

CITY OF MADISON PAYROLL GLOSSARY

TERM	DEFINITION
Accrual	Accumulation of something over time
Accrue	To accumulate over time
ACH	Automatic Clearing House is a network that coordinates electronic payments such as direct deposits.
Advice Number	Number assigned to your direct deposit pay advice, similar to a check number.
APA	American Payroll Association provides education and advocacy for payroll professionals.
AWOP	Absent without Pay
Base Pay Rate	Initial salary paid not including benefits, bonuses, or raises
Biweekly pay	A pay period schedule that pays employees once every two weeks, a total of 26 pay periods in a year.
Circular E	IRS issued tax guide for federal payroll taxes.
Comp Group	A compensation group is a group of employees based on similar job characteristics to provide monetary value and benefits.
CPP	Certified Payroll Professional
DCAP	Dependent Care Assistance Plan, also known as flexible spending dependent care, is a pre-tax deduction that helps employees pay for the care of a qualifying dependent.
Deductions	Amounts taken from employee's wages. Depending on the type of deduction, could be mandatory, voluntary, pre-tax or after-tax.
Deferred Comp	Deferred Compensation withholds a portion of an employee's pay until a specified date, usually retirement. City of Madison offers deferred compensation plans as a pension through WRS (ETF) and other voluntary retirement plans as pre-tax or Roth deductions.
Direct Deposit	An ACH payment the employer transfers to the employees' bank account.

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Disposable Earnings	Wages remaining after taxes and defined deductions have been taken out of the paycheck. The amount used to determine the level of pay subject to garnishments or child support.
EFT	Electronic Funds Transfer is an electronic means of transferring money from one account to another.
EIN	Employee Identification Number also known as the Federal Tax Identification Number used to identify a business entity.
ETF	Wisconsin Department of Employee Trust Funds administers retirement, insurance and other benefits for state and local government employees and retirees of the Wisconsin Retirement System.
FICA	Federal Insurance Contribution Act is the Federal payroll tax deducted for Social Security and Medicare from each paycheck. Earn credits for Social Security benefits.
Fidelity	Fidelity Investments is a financial services corporation that administers one of the two voluntary deferred compensation options offered by the City of Madison.
Flex Spending	Flexible Spending Account is a special account you elect to put money into that you use to pay for qualifying certain out-of-pocket health or dependent care costs. You do not pay taxes on this money. "Use it or lose it", funds do not transfer from one calendar year to the next.
FLSA	Fair Labor Standards Act establishes minimum wage, overtime pay, recordkeeping, and youth employment standards.
FMLA	Family and Medical Leave Act is a labor law requiring employers of a certain size provide employees with up to 12 weeks per year of unpaid, job-protected leave for qualified medical and family reasons.
FSA	Flexibile Spending Account is a pre-tax deduction set aside to pay for qualified medical expenses. (See also Flex Spending)
FUTA	Federal Unemployment Tax Act is a federal law that an employer tax is used to help fund state workforce agencies.
Garnishment	Legal procedure in which a person's earnings are required by court order to be withheld by an employer for the payment of a debt.
Gross Pay	Total wages before mandatory and voluntary deductions come out.
ICMA	ICMA-RC is one of the two voluntary deferred compensation options offered by City of Madison (dba Mission Square).
Income Tax	Government tax on the taxable profit earned. The resulting revenue is a chief source of cash for a government entity to fund public services, pay government obligations and provide goods for citizens.

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LL / Lincoln	Lincoln Life, (aka ABG), is now Fidelity, and is one of the two voluntary deferred compensation options offered by City of Madison.
Longevity	Additional wages given on the basis of length of service
Mission Square	Mission Square is the ICMA administrator for one of the two voluntary deferred compensation options offered by the City of Madison.
Net Pay	The amount of money an employee takes home after taxes and deductions are taken out.
Pay Period	Also known as payroll frequency, is a recurring length of time over which employee time is recorded and paid (weekly, biweekly, semi-monthly, etc.)
Per Diem	An allowance given to employees for travel-related business expenses such as meals.
Premium Pay	A higher rate of pay paid to those working weekends, nights, holiday, or working during hours deemed less desirable.
Pre-Tax Deduction	Amount taken from employee's paycheck before taxes are withheld. Reduces taxable income and the amount of money owed to the government.
Range	Established benchmark levels within each compensation group.
Reimbursement	Compensating someone for an out-of-pocket expense and is not counted as taxable income.
Retroactive Pay	Payment outside of the originally scheduled pay period.
Roth	Roth IRA is a voluntary retirement account deduction taken on your paycheck after taxes, allowing tax-free withdrawals in retirement.
Routing Number	Routing transit number is a nine-digit code used to identify financial institutions.
Shift Differential	Additional compensation for employees who work a less desirable shift outside of their normal work hours.
Social Security (OASDI)	Old Age Survivors and Disability Insurance is the official name for Social Security, also known as FICA. Provides benefits for retirees and disabled people and to their spouses, children and survivors.

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SSA	Social Security Act or the Social Security Administration.
SSN	Social security number assigned by the Social Security Administration.
Step Increase	Increase from one pay rate to the next higher rate within the established salary range for the class or position. City of Madison offers the first increases at 6 months, then one increase each year up to 5 years (Step 5).
Taxable Wages	Money earned that must have income tax withheld.
TASC	Total Administrative Services Corporation is the flexible benefits administrator.
Unclaimed Paychecks	When an employee does not cash their paycheck after a period of time, the employer must follow state laws for reporting.
Unemployment Taxes (FUTA)	Federal Unemployment Tax Act is a federal law that an employer tax is used to help fund state workforce agencies.
W-2	An Internal Revenue Service tax form used to report wages paid to employees and the taxes withheld from them.
W-4	Federal form the employee completes to let the employer know their tax situation so the correct amount of taxes can be withheld from the employee's paycheck.
WT-4	State form the employee completes to let the employer know their tax situation so the correct amount of taxes can be withheld from the employee's paycheck.
Wage Insurance	A form of voluntary insurance that provides workers with compensation after a worker's comp claim, also known as Short Term Disability.
Withholding	A set amount of money taken from an employee's pay check paid to the government. If too much money is withheld the employee will receive a tax refund. If not enough is withheld the employee will have an additional tax bill.
Workers Comp	Insurance benefits paid to employees who suffer work-related injuries or illnesses.
WRS	Wisconsin Retirement System is administered by the Department of Employee Trust Funds and provides retirement, disability and death benefits, and a deferred compensation program.
YTD	Year-to-Date earnings are wages from the start of the year to the most recent payday.