

## CALCULATION OF GROSS ANNUAL EARNINGS

### Why is there a discrepancy between my gross annual earnings and my annual base salary?

Since a fiscal year cannot be divided equally into biweekly periods, computation of the biweekly wage is made by dividing the annual salary by the number of calendar days in the fiscal year (365 or in the case of a leap year, 366) and multiplying this result by fourteen, the number of calendar days in a biweekly period. To reduce this process to one step, the fractions  $14/365$  and  $14/366$  are converted to multiplication factors: .038356 (non-leap year) and .038251 (leap year). To illustrate this, we'll use the annual salary of \$60,687 to compute the salary for 2007. Both multiplication factors, leap year and non-leap year, are used as Fiscal Year 2006-07 is a non-leap year and 2007-08 is a leap year. This employee is on the Administration Lag payroll cycle

Annual Salary \$60,687
Multiply Salary Factor .038356 = \$2327.71   Biweekly Salary
Time Period 4/4/07 - 1/10/07 (7 pay periods)
Equals \$16,293.97
Multiply Salary Factor .038251 = 2321.34 Biweekly Salary
Time Period 4/18/07 to 12/26/07 (19 pay periods)
Equals \$ 60399.40

The amount of gross annual earnings for 2007 will be \$60,399.43. Normally, there are 26 pay periods during a calendar year. Due to the idiosyncrasies in the calendar and the State's payroll cycle, State employees occasionally receive 27 paychecks in a calendar year, instead of 26. When this occurs, the employee's gross annual earnings will be higher than the annual salary.