



Louisiana State University System

3810 West Lakeshore Drive
Baton Rouge, Louisiana 70808

Office of the President

225/578-2111
fax 225/578-5524

November 8, 1999

Subject: Revision of PM-65
Cancellation of PM-61

PM-65 dated October 9, 1987, subject "PAYROLL DEDUCTION AUTHORIZATION PROCESS," is hereby updated. This memorandum (attached) supersedes PM-65 dated October 9, 1987, and subsequent revisions.

PM-61 dated April 12, 1988, subject "TIME PROCESSING OF RETIREMENT FORMS AND POLIC ON RE-EMPLOYEMENT OF UNIVERSITY RETIREES," is hereby rescinded, effective immediately.

William L . Jenkins
President



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Payroll Deduction Authorization Process

in coordination with

The Rules of the Commissioner of Administration
Office of the Governor
Division of Administration

PM-65

November 1, 1999

To: Chancellors of the Louisiana State University System

This memorandum supersedes PM-65
dated October 9, 1987, and subsequent revisions.

Louisiana State University & Agricultural and Mechanical College

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101 -Definitions

- A. **Accounting code** is the account number currently used to identify a payroll charge.
- B. **Administrative contract** is a contractual agreement appropriately bid and awarded by the University to a company and/or corporation which meets or exceeds the requirements of R.S. 42:455 to manage a cafeteria plan.
- C. **Board of Supervisors** as referenced herein shall mean The Board of Supervisors of Louisiana State University and Agricultural and Mechanical College.
- D. **Campus payroll deduction number** is the identifier in the payroll system which serves as a key for processing and reporting. It may represent a single agency or a group of agencies.
- E. **Campus payroll office** is the section of Accounting Services primarily responsible for the campus payroll system and administration of rules governing University employees' payroll deductions.
- F. **Campus/department** as referenced herein shall be anyone of the eight campuses of the LSU System, the LSU System Office, and the assigned department within that campus.
- G. **Coordinator** is a vendor representative who provides a single contact for communication between the vendor, the LSU System, and campus payroll offices.
- H. **Deduction** shall be defined as any voluntary reduction of pay under written authority of an employee, which reduction is not required by Federal or State statute.
- I. **General insurance vendors** are those insurance companies which market through payroll deduction non-tax qualified life and/or health insurance products.
- J. **Governing board** is The Board of Supervisors of Louisiana State University and Agricultural and Mechanical College.
- K. **Organization** as referenced herein shall be any charitable group qualified under Federal Code 501(c)(J), state agency credit unions, labor union councils, or other deduction "permitted" by statute.
- L. **Permitted deductions** are allowed by State statute rather than mandated.

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- M. **Provider** shall be defined as the individual or organization which renders service, provides goods, or guarantees delivery.
- N. **Reconciliation** referenced herein refers to the monthly match or comparison of vendor accounts receivable/invoice records to the deduction/remittance records.
- O. **System** is the Louisiana State University System which represents eight campuses and the LSU System Office.
- P. **Third party** is defined as any agent for or representative of a provider
- Q. **University** is any or all of the institutions Of facilities under the jurisdiction of The Board of Supervisors of Louisiana State University and Agricultural and Mechanical College.
- R. **Vendor** referenced herein shall be any company, corporation, or organization having met the requirements of this rule and participating in payroll deduction. Intraoffice deductions such as flower, gift, and coffee funds will not be authorized.
- S. **Voluntary deduction** shall be defined as any deduction which the employee is free to accept or decline.

115 - Application Process

- A. Applications shall be made by the provider or organization which is the provider of the coverage, product, service, or recipient of monies and shall be signed by two officers of the applicant company, corporation, 01' organization.
- B. Any vendor requesting authorization to implement a payroll deduction shall submit a completed application form through the requesting campus to the LSU System Human Resources Office. The application shall conform to the following:
 - 1. The application must be submitted on a currently approved LSU PR2 Application Form.
 - 2. A LSU-PRc from the Payroll Director or the Director of Human Resource Management (HRM) requesting the establishment of the particular deduction must be submitted with the application.
- C. Applications for the purpose of providing deductions for IRAs are not permitted.
- D. Deductions for meals, housing, anti liquidation of accounts receivable will be permitted, provided the respective campus certifies that collection of such funds from employees is a benefit to the campus.

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117 -Applicant and Vendor Requirements

- A. Any application for payroll deduction which is not regulated by the Department of Insurance or Office of Financial Institutions and not permitted by State statute, except charitable organizations, shall:
1. Possess appropriate license or other required certification for providing the particular product or service for a fee.
 2. Have been doing business in this State for not less than five years providing the product and/or services anticipated to be offered University employees.
 3. Be in compliance with all requirements of any regulatory and/or supervisory office or board charged with such responsibility by State statute or Federal regulation.

119 -Notification, Implementation, and Transition

- A. Notification Process
1. The LSU System Office shall notify applicants whether applications have been approved.
 2. The LSU System Office shall notify the campuses.
 3. The Payroll Director or the HRM Director shall notify the campus of the payroll authorization and establish the deduction.
- B. The vendor must establish the deductions in accordance with the established payroll cycle of the campus, ensuring, prior to implementation of the deduction, that the invoicing cycle is in agreement with the deduction cycle as authorized by the campus.
- C. Any organization currently receiving payment through voluntary University employee payroll deductions shall continue to be approved as a receiving organization under one of the following conditions:
1. Have a currently-approved application on file, provided:
 - a. Insurance vendors have met rating requirements set forth in R.S. 42:455.A.1 and 2 or,
 - b. Non-insurance vendors shall have met the requirements set forth in this rule as required in R.S. 42:455 B.
 2. All other permitted deduction vendors have filed application for informational purposes.
 3. Participants shall meet or exceed 15.
 4. Proper monthly reconciliation is being accomplished.
- D. Vendors that have had deductions authorization revoked may not reapply for participation for a period of two years.

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- E. Companies or businesses which have been placed on any waiting list for consideration of payroll deduction participation shall not be exempted from compliance with any part of this authorization process.

121 -Deduction Authorization

- A. Vendors shall use the deduction authorization form designated by the LSU System Office or the campus business office, when appropriate.
- B. Vendors shall submit deduction authorization form for approval by the Payron Office if a LSU form has not been established.
- C. Forms shall not be used to include any disclaimer or escape clause(s) in favor of the vendor. The authorization shall not stipulate any "contract" or "term of participation" requirements. However, employees may designate a "cap," or annual maximum, for a charitable organization deduction, authorized by R.S. 42:456.
- D. Payroll deduction authorization form shall clearly indicate the name of the provider. No payroll deduction shall be taken in the name or made payable to A third party or agent for any vendor, except that such payment shall have been specified in an administrative contract and in the plan document for an authorized cafeteria plan.
- E. The employee's authorization form -- after the campus application has been approved by the Board of Supervisors -- must specify the amount of deduction to be taken from the employee's pay check and indicate the frequency of the deduction.
- F. An employee shall have only one deduction authorization for a single vendor effective at anyone time. (Total current deduction amount must be included on any new form.) The form shall indicate:
 - 1. A total amount per pay period.
 - 2. The pay period in which the deduction was calculated to begin.
- G. Vendor shall be responsible for completing authorization forms prior to obtaining employee signature and for submitting forms to the appropriate payroll office designated by the LSU System Office.
- H. Campuses may elect to permit the use of the standard union dues deduction authorization.
- I. Campus payroll personnel shall not accept forms for employee deductions which contain obvious alterations without employee's written acknowledgment of the change, with the exception of union dues for police where rate is based on status and determined by HRM.

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- J. Campus payroll personnel shall be responsible for verifying that the deduction amount is in agreement with the monthly amount shown on the authorization.
- K. An employee may discontinue any voluntary payroll deduction by providing written notification of that intent to his or her payroll office.

123 - Solicitation of University Employees

- A. Employees may be solicited for payroll deduction only:
 - 1. After notification to the vendor and campus from the LSU System Office that the Application has been approved and,
 - 2. Upon written authorization from the Chancellor of the campus on which the solicitation is to occur.
- B. Solicitation of employees shall be conducted within the guidelines established by the System Office and the Chancellor of the respective campuses.
- C. Campuses shall provide the System Office a written report of acts of noncompliance by any vendor to this rule or to the guidelines of that campus.
- D. Vendors may be barred by the University from solicitation within any or all campuses in accordance with Section 133 of this authorization process.
- E. Any vendor representative that has been barred from University participation by the University shall not be allowed to represent any vendor for payroll deduction for a minimum of two years.

125 - Vendor Responsibility

- A. Vendor shall use invoice/billing identification structure that is compatible with LSU System/Campus accounting and/or deduction code structure to facilitate the monthly reconciliation.
- B. Vendors shall be responsible for preparing a reconciliation of monthly payroll deductions/remittances to vendor invoice and notifying the appropriate campus of any discrepancies/exceptions noted.
- C. Monthly reconciliation shall include total monthly invoice amount, total remittance amount, and shall list all exceptions between the invoice and deduction remittances by employee, by campus, and by deduction cycle.
- D. Vendor shall furnish evidence of reconciliation to the campus on a monthly basis by the 15th of each month for all deductions of the prior month.

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- E. Monthly certification of reconciliation will not be required of deduction vendors that provide participants/members with monthly or quarterly statements of activity and/or balances.
- F. Vendors failing to provide accurate and timely reconciliation verification will be barred from active solicitation until satisfactory certification is submitted by the campus and System Office. Each campus will be required to notify the System Office in writing of any violation of timely or accurate filing of these reconciliation verifications.
- G. Vendor may not add products or services different from products or services indicated on currently approved application.
- H. Vendor shall not be authorized to submit any deduction form which was obtained from an employee for the purpose of transmitting any part of that deduction to a third party except as indicated in 135-Cofthis policy.
- I. Vendor Coordinator shall be responsible for dissemination of information such as the requirements of this application process and or University/campus policy and procedures to vendor representatives.

129 - Reporting

- A. Vendors shall promptly report to the LSU System Office, within ten days of final approval, any change in the name, address, company status, principal officers, and designated coordinator.
- B. Vendors shall provide, as required by the LSU System Office, data disks, mailers, labels, postage or other supplies necessary to avoid cost to the University in providing deduction information.
- C. Vendors shall provide like assistance to all campuses, as determined by that campus, to control University or campus cost of permitting deduction.
- D. University personnel shall be responsible for accepting only the deduction authorization forms as referenced herein from vendor representatives.
- E. Campuses shall be responsible for reporting to the LSU System Office any infraction(s) of this rule and/or campus or University policy committed by any vendor or vendor representative of The SystemOffice is required to report any infractions to the Division of Administration.
- F. Vendors shall be responsible for reporting to the LSU System Office the dismissal of any representative participating in University payroll deduction.

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- G. The System Office shall provide the state payroll office an annual report relative to vendors currently approved for deductions within each system.

131 - Fees

- A. Data, information, reports, or any other services provided to any vendor or any other party by LSU System Office or by any campus may be subject to payment of a fee for the cost of providing said data, information, reports and/or service.
- B. Fees assessed shall be satisfied in advance of receipt of the requested data.

133 - Termination of University Payroll Deduction

- A. Unethical or unprofessional practices of the vendor will result in the termination of payroll deduction authority for that vendor.
- B. Unethical or unprofessional conduct of any vendor representative will result in that individual being barred from participation in University payroll deduction for any vendor.
- C. Payroll deduction authority will be revoked under any of the following:
1. If the vendor fails to maintain compliance with provisions of R.S. 42:455.
 2. If the vendor fails to comply with requirements of this authorization process.
- D. In the event that any applicable statute, either State or Federal, makes a deduction illegal or not permissible.

135 - General

- A. Payroll deduction authorization shall not be transferred in name, ownership, or function outside requirements stated herein.
- B. Approval of a vendor in no way constitutes endorsement of certification of the vendor.
- C. Group Benefits HMO pass-through deductions and credit union reciprocal agreement payments to other state agency credit unions for transferred employees shall be the only exception to 125.H. herein, provided any insurance company or other provider for which Group Benefits collects through payroll deduction shall have met the requirements of R.S. 42:455.
- D. Administrative responsibilities of this authorization process will preclude the Division of Administration from sponsoring applicants for vendor slots.

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- E. Campuses will not refund to employees amounts previously deducted for any vendors which received consolidated remittance without authority from the respective campus' payroll office.
- F. The campus shall provide vendor coordinators a copy of system/campus policy relative to receipt, processing, and cancellation of payroll deduction forms, as well as solicitation guidelines prior to permitting access to employees.

137-Appeal Process

If any provider or organization is refused a deduction by the governing board, as defined herein, the only administrative appeal available is an appeal to the applicable board to review its decision. If the governing board refuses or denies the appeal, there shall be no further administrative relief available.

138 - Forms

LSU-PRc	Campus Request for Payroll Deduction Vendor
LSU-PR2	Application Employee Payroll Deduction Authorization (Available from your HRM)



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LSU-PRc

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Campus Request for
Payroll Deduction Vendor

I, _____, on behalf of the employees of
_____, hereby request favorable consideration of a payroll
deduction application submitted:

I further certify that this request does not represent a duplication of deductions currently available in the payroll system and that a review and/or survey conducted by this campus has indicated a need for this particular deduction; and that the above-named vendor application has provided evidence of having met and/or exceeded all requirements of R.S. 42:455.

Campus: _____

Signature: _____

Title: _____

Date: _____