

- (l) **Responsibilities of state agencies.**
 - (1) **Reports of violations.** A state agency may report to the comptroller a violation of this section that the agency believes an eligible organization or its representatives or employees might have committed. A report must be made in writing, and a copy of the report must be mailed to the organization at the same time that the original of the report is mailed to the comptroller.
 - (2) **Authorization forms.** A state agency:
 - (A) may accept authorization forms only if they comply with this section;
 - (B) must ensure that the identifying information for an eligible organization on an authorization form is the same as the identifying information on the notification document received from the comptroller under subsection (g) (6) (B) of this section; and
 - (C) may not accept an authorization form that contains an obvious alteration without the state employee's written consent to the alteration.
 - (3) **Detail reports to eligible organizations.**
 - (A) This subparagraph applies to the employer of one or more state employees from whose salary or wages deductions authorized by this section are made. An employer must submit a detail report each month to each eligible organization that receives the deductions. The report must be submitted in the manner required by the organizations unless the employer is incapable of complying with the requirement.
 - (B) A detail report to an eligible organization for a month must include:
 - (i) the name, in alphabetical order, and social security number of each state employee from whose salary or wages a deduction was authorized by this section for the month, regardless of whether the deduction was actually made; and
 - (ii) the amount of the deduction made for each employee.
 - (C) This subparagraph applies when the comptroller or an institution of higher education pays membership fees to an eligible organization by warrant or check. The appropriate state agency must mail the detail report for the payment to the organization by no later than the 20th calendar day of the month in which the payment was made. If the 20th calendar day is not a workday, then the first workday following the 20th calendar day is the deadline for mailing the report.

- (D) This subparagraph applies when the comptroller or an institution of higher education pays membership fees to an eligible organization by electronic funds transfer. The appropriate state agency must mail the detail report for the payment to the organization by no later than the 20th calendar day of the month in which the payment was made. If the 20th calendar day is not a workday, then the first workday following the 20th calendar day is the deadline for mailing the report.
- (m) Termination of certification.
- (1) Termination by the comptroller.
 - (A) The comptroller may terminate the certification of an eligible organization only if the organization violates subsection (e) (1) of this section.
 - (B) The comptroller may determine the effective date of a termination under this paragraph. No deduction authorized by this section may be made to an eligible organization on or after the effective date of a termination under this paragraph.
 - (C) When the comptroller terminates the certification of an eligible organization, the comptroller shall send written notice of the termination to the organization via certified mail, return receipt requested.
 - (2) Termination by eligible organizations.
 - (A) An eligible organization may terminate its participation in the deduction program authorized by this section only by terminating its certification.
 - (B) An eligible organization may terminate its certification by providing written notice of termination to the comptroller. However, an organization may not provide written notice of termination to the comptroller until the organization has provided written notice of termination to each state employee from whose salary or wages a membership fee to the organization is being deducted.
 - (C) An eligible organization's termination of its certification is effective beginning with the salary or wages that are paid on the first workday of the third month following the month in which the comptroller receives the organization's proper notice of termination.

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CAROLE KEETON RYLANDER
Comptroller of Public Accounts

Section 5.47. Deductions for Payments to Credit Unions

STATE OF TEXAS COMPTROLLER OF PUBLIC ACCOUNTS CLAIMS PROCESSING – PAYROLL

Section 5.47. Deductions for Payments to Credit Unions. (Texas Government Code, sec. 659.105) .

- (a) **Definitions.** The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise.
- (1) **Comptroller** – The Comptroller of Public Accounts for the State of Texas.
 - (2) **Credit union** – A state credit union, an out-of-state credit union, a foreign credit union, or a federal credit union.
 - (3) **Electronic funds transfer** – A payment made electronically instead of by warrant or check. The term includes a payment made through an automated clearinghouse, by bank wire, or by federal wire.
 - (4) **Employer** – A state agency that employs one or more state employees.
 - (5) **Federal credit union** – A credit union organized under the Federal Credit Union Act.
 - (6) **Foreign credit union** – A credit union that is not organized under the laws of the this state or the United States if the credit union is authorized under the Texas Credit Union Act to do business in this state.
 - (7) **Holiday** – A state or national holiday as specified by the General Appropriations Act or Texas Government Code, secs. 662.001-662.010.
 - (8) **Include** – A term of enlargement and not of limitation or exclusive enumeration. The use of the term does not create a presumption that components not expressed are excluded.
 - (9) **Institution of higher education** – Has the meaning assigned by the Education Code, sec. 61.003.
 - (10) **May not** – A prohibition. The term does not mean “might not” or its equivalents.

- (11) **Out-of-state credit union** – A credit union organized under the laws of a state other than Texas if the credit union is authorized under the Texas Credit Union Act to do business in this state.
 - (12) **Participating credit union** – A credit union that the comptroller has certified according to this section.
 - (13) **Payee identification number** – The 14-digit number that the comptroller assigns to each direct recipient of a payment made by the comptroller for the State of Texas.
 - (14) **Salary or wages** – Base salary or wages, longevity pay, or hazardous duty pay.
 - (15) **State agency** – A department, commission, board, office, or other agency of any branch of Texas state government, including an institution of higher education.
 - (16) **State credit union** – A voluntary, cooperative, nonprofit financial institution that is authorized under the Texas Credit Union Act to do business in this state for the purposes of:
 - (A) encouraging thrift among its members;
 - (B) creating a source of credit at fair and reasonable rates of interest;
 - (C) providing an opportunity for its members to use and control their own money to improve their economic and social condition; and
 - (D) conducting any other business, engaging in any other activity, and providing any other service that may be of benefit to its members subject to the Texas Credit Union Act and rules adopted under that law.
 - (17) **State employee** – An employee of a state agency. The term includes an elected or appointed official, a part-time employee, an hourly employee, a temporary employee, an employee who is not covered by the Position Classification Act, and a combination of the preceding. The term excludes an independent contractor and an employee of an independent contractor.
 - (18) **USPS** – The uniform statewide payroll/personnel system.
 - (19) **Workday** – A calendar day other than Saturday, Sunday, or a holiday.
- (b) **Deductions.**
- (1) **References in this section.** A reference in this section to a deduction without further qualification or explanation is a reference only to a deduction from a state employee's salary or wages to make a payment to a participating credit union.
 - (2) **Authorization of deductions.**

- (A) A state employee may authorize not more than three monthly deductions from the employee's salary or wages. However, a state employee may not authorize more than one monthly deduction to any particular participating credit union.
 - (B) A state employee may authorize a deduction only if the employee:
 - (i) properly completes an authorization form; and
 - (ii) submits the form to the participating credit union to which the deducted amounts will be paid.
 - (C) Neither the comptroller nor a state agency is liable or responsible for any damages or other consequences resulting from a state employee authorizing an incorrect amount of a deduction.
 - (D) An authorization form is not properly completed for purposes of subparagraph (B) (i) of this paragraph unless the form states the amount of administrative fees the employee completing the form must pay under this section. The amount must be stated on the form before the employee signs it.
- (3) Change in the amount of a deduction.
- (A) At any time, a state employee may authorize a change in the amount to be deducted from the employee's salary or wages.
 - (B) A state employee may authorize a change in the amount of a deduction only if the employee:
 - (i) properly completes an authorization form; and
 - (ii) submits the form to the affected participating credit union.
 - (C) Neither the comptroller nor a state agency is liable or responsible for any damages or other consequences resulting from a state employee changing the amount of a deduction.
 - (D) An authorization form is not properly completed for purposes of subparagraph (B) (i) of this paragraph unless the form states the amount of administrative fees the employee completing the form must pay under this section. The amount must be stated on the form before the employee signs it.
- (4) Sufficiency of salary or wages to support a deduction.
- (A) A state employee is solely responsible for ensuring that the employee's salary or wages are sufficient to support a deduction.

- (B) If a state employee's salary or wages are sufficient to support only part of a deduction, then no part of the deduction may be made. If a state employee has authorized more than one deduction and the employee's salary or wages are insufficient to support all the deductions, then none of the deductions may be made.
 - (C) The amount that could not be deducted from a state employee's salary or wages because of subparagraph (B) of this paragraph may not be made up by deducting the amount from subsequent payments of salary or wages to the employee.
- (5) **Timing of deductions.**
 - (A) Except as provided in subparagraph (B) of this paragraph, a deduction must be made from the salary or wages that are paid on the first working day of a month.
 - (B) If a state employee does not receive a payment of salary or wages on the first working day of a month, then the employer of the employee may designate the payment of salary or wages from which a deduction will be made. A deduction may be made only once each month.
- (6) **Cancellation of deductions.**
 - (A) A state employee may cancel a deduction at any time. A cancellation is effective only if the employee properly completes an authorization form and submits the form to the affected participating credit union or the employee's employer.
 - (B) This subparagraph applies only if a state employee cancels a deduction by submitting an authorization form to the employee's employer and if the employer submits monthly detail reports directly to participating credit unions.
 - (i) Except as provided in clause (ii) of this subparagraph, the employer shall include a copy of the form with the next monthly detail report that the employer sends to the affected participating credit union.
 - (ii) If the next monthly detail report will not be sent before the tenth workday after the day on which the form becomes effective, then the employer shall mail or hand deliver the copy of the form to the credit union not later than that workday.
 - (C) This subparagraph applies only if a state employee cancels a deduction by submitting an authorization form to the employee's employer and if the comptroller submits monthly detail reports to participating credit unions on the employer's behalf. The employer shall mail or hand deliver a copy of the form to the credit union not later than the tenth workday after the day on which the form becomes effective.

- (D) Neither the comptroller nor a state agency is liable or responsible for any damages or other consequences resulting from a state employee canceling a deduction.
- (7) Interagency transfers of state employees. A state employee who transfers from one state agency to a second state agency may be treated by the second state agency as if the employee has not yet authorized any deductions.
- (c) Effective dates of authorization forms.
 - (1) Effective date of authorization forms that request new deductions. This paragraph applies only to a state employee's authorization form that requests a new deduction. The employer of the employee may decide when the first deduction from the employee's salary or wages will occur. However, the deduction must begin not later than with the employee's salary or wages that are paid on the first workday of the second month following the month in which the employer receives the form.
 - (2) Effective date of authorization forms that request changes in deductions. This paragraph applies only to a state employee's authorization form that requests a change to a deduction. The employer of the employee may decide when the change will take effect. However, the change must take effect not later than with the employee's salary or wages that are paid on the first workday of the second month following the month in which the employer receives the form.
 - (3) Effective date of authorization forms that request cancellations of deductions. This paragraph applies only to a state employee's authorization form that requests the cancellation of a deduction. The employer of the employee may decide when the cancellation will take effect. However, the cancellation must take effect not later than with the employee's salary or wages that are paid on the first workday of the second month following the month in which the employer receives the form.
 - (4) Copies of authorization forms.
 - (A) A participating credit union is solely responsible for making a copy of an authorization form before the credit union submits the form to a state agency.
 - (B) A state employee is solely responsible for making a copy of an authorization form before the employee submits the form to a participating credit union or state agency.
- (d) Return of authorization forms.
 - (1) Mandatory return. A state agency shall return an authorization form to the participating credit union or state employee that submitted the form if it:

- (A) is incomplete, contains erroneous data, or is otherwise insufficient and the insufficiency makes it impossible for the agency to cancel, establish, or change the deduction according to the form; or
 - (B) is for an individual who is not employed by the agency.
 - (2) Discretionary return. A state agency may return an authorization form to the participating credit union or state employee that submitted the form if the form is a copy or facsimile.
- (e) Requirements for the content and format of authorization forms.
- (1) Prohibition against distributing or providing authorization forms. A participating credit union may not distribute or provide an authorization form to a state employee until the credit union has received the comptroller's written approval of the form.
 - (2) Requirement to produce authorization forms. As a condition for retaining its certification, a participating credit union must produce an authorization form that complies with the comptroller's requirements and this section. The credit union must produce the form within a reasonable time after receiving its certification from the comptroller.
 - (3) Using previously approved authorization forms. A participating credit union may use an authorization form that the comptroller has approved for use by another participating credit union if the form is modified so that the first credit union's name appears at the top of the form.
 - (4) Restrictions on approval of authorization forms by the comptroller. The comptroller may not approve the authorization form of a participating credit union unless:
 - (A) the form is at least 8 1/2 inches wide;
 - (B) the form is at least 11 inches long;
 - (C) the form has a blank space for insertion of the amount of administrative fees the employee completing the form must pay under this section;
 - (D) the name of the credit union appears at the top of the form; and
 - (E) the form complies with the comptroller's other requirements for format and substance.
 - (5) Revisions of authorization forms. A participating credit union shall revise an authorization form upon request from the comptroller. The credit union may not distribute or otherwise make available a revised form to a state employee until the credit union has received the comptroller's written approval of the form.

- (f) **Requirements for certifying and decertifying credit unions.**
- (1) **Request for certification.** The comptroller may not certify a credit union unless the comptroller receives a written request for certification from an individual who is authorized by the credit union to make the request.
 - (2) **Requirements for requests for certification.** The comptroller may not certify a credit union unless its request for certification includes:
 - (A) the credit union's complete name;
 - (B) the street address of the credit union's main branch;
 - (C) the mailing address of the credit union's main branch, if different from the street address;
 - (D) the full name, title, telephone number, facsimile telephone number, and mailing address of the credit union's primary contact;
 - (E) the credit union's payee identification number; and
 - (F) the other information that the comptroller deems necessary.
 - (3) **Electronic funds transfers.** The comptroller may not certify a credit union unless:
 - (A) it submits to the comptroller a request for deducted amounts to be paid by the comptroller through electronic funds transfers under rules and procedures adopted by the comptroller;
 - (B) it submits to each institution of higher education that will be paying deducted amounts directly to the credit union a request for those amounts to be paid through electronic funds transfers; and
 - (C) all those requests are approved.
 - (4) **Notifications.**
 - (A) The comptroller shall mail a notice to a credit union about the comptroller's approval or disapproval of the credit union's request for certification. The notice must be mailed not later than the 30th calendar day after the comptroller receives the request if the request is complete in all respects. If the 30th calendar day is not a workday, then the first workday following the 30th calendar day is the deadline.
 - (B) The comptroller shall maintain a list of participating credit unions. The comptroller shall periodically circulate the list to all state agencies and furnish a copy of the list to a state agency upon request.

- (5) **Effective date of certification.** The first deduction to a participating credit union may be made from salary or wages paid on the first workday of the second month following the month in which the comptroller certifies the credit union.
- (6) **Termination of certification.**
 - (A) A participating credit union may terminate its participation in the deduction program authorized by this section only by terminating its certification.
 - (B) A participating credit union may terminate its certification by providing written notice of termination to the comptroller. However, the credit union may not provide that notice before the credit union has provided written notice of termination to each state employee from whose salary or wages a deduction to the credit union is occurring.
 - (C) A participating credit union's termination of its certification is effective beginning with the salary or wages paid on the first workday of the third month following the month in which the comptroller receives the credit union's proper notice of termination.
- (g) **Payments of deducted amounts.**
 - (1) **Payments by the comptroller through electronic funds transfers.**
 - (A) If feasible, the comptroller shall pay deducted amounts to a participating credit union by electronic funds transfer.
 - (B) If the comptroller pays deducted amounts to a participating credit union by electronic funds transfer, then the comptroller may:
 - (i) make one transfer to the credit union and require it to distribute the transferred funds to state employees' accounts according to subsection (h) of this section; or
 - (ii) make one transfer to the credit union account of each state employee.
 - (2) **Payments through warrants issued by the comptroller.**
 - (A) If it is infeasible for the comptroller to pay deducted amounts to a participating credit union by electronic funds transfer, then the comptroller shall:
 - (i) pay the amounts by warrant;
 - (ii) make the warrant payable to the credit union;
 - (iii) require the credit union to distribute the deducted amounts to state employees' accounts according to subsection (h) of this section; and
 - (iv) make the warrant available for pick up by the state agency whose employees' deducted amounts are being paid by the warrant.

- (B) A state agency shall hand deliver or use an overnight delivery service to deliver a warrant picked up under subparagraph (A) of this paragraph to the payee of the warrant.
 - (i) If the warrant relates to salary or wages that are paid on the first workday of a month, then the agency shall:
 - (I) release the warrant to an overnight delivery service not later than the second workday of the month for delivery to the payee of the warrant; or
 - (II) hand deliver the warrant to the payee of the warrant not later than the third workday of the month.
 - (ii) If the warrant relates to salary or wages that are paid on a day other than the first workday of a month, then the agency shall:
 - (I) release the warrant to an overnight delivery service not later than the second workday after the agency receives the warrant for delivery to the payee of the warrant; or
 - (II) hand deliver the warrant to the payee of the warrant not later than the third workday after the agency receives the warrant.
- (3) Payments by institutions of higher education.
 - (A) This paragraph applies only to deductions from salaries or wages that the comptroller does not pay directly to state employees of institutions of higher education.
 - (B) If feasible, an institution of higher education shall pay deducted amounts to a participating credit union by electronic funds transfer.
 - (C) If an institution of higher education pays deducted amounts to a participating credit union by electronic funds transfer, then the institution may:
 - (i) make one transfer to the credit union and require it to distribute the transferred funds to state employees' accounts according to subsection (h) of this section; or
 - (ii) make one transfer to the credit union account of each state employee.
 - (D) If it is infeasible for an institution of higher education to pay deducted amounts to a participating credit union by electronic funds transfer, then the institution shall:
 - (i) pay the amounts by check;
 - (ii) make the check payable to the credit union; and
 - (iii) require the credit union to distribute the deducted amounts to state employees' accounts according to subsection (h) of this section.

- (E) An institution of higher education shall hand deliver or use an overnight delivery service to deliver a check issued under subparagraph (D) of this paragraph to the payee of the check.**

 - (i) If the check relates to salary or wages that are paid on the first workday of a month, then the institution shall:**

 - (I) release the check to an overnight delivery service not later than the second workday of the month for delivery to the payee of the check; or**
 - (II) hand deliver the check to the payee of the check not later than the third workday of the month.**
 - (ii) If the check relates to salary or wages that are paid on a day other than the first workday of a month, then the institution shall:**

 - (I) release the check to an overnight delivery service not later than the second workday after the date printed on the check for delivery to the payee of the check; or**
 - (II) hand deliver the check to the payee of the check not later than the third workday after the date printed on the check.**
- (h) Distributions of deducted amounts.**

 - (1) Applicability of this subsection. This subsection applies to deducted amounts only if they are paid to a participating credit union under subsection (g) (1) (B) (i) , (g) (2) , (g) (3) (C) (i) , or (g) (3) (D) of this section.**
 - (2) Requirement. A participating credit union shall distribute the amount deducted from a state employee’s salary or wages to the proper account of the employee at the credit union.**
 - (3) Deadline for distributions.**

 - (A) This subparagraph applies only if a participating credit union receives a payment of deducted amounts through an electronic funds transfer. The credit union shall distribute them according to paragraph (2) of this subsection not later than the first workday after the credit union receives the detail report for the deducted amounts.**
 - (B) This subparagraph applies only if a participating credit union receives a payment of deducted amounts through a warrant or check. The credit union shall distribute them according to paragraph (2) of this subsection not later than the first workday after the credit union receives the warrant or check.**

- (4) **Distribution of interest earned.** This paragraph applies only to the interest that accrues while an employee’s deducted amounts are in a credit union account awaiting distribution to the employee’s account at the credit union. The interest shall be paid to the employee’s account unless the credit union determines the payment would violate federal or state law or an agreement between the credit union and the employee.
- (i) **Charging administrative fees to cover costs incurred to make deductions.**

 - (1) **Requirement.**

 - (A) This subparagraph applies to a state employee whose salary or wages are paid through a warrant issued or an electronic funds transfer initiated by the comptroller. The comptroller may not charge the employee an administrative fee to cover the cost of making the deduction.
 - (B) If a state employee’s salary or wages are paid through a check issued or an electronic funds transfer initiated by an institution of higher education and the institution’s payroll costs are reimbursed from the state treasury, then the institution may determine whether the employee must pay an administrative fee to cover the cost of making the deduction. The fee, if charged, shall be paid through payroll deduction.
 - (2) **Determination by an institution of higher education of the amount of the fee.**

 - (A) An institution of higher education shall determine the amount of the administrative fee, if any, to be paid by a state employee covered by paragraph (1) (B) of this subsection.
 - (B) The institution shall periodically recalculate the fee to ensure that the amount of the fee equals the cost of making the deduction. Except as otherwise provided in this subparagraph, the institution shall notify each participating credit union and employee of the institution whenever the institution calculates or recalculates the fee. The institution is not required to notify an employee who has not authorized a deduction or a participating credit union to which no employee of the institution has authorized a currently-effective deduction.
 - (3) **Payment of the administrative fees.** The total amount of administrative fees that an institution of higher education deducts from its state employees’ salary and wages shall be paid to the institution.

- (j) **Canceled payments of salary or wages; refunding deducted amounts to employers.**
 - (1) **Canceled payments of salary or wages.**
 - (A) **A state agency shall notify a participating credit union about the agency’s cancellation of a payment of salary or wages to a state employee. The notification must be by facsimile and must be provided not later than the day the agency processes the cancellation. This subparagraph applies only if:**
 - (i) **the payment is canceled after the agency has hand delivered to the credit union or released to an overnight delivery service a monthly or an additional detail report; and**
 - (ii) **the deductions covered by the report include deductions from the canceled payment of salary or wages.**
 - (B) **If a state agency notifies a credit union that the agency has canceled a payment of salary or wages to a state employee and if the credit union receives the notice before it distributes deducted amounts to the employee’s account, then the credit union may not make the distribution.**
 - (C) **If a credit union’s distribution of deducted amounts is prohibited by subparagraph (B) of this paragraph, then the state agency that paid them to the credit union shall obtain a refund of them according to paragraph (3) (A) or (B) of this subsection.**
 - (D) **If a state agency notifies a credit union that the agency has canceled a payment of salary or wages to a state employee and if the credit union receives the notice after it distributes deducted amounts to the employee’s account, then the credit union shall withdraw the amounts from the account unless:**
 - (i) **the credit union determines the withdrawal would violate federal or state law; or**
 - (ii) **the amount of funds in the account is insufficient for withdrawal of the full amount.**
 - (E) **A credit union that receives notification under subparagraph (A) of this paragraph that a state agency has canceled a payment of salary or wages to a state employee shall promptly notify the agency about whether the employee’s deducted amounts have been distributed to the employee’s account. If the distribution has occurred, the credit union shall also notify the agency about whether the amounts have been withdrawn from the employee’s account under subparagraph (D) of this paragraph. The credit union’s notification to the agency must be by facsimile.**

- (2) **Authorization of refunds.** The payment of a state employee's deducted amounts to a participating credit union shall be refunded to the employee's employer only if:

 - (A) they exceed the amount that should have been paid to the credit union, and they have not been distributed to the employee's account at the credit union; or
 - (B) they have been withdrawn from the employee's account at the credit union according to paragraph (1) (D) of this subsection.
- (3) **Method for accomplishing refunds.** If a refund from a participating credit union is required by paragraph (1) (C) or (2) of this subsection, then the refund shall be accomplished by:

 - (A) the employer of the state employee whose deducted amounts are being refunded subtracting the amount of the refund from a subsequent payment of deducted amounts to the credit union; or
 - (B) the credit union issuing a check to the employer in the amount of the refund, if authorized by paragraph (4) of this subsection.
- (4) **Paying refunds by check.** A participating credit union may issue a check to an employer only if it submits to the credit union a written request for the refund to be made by check.
- (5) **Deadline for paying refunds by check.** If a participating credit union is authorized by paragraph (4) of this subsection to make a refund to an employer by check, then the credit union shall ensure that the employer receives the check not later than the 30th calendar day after the date on which the credit union receives the agency's written request for the refund. If the 30th calendar day is not a workday, then the first workday following the 30th calendar day is the deadline.
- (k) **Responsibilities of participating credit unions.**

 - (1) **Notification to the comptroller.** A participating credit union shall notify the comptroller in writing immediately after a change occurs to:

 - (A) the credit union's name;
 - (B) the street address of the credit union's main branch;
 - (C) the mailing address of the credit union's main branch, if different from the street address;
 - (D) the full name, title, telephone number, facsimile telephone number, or mailing address of the credit union's primary contact; or
 - (E) the credit union's routing number or bank account number.

- (2) **Primary contact.** The individual that a credit union designates as its primary contact must represent the credit union for the purposes of:
 - (A) communicating with the comptroller, including receiving and responding to correspondence from the comptroller;
 - (B) disseminating information, including information about the requirements of this section, to representatives of the credit union; and
 - (C) communicating with state agencies about payment reconciliation and refunds.
 - (3) **Payment reconciliation and discrepancies.**
 - (A) A participating credit union shall reconcile the detail report provided by a state agency under subsection (l) of this section with the deducted amounts paid to the credit union on behalf of or by the agency under subsection (g) of this section.
 - (B) A participating credit union shall report all discrepancies between a detail report provided by a state agency and the actual amount of deductions received from or on behalf of the agency. The credit union shall provide its report to the state agency that submitted or on whose behalf the comptroller submitted the detail report. The credit union must ensure that its report is received not later than the 60th calendar day after the day on which the detail report was mailed, hand delivered, or released, whichever applies. If the 60th calendar day is not a workday, then the first workday following the 60th calendar day is the deadline.
 - (4) **Return of magnetic tapes and cartridges.** A participating credit union shall return a magnetic tape or cartridge to a state agency not later than the 30th calendar day after the credit union received the tape or cartridge from the agency. If the 30th calendar day is not a workday, then the first workday following the 30th calendar day is the deadline.
 - (5) **Submission of detail reports.** A participating credit union that wants a monthly or additional detail report to be submitted to an entity other than the credit union must notify the comptroller in writing. A state agency is not required to submit the report to the entity before the agency has received notification from the comptroller that the report must be submitted to the entity.
- (l) **Responsibilities of state agencies.**
- (1) **Authorization forms.** A state agency:
 - (A) may accept an authorization form only if it complies with this section; and

- (B) is not required to accept an authorization form that contains an obvious alteration without the state employee's written consent to the alteration.
- (2) Monthly detail reports to participating credit unions.
- (A) A state agency shall submit a monthly detail report to each participating credit union that received or should have received a payment of amounts deducted from the salary or wages of at least one of the agency's state employees. If the participating credit union has notified the comptroller in writing that the monthly detail reports should be submitted to an entity other than the credit union, then the reports shall be submitted to that entity.
 - (B) If a state agency uses USPS and submits its monthly detail reports electronically, then the comptroller shall submit those reports on behalf of the agency. The requirements of this subsection that apply to the submission of those reports by state agencies also apply to the comptroller's submission of the reports.
 - (C) A monthly detail report may cover only the deductions from salary or wages that are paid on the first workday of the month. Deducted amounts that were paid by electronic funds transfer directly to the credit union accounts of state employees may not be included in the report.
 - (D) A state agency shall submit a monthly detail report by facsimile, by hand delivery, or through an overnight delivery service.
 - (i) If the agency submits the report by facsimile, then the agency shall ensure that the report is received not later than the third workday of the month.
 - (ii) If the agency hand delivers the report, then the agency shall ensure that the report is received not later than the third workday of the month.
 - (iii) If the agency uses an overnight delivery service, then the agency shall release the report to the service not later than the second workday of the month.
 - (E) A monthly detail report to a participating credit union for a particular month must include:
 - (i) the name and social security number of each state employee from whose salary or wages deducted amounts were paid to the credit union for the month; and
 - (ii) the amount of deductions from each state employee's salary or wages that were paid to the credit union for the month.
 - (F) A state agency shall submit its monthly detail reports in the format required by the comptroller.

- (3) **Additional detail reports to participating credit unions.**
- (A) A state agency shall submit an additional detail report to each participating credit union that received or should have received a payment of amounts deducted from the salary or wages of at least one of the agency's state employees. If the participating credit union has notified the comptroller in writing that the additional detail reports should be submitted to an entity other than the credit union, then the reports shall be submitted to that entity.
 - (B) If a state agency uses USPS and submits its additional detail reports electronically, then the comptroller shall submit those reports on behalf of the agency. The requirements of this subsection that apply to the submission of those reports by state agencies also apply to the comptroller's submission of the reports.
 - (C) An additional detail report may cover only the deductions from salary or wages that are paid on a day other than the first workday of the month. Deducted amounts that were paid by electronic funds transfer directly to the credit union accounts of state employees may not be included in the report.
 - (D) This subparagraph applies only to an additional detail report that covers deducted amounts which are paid by electronic funds transfer to a participating credit union. A state agency shall submit an additional detail report by facsimile, by hand delivery, or through an overnight delivery service.
 - (i) If an agency submits the report by facsimile, then the agency shall ensure that the report is received not later than the third workday after the deducted amounts are paid to the credit union.
 - (ii) If the agency hand delivers the report, then the agency shall ensure that the report is received not later than the third workday after the deducted amounts are paid to the credit union.
 - (iii) If the agency uses an overnight delivery service, then the agency shall release the report to the service not later than the second workday after the deducted amounts are paid to the credit union.
 - (E) This subparagraph applies only to an additional detail report that covers deducted amounts which are paid by warrant or check to a participating credit union. The report shall accompany the warrant or check when it is mailed or otherwise delivered to the credit union.

- (F) An additional detail report to a participating credit union for a particular month must include:
 - (i) the name and social security number of each state employee from whose salary or wages deducted amounts were paid to the credit union for the month; and
 - (ii) the amount of deductions from each state employee's salary or wages that were paid to the credit union for the month.
- (G) A state agency shall submit its additional detail reports in the format required by the comptroller.
- (4) Payment discrepancies. A state agency that receives a report of discrepancies from a participating credit union shall investigate them and notify the credit union of the action to be taken to eliminate them. The agency shall provide the notification not later than the 30th calendar day after the agency receives the report. If the 30th calendar day is not a workday, then the first workday following the 30th calendar day is the deadline.
- (m) Responsibilities of the comptroller. The comptroller shall notify all state agencies whenever the comptroller receives written notification from a participating credit union that monthly or additional detail reports should be submitted to an entity other than the credit union.

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