

## Minimum Wage Adjustments

<b>Document #:</b>	3095	<b>Product:</b>	CenterPoint® Payroll
--------------------	------	-----------------	----------------------

The steps involved in setting up and performing minimum wage adjustments are:

### Step 1 - Enter Minimum Wage Information(One time setup)

#### Step A: Federal and State Minimum Wage Rates

#### Step B: Optional Minimum Wage Contract Rates

### Step 2 - Create a Minimum Wage Adjustment Earning (One time setup)


### Step 3- Update Existing Earnings to be Included in the Minimum Wage Calculation (One time setup)

### Step 4 - Assign the Minimum Wage Earning to the Employer (One time setup)

### Step 5 - Assign the Minimum Wage Earning to the Employee (One time setup)

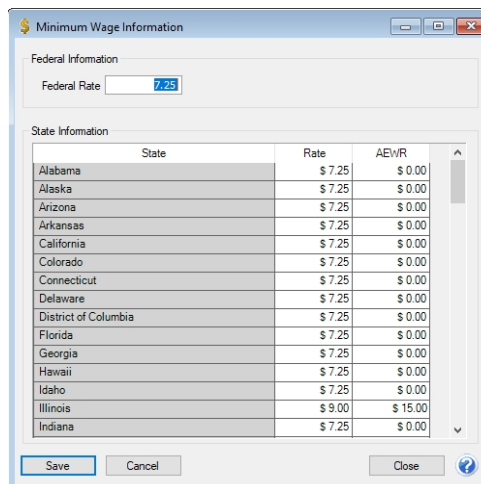
### Step 6 - Pay Employees with the Minimum Wage Adjustment

## Step 1 - Setup Minimum Wage Information (one time setup)

 Note: Both options can be used concurrently in your CenterPoint Payroll setup. When minimum wage adjustments are calculated during a pay run and an employee is assigned a minimum wage contract rate, the Federal/State minimum wage rate is compared to the minimum wage contract rate and an adjustment will be made to pay the higher rate.

## Step A: Setup Federal and State Minimum Wage Rates

1. From the **Setup** menu, select **Payroll Details** and click on **Minimum Wage Information**.



Federal Information		
Federal Rate	7.25	
State Information		
State	Rate	AEIwR
Alabama	\$ 7.25	\$ 0.00
Alaska	\$ 7.25	\$ 0.00
Arizona	\$ 7.25	\$ 0.00
Arkansas	\$ 7.25	\$ 0.00
California	\$ 7.25	\$ 0.00
Colorado	\$ 7.25	\$ 0.00
Connecticut	\$ 7.25	\$ 0.00
Delaware	\$ 7.25	\$ 0.00
District of Columbia	\$ 7.25	\$ 0.00
Florida	\$ 7.25	\$ 0.00
Georgia	\$ 7.25	\$ 0.00
Hawaii	\$ 7.25	\$ 0.00
Idaho	\$ 7.25	\$ 0.00
Illinois	\$ 9.00	\$ 15.00
Indiana	\$ 7.25	\$ 0.00

2. The current **Federal Rate** displays. You can change this amount.
3. If your state rate is different than the Federal Rate, change your state rate.
4. If alternate wage rates (Adverse Effect Wage Rates (AEWR)) apply to your state for earnings for H-2A workers/jobs, enter the **AEWR** rate.
5. Click **Save**.

## Step B: Optional Minimum Wage Contract Rates


1. From the **Setup** menu, select **Payroll Details** and click on **Minimum Wage Contracts**.
2. Click **New**.

The screenshot shows a software window titled "Minimum Wage Contracts". It has a menu bar with "List", "Detail", "Filter", and "Reports". Below the menu bar, there's a section for "H-2A AEWR". Underneath, there's a "General" tab. Inside the "General" tab, there's a "Contract Information" section with three input fields: "Abbreviation" (containing "H-2A"), "Name" (containing "H-2A AEWR"), and "Rate" (containing "\$8.68"). At the bottom right of the "Contract Information" section is a button labeled "Additional Notes". At the bottom of the window are buttons for "Save", "Cancel", and "Close", along with some navigation arrows.

3. Enter the **Abbreviation** and **Name** for this minimum wage contract.
4. Enter the minimum wage contract **Rate** that will be paid if it is higher than the Federal/State rate when minimum wage adjustments are calculated during a pay run.
5. Click **Save**.

 The details of your Minimum Wage Contract setup can be verified by printing the Minimum Wage Contracts report from Reports > Reports > Payroll Setup Lists > Contracts > Minimum Wage Contracts.

6. Repeat steps 1-4 to create all of your minimum wage contracts.
7. Click **Close**.
8. Select **Setup > Employees**.
9. Edit an employee that should be assigned to a minimum wage contract.
10. Select the **Payroll** tab.
11. In the **Minimum Wage Contract** box, select this employee's applicable contract.
12. Click **Save**.
13. Repeat steps 7-11 for all employees that should be assigned a minimum wage contract.
14. Click **Close**.

 Employees that are assigned minimum wage contracts can be verified on the Reports > Reports > Setup Lists > Employees > Employees by adding the Minimum Wage Contract, Minimum Wage Abbreviation, and Minimum Wage Contract Rate columns to the report.

## Step 2 - Create a Minimum Wage Adjustment Earning (one time setup)

1. From the **Setup** Menu, select **Payroll Details** and click on **Earnings**.
2. If a minimum wage earning does not exist, click **New**. If a minimum wage earning does exist, highlight it and click **Edit**.

The screenshot shows the 'Earnings' window with the 'Detail' tab selected. The 'Minimum Wage Adjustment' section is active. Under 'Earning Information', the 'Abbreviation' is 'MinWageAdj', 'Name' is 'Minimum Wage Adjustment', 'Type' is 'Regular Pay', and 'Method' is 'Fixed Rate'. The 'Expense Account' is 'Salary & Wages Expense'. There are checkboxes for 'Work Shifts Apply', 'Include in Minimum Wage Calculation', and 'Subject to Adverse Effect Wage Rates (AEWR)', all of which are currently unchecked. The 'Active' checkbox is checked. Under 'Earning Detail', the 'Base Rate' is '\$0.00', 'Multiplier' is '1.00', and 'Rate' is '\$0.00'. There are checkboxes for 'Requires Hours To Be Tracked' and 'Include in Employee's Net Pay', both unchecked. The 'Liability Account' is blank. There are radio buttons for 'Tips (No Allocation of Tip Shortfall Required)', 'Indirect Tips (IRS Form 8027 Required)', and 'Direct Tips (Allocation of Tip Shortfall is Required, IRS Form 8027 and W-2 Box 8)', all of which are currently unselected. The 'Allocation Rate' is '8.00'. There is an 'Additional Notes' button and 'Save', 'Cancel', and 'Close' buttons at the bottom.

3. Enter an **Abbreviation** and **Name** such as Minimum Wage Adjustment.
4. In the **Expense Account** box, select the expense account for the minimum wage adjustments.
5. Leave the **Include in Minimum Wage Calculation** and **Subject to Adverse Effect Wage Rates (AEWR)** check boxes blank.
6. Click **Save**.

## Step 3- Update Existing Earnings to be Included in the Minimum Wage Calculation (one time setup)


Any earning that you want to be included in the minimum wage calculation must be updated by following the instructions below.

1. From the **Setup** Menu, select **Payroll Details** and click on **Earnings**.
2. Highlight an earning to be included in the minimum wage calculation, and click **Edit**.
3. Select the **Include in Minimum Wage Calculation** check box.
4. Select the **Subject to Adverse Effect Wage Rates (AEWR)** check box if you want the minimum wage adjustment calculation to include the Adverse Effect Wage Rates (AEWR) set up in Setup > Payroll Details > Minimum Wage Information:
  - » If an earning is subject to AEWR and the AEWR rate is entered for the state in Setup > Payroll > Minimum Wage Information, the minimum wage will be adjusted to the AEWR rate.
  - » If some earnings are subject to AEWR and others are not (standard hours), the minimum wage is adjusted to standard hours multiplied by standard minimum wage plus AEWR hours multiplied by the AEWR rate.
  - » If the AEWR rate is less than the state minimum Rate, then the state minimum Rate is used for all hours.
  - » If a minimum wage contract Rate is higher than the AEWR rate , the contract rate is used for all hours.

5. Click **Save**. Repeat Steps 2-4 for each earning to be included in the minimum wage calculation.

## Step 4 - Assign the Minimum Wage Earning to the Employer (one time setup)

1. From the **Setup** menu, select **Payroll Details** and click on **Employers**.
2. Highlight the employer and click **Edit**. Select the **Earnings** tab.

3. Click on **Earning** in the upper left.
4. On the lower-left, check the box for the Minimum Wage Adjustment earning. This will add the earning to the list above.
5. In the **Earning Information**, click  to select the **Minimum Wage Adjustment Earning**.
6. Select the Minimum Wage Adjustment earning from the upper list of earnings. The **Earning Information** will display to the right.

The screenshot shows the 'Employers' window with the 'Earnings' tab selected for 'Alpine Sports'. On the left, a list of earnings includes 'Minimum W...' (MinWageAdj). The right pane shows the 'Earning Information' for 'MinWageAdj', with fields for 'Abbreviation', 'Name', 'Expense Account', 'Active' (checked), and 'Rate' (\$0.00). Navigation buttons like 'Save', 'Cancel', and 'Close' are at the bottom.

7. In the **Earning Details**, enter the **Expense Account** for the Minimum Wage Adjustment earning.

 Note: Leave the **Rate** at zero in the employer screen.

8. Click **Save**.

## Step 5 - Assign the Minimum Wage Earning to the Employee (one time setup)

1. From the **Setup** menu, click on **Employees**.
2. Select the Employee to add the Minimum Wage Adjustment Earning to and click **Edit**. Select the **Earnings** tab.

The screenshot shows the 'Employees' window for 'Pinon, Frank R.' with the 'Earnings' tab selected. The 'Earning Detail' pane shows 'Alpine Spo' as the abbreviation and 'Alpine Sports' as the name. Below, 'Base Hourly Rate' is \$10.00, 'Base Piece Rate' is \$0.00, and 'Base Salary Rate' is \$0.00. A list of earnings on the left shows 'Minimum Wage Adjustment' selected. Navigation buttons are at the bottom.

3. On the upper-left, select the **Employer**. Below, select the Minimum Wage Adjustment earning to assign the earning to the employee. This will add the earning to the list above.
4. Select the Minimum Wage Adjustment earning from the upper list. The **Earning Details** will display to the right.

5. Unselect the **Display in Pay Employees Grid** box.
6. In the **Rate** box, leave the rate at zero. Enter/verify the earning information.
7. Select the **Payroll** tab.
8. In the **Employer Selection**, highlight the employer.
9. In the **Pay Information**, fill in the **Tax State**.
10. Select the **Taxes** tab.
11. On the upper-left, select the employer. Below, select the state for this employee. This will add the state taxes to the list above. Click the + beside the state to expand the list of State taxes. Select the State Withholding. The **Tax Details** will display to the right.
12. In the **Tax Detail**, enter/verify the state information. If the employee does not have to pay state tax, the state tax must be added on the **Taxes** tab and the **Use Alternate Flat Tax** check box should be selected with a **rate** of zero.

13. Click **Save**.

## Step 6 - Pay Employees with the Minimum Wage Adjustment

The Minimum Wage Adjustment is performed during the Pay Employees process. For step-by-step instructions on processing a pay run see the *Process a Payroll* topic.

1. Select **Processes > Pay Employees** or **Processes > Payroll > Pay Employees**. Click **New**.
  2. Enter the pay run information on the **1. Select Employees** tab and **2. Enter Pay** tabs as usual.
  3. Click the **3. Special Adjustments** tab. Verify the **Minimum Wage Adjustment** is selected.
  4. The Pay Period date range displays in the **From/To** boxes, any date range within the pay period range can be selected.
  5. All employees will display on the **3. Special Adjustment** tab. Select all of the employees by clicking on the first employee and then holding the Shift key while you click the last employee. Release the Shift key.
  6. Click **Calculate**.
  7. In the **Minimum Wage Earning** box, select the earning setup for minimum wage adjustments and click **OK**.
  8. At the *Replace any existing Minimum Wage adjustments?* message, select Yes to overwrite any existing adjustments or select No if you want to make more than one adjustment for an employee in the pay period range, for example one per week. Adjustments are shown summarized in the grid, with one row per adjustment type.
- » In this example, the employee's piece rate was \$.10; the minimum wage was set to \$7.25, and the employee worked 40 hours and had 2000 pieces. So, CenterPoint Payroll lists the employee as needing a minimum wage adjustment.

The screenshot shows the 'Pay Employees' window with the 'Special Adjustments' tab selected. The 'Employee...' field shows 'Sam J Apple' with a net pay of 178.74. The 'Pay Date' is 10/4/2013 and the 'Pay Run Number' is 00053. The 'Weeks Worked' is 1. The 'Gross Earnings' is 200.00 and 'Total Hours' is 40.00. The 'Regular Earnings' section shows a table with columns: Earning, Pieces, Hours, Rate, and Amount. The table includes rows for Commissions, Hourly Pay, Paid Time Off - Hourly Pay, Payroll Advance, Piece Rate Pay (2,000 pieces at 0.10 rate, totaling 200.00), and Vacation - Hourly Pay. The 'Deductions' section shows Employee Taxes (21.26), Employer Benefit (0.00), and Employer Taxes (15.52). The 'Leave Available' section shows a table with columns: Leave, Available, and Used. The table includes rows for Paid Time Off (47.10 available, 0.00 used) and Vacation (26.64 available, 0.00 used). The 'Calculate' button is highlighted.

- » The first time you click **Calculate**, you will be prompted to enter/select the Minimum Wage Adjustment earning, and then click **OK**.
- » At the *Replace any existing Minimum Wage adjustments?* message, select Yes to overwrite any existing adjustments or select No if you want to make more than one adjustment for an employee in the pay period range, for example one per week (the state of Oregon requires minimum wage to be calculated weekly). Adjustments are shown summarized in the grid, with one row per adjustment type.
- » The employee's minimum wage adjustment details display.
- » For example, the minimum wage adjustment calculates  $\$90.00 - 40 \text{ hours} \times \$7.25 = \$290.00$ .  $\$290.00 - 200.00 (2000 \times .10) = \$90.00$ .

Pay Employees

List Pay Employees Filter Reports

Company Alpine Sports Pay Date 8/9/2022 Pay Run Number 00049

1. Select Employees 2. Enter Pay 3. Special Adjustments 4. Totals 5. Prepayment Reports 6. Print Checks

Calculations

☐ Hourly Rate Rounding Adjustment

☒ Minimum Wage Adjustment

From 07/23/2022 To 08/05/2022

☐ Pay Employee FICA Adjustment

☐ Break Pay Adjustment

Tax State IL

Employee Last Name, First Name / Net Pay	State	Adjustment Type	Earning	Hours	Pieces	Rate	Amount
Apple, Sam J / 243.57	IL		Piece Rate Pay	40.00	2,000	0.10	200.00
	IL		Vacation - Hourly	0.00	0	10.00	0.00
	IL		Paid Time Off - H	0.00	0	0.00	0.00
	IL		Payroll Advance	0.00	0	0.00	0.00
	IL		Commissions	0.00	0	0.00	0.00
	IL		Hourly Pay	0.00	0	10.00	0.00
	IL	Minimum Wage	Minimum Wage A	0.00	0	0.00	90.00

Calculate Preview

Save Cancel Close

» In the following example, the employee worked 32 hours with an earning that had a minimum wage contract rate of \$8.68. The Federal minimum was set to \$7.25 and the hourly rate was \$6.25. So, CenterPoint Payroll lists the employee as needing a minimum wage adjustment.

» For example, the minimum wage adjustment calculates  $\$77.76 - 32 \text{ hours} \times \$8.68$  (minimum wage contract rate which was higher than the Federal/State minimum wage amount of  $\$7.25$ ) =  $\$277.76 - \$200.00$  ( $\$6.25$  hourly rate  $\times 32$  hours) =  $\$77.76$ .

Pay Employees

List Pay Employees Filter Reports

Company Alpine Sports Pay Date 8/9/2022 Pay Run Number 00049

1. Select Employees 2. Enter Pay 3. Special Adjustments 4. Totals 5. Prepayment Reports 6. Print Checks

Calculations

☐ Hourly Rate Rounding Adjustment

☒ Minimum Wage Adjustment

From 07/23/2022 To 08/05/2022

☐ Pay Employee FICA Adjustment

☐ Break Pay Adjustment

Tax State IL

Employee Last Name, First Name / Net Pay	State	Adjustment Type	Earning	Hours	Pieces	Rate	Amount
Apple, Sam J / 246.57	IL		Hourly Pay	32.00	0	6.25	200.00
	IL		Commissions	0.00	0	0.00	0.00
	IL		Payroll Advance	0.00	0	0.00	0.00
	IL		Paid Time Off - H	0.00	0	6.25	0.00
	IL		Vacation - Hourly	0.00	0	6.25	0.00
	IL	Minimum Wage A	Minimum Wage A	0.00	0	0.00	77.76

Calculate Preview

Save Cancel Close

» In the example below, an employee has five hourly earnings and the Minimum Wage Rate is \$9/hour and the AEWR Minimum Wage Rate is \$15/hour.

- » 8 hours at \$5/hour (subject to minimum wage)
- » 8 hours at \$7/hour (subject to minimum wage)
- » 8 hours at \$10/hour (subject to AEWR minimum wage)
- » 8 hours at \$12/hour (subject to AEWR minimum wage)
- » 8 hours at \$8/hours (not subject to minimum wage)



**Pay Employees**

Company: Alpine Sports | Pay Date: 9/5/2022 | Pay Run Number: 00052

1. Select Employees | 2. Enter Pay | 3. Special Adjustments | 4. Totals | 5. Prepayment Reports | 6. Print Checks

Employee: Sam J Apple | Net Pay: 282.32

Weeks Worked: 1

Gross Earnings: 336.00 | Total Hours: 40.00 | Total Offered: 0.00

**Regular Earnings: 336.00**

Earning	Δ	Pieces	Hours	Rate	Amount	Detail
Commissions		0	0.00	0.00	0.00	
Hourly Pay 1		0	8.00	5.00	40.00	
Hourly Pay 2		0	8.00	7.00	56.00	
Hourly Pay 3		0	8.00	10.00	80.00	
Hourly Pay 4		0	8.00	12.00	96.00	
Hourly Pay 5		0	8.00	8.00	64.00	
Overtime - Hourly Pay		0	0.00	15.00	0.00	
Paid Time Off - Hourly Pay		0	0.00	0.00	0.00	
Payroll Advance		0	0.00	0.00	0.00	
Piece Rate Pay		0	0.00	0.10	0.00	
Vacation - Hourly Pay		0	0.00	10.00	0.00	

Time Sheet Earnings: 0.00

Leave Available:

Leave	Δ	Available	Used
Paid Time Off		47.10	0.00
Vacation		26.64	0.00

Buttons: Detail, Calculate, Recall, Options, Save, Cancel, Close

The Minimum Wage and AEWR Adjustment Calculations are:

- » Earnings subject to Minimum Wage (Regular) = (8 x \$5) + (8 x \$7) = \$96.00
- » Earnings subject to Minimum Wage (AEWR) = (8 x \$10) + (8 x \$12) = \$176.00
- » Minimum Wage (Regular) = (8 x \$9) + (8 x \$9) = \$144.00
- » Minimum Wage (AEWR) = (8 x \$15) + (8 x \$15) = \$240.00
- » Minimum Wage (Regular) Adjustment = \$144 - \$96 = \$48.00
- » Minimum Wage (AEWR) Adjustment = \$240 - \$176 = \$64.00
- » Total Min. Wage Adjustment - \$48 + \$64 = \$112.00

**Pay Employees**

Company: Alpine Sports | Pay Date: 9/5/2022 | Pay Run Number: 00052

1. Select Employees | 2. Enter Pay | 3. Special Adjustments | 4. Totals | 5. Prepayment Reports | 6. Print Checks

Employee: Sam J Apple | Net Pay: 373.85

**Calculations**

☐ Hourly Rate Rounding Adjustment

☒ Minimum Wage Adjustment

From: 08/20/2022 To: 09/02/2022

☐ Pay Employee FICA Adjustment

☐ Break Pay Adjustment

Tax State: IL

☐ Break-out adjustment by Earning Detail

Stat	Δ	Adjustment Type	Earning	Δ	Hours	Pieces	Rate	Amount
IL			Commissions		0.00	0	0.00	0.00
IL			Hourly Pay 1		8.00	0	5.00	40.00
IL			Hourly Pay 2		8.00	0	7.00	56.00
IL			Hourly Pay 3		8.00	0	10.00	80.00
IL			Hourly Pay 4		8.00	0	12.00	96.00
IL			Hourly Pay 5		8.00	0	8.00	64.00
IL			Overtime - Hourly		0.00	0	15.00	0.00
IL			Paid Time Off - H		0.00	0	0.00	0.00
IL			Payroll Advance		0.00	0	0.00	0.00
IL			Piece Rate Pay		0.00	0	0.10	0.00
IL			Vacation - Hourly		0.00	0	10.00	0.00
IL			Minimum Wage Ad		0.00	0	0.00	112.00

Buttons: Calculate, Preview, Save, Cancel, Close

9. The employee's minimum wage adjustment details display. If an employee has earnings associated with different taxing states, the minimum wage for each state will be calculated and displayed sorted by state.
10. The Special Adjustments report can be previewed for the current pay run from this screen by clicking **Preview**. When clicked, any changes made to the pay run up to that point will be saved and the Special Adjustments report will display. Changes made to this version of the report will not be saved and cannot be stored as a favorite. If you want to customize this report, you should print the report via the Reports > Payroll Data Reports > Payroll Totals > Special Adjustments or Prepayment Reports tab instead.
11. Continue to Process and Post the pay run as usual.



Note: If there is more than one state associated with the minimum wage adjustment, and you want to display each state's adjustment on the check stub:

1. Select **Setup > Payroll Check Stub Designer**.
2. Open an existing check stub.
3. Add the **Earning Tax State** field to the Detail section of the check stub. This will display the state abbreviation of the Tax State associated with the earning.
4. If a bilingual label is applicable, under Bilingual Labels select the **Tax State** and add it to the header of the stub above the data field.
5. Select **File > Settings** and select **Earning Tax State** which will summarize the earnings on the stub by the Tax State associated with the earning.
6. Select **File > Save As** and save this check stub as a custom format to be used when printing payroll checks.