OPERATIONAL TRAINING
9/2/09
Salary Reduction/Furlough Training

- Training Objective: To provide training to HR Contacts, PPS Preparers, Timekeepers, and their supervisors on the operational details of the 2009/2010 salary reduction/furlough program.

- Note: Training for managers and department heads to be offered by Employee Relations.
Overview

- Training Agenda
  - Overview
  - Staff Human Resources
  - Academic Personnel
  - Payroll
Overview

- What is the salary reduction/furlough program?

  - The salary reduction/furlough program achieves salary savings by reducing an employee’s salary and concurrently granting furlough days. The reduction or salary cut is a fixed percentage and is applied at the start of the program. The employee receives the same reduced salary each pay period while accruing furlough days that correspond with the cut percentage. Thus, the employee’s percentage of effort is reduced by not working on the furlough days.
Overview

• Effective & Pay Dates

○ Monthly Employees
  **9/1/09** Effective Date & **10/1/09** Pay Date

○ Biweekly Employees
  **9/6/09** Effective Date & **9/30/09** Pay Date

○ The program is scheduled to end **8/31/10** for Monthly Employees & **9/4/10** for Biweekly Employees
Overview

- Pay Bands/Tiers
  - Employees subject to the cut are placed in cut/furlough bands based on their January 2009 “Next Year MCB.”
  - The Next Year Medical Contribution Base (MCB) is the salary used to calculate/determine the following year’s medical contribution base.
  - The MCB does not change during the year, regardless of salary changes.
  - An MCB will be calculated for employees who do not already have one (e.g. new employees).
  - PPS Screen: “Nxt ContBase” field on the IINS screen.
Overview

- Fund Type Matters
  - Extramural Funds (EMF) are excluded from the cuts.
  - Employees funded 100% on EMF will not participate in the program.
  - Employees with partial EMF will receive a cut only on the non-EMF funded portion of their salary and will receive furlough hours in proportion to the cut they receive.
  - EMF table maintained by General Accounting based on advice from Office of Post Award Financial Services (OPAFS)
  - EmployeeLink & FinancialLink Queries in development.
How will the program be implemented?

- Salary cut distribution lines will be added in PPS, similar to the START program.
- A central program will be run in September to update PPS.
- Departments will be responsible for maintaining the cuts in PPS for the duration of the program.
Overview

- **Tentative PPS Update Freeze Dates**

  - No PPS updates for **all** employee groups and **all** actions except for new hires and separations.

  - Freeze Period starts at 4:30 on Thursday, **9/10/09**, and ends at 8:00 a.m. on Tuesday, **9/15/09**.
Overview

Questions?
What staff are included at this time?

- Policy covered (Unit 99) staff who are not excluded.
Staff Human Resources

- What staff are **excluded at this time?**
  - Student Employees (Appointment Type 4)
  - H-1B, H-2, H-3 and E-3 Visa Holders
  - Salary funded from extramural funds.
  - Staff with Medical Center home departments.
  - Health Sciences clinical care exceptions.
  - Exclusions approved by the Chancellor.
  - No exclusions for Senior Management Group.
  - Salary with cut cannot fall below $8.00.
Staff Human Resources

- Exclusion/Exception Approval Process
  - Approved by Chancellor.
  - Contact your VC office for approval process.
Even if you are included in the program, certain types of pay will not be cut.

- Awards
- By agreement payments
- Overtime pay
- Shift differential
- Terminal vacation payout
- Severance pay
- Note: Stipends are included.
Staff Human Resources

- Manual PPS Entry May be Required
  - Departments may need to manually add or delete a salary cut distribution line in PPS after the one-time program is run.
  - Manual changes to the one-time program must be tracked and reported to the VC office.
  - Contract Employees: Will be included in program. Employee Relations to contact departments.
  - START Employees: START % must equal or exceed cut %. Employee Relations to contact departments.
  - Health Sciences patient care exceptions.

9-2-09
Staff Human Resources

- Use Action Code 45 (this is a new temporary use for this code) to ADD or DELETE salary cut distribution lines in PPS.
- Include a comment with the following six parts.
  - ADD or DELETE salary reduction.
  - This affects pay or does not affect pay.
  - PPE (pay period end date) mm/dd/yy.
  - Reason for add or deletion.
  - If the reason is that an exception was granted, who approved and date of approval.
Staff Human Resources

- Furlough Time Usage for Staff
  - Use during campus closure.
  - OP’s intent is to use as days are accrued.
  - Supervisor approval required, similar to vacation.
Staff Human Resources

Questions?
Academic Personnel

Excluded Titles/Groups

- H-visa and E-3 visa holders
- Student academics
- Postdocs – all titles (employee, paid direct, fellow)
Special Payments/Leaves

• **Included**
  - Administrative stipends (CHS and STP DOS codes)
  - Leaves of absence with pay (e.g. sabbatical)

• **Excluded**
  - By agreement payments (BYA DOS code)
  - UNX and ADL DOS codes
  - Additional summer compensation (regardless of fund source)
  - Relocation/Housing Allowance (RIP DOS code)
  - START participants (only if % is greater than reduction % and until agreement end date)
Manual Processes

- New Hires – build SRB distributions through 08/31/10
- START – as agreements end, build SRB distributions
- Furlough Exchange Program
- Existing faculty exchange/leverage programs
- Funding changes on included funds
- Visa status changes
  - If permanent residency obtained prior to 08/31/10, employee will be subject to salary reduction/furlough (unless excluded for valid reason) and you will need to build SRB distributions.
Academic Personnel

• Visa Reminders
  ○ Update EALN screen when status changes
    ▸ Citizenship code
    ▸ Visa Type code
    ▸ Work permit end date
  ○ Update the EAPC screen if necessary
    ▸ Appointment End Date cannot extend beyond visa end date
    ▸ Enter “V” in Dur field to indicate “end date for visa purposes only”
  ○ Send updated I-9 to Payroll
  ○ REMEMBER: All H-visa applications and renewals must be processed through the International Student and Scholars Office. Contact Horst Hoffmann for information/training.
Academic Personnel

- **Joint Appointments**
  - Reduction/Furlough will be prorated based on the included title/fund source percentage.
  - Academic Coordinator/Lecturer
  - Faculty Fellow Researcher/Lecturer
  - Professor/Researcher
Furlough Usage for Academics
- Mandatory Winter closure (6 days)
- Spring break (4 days)
- Outside Professional Activities (APM 025)
- Furlough Exchange Program (FEP)
- Extended Leave (PPM 230-10)
*Reference: 08/25/09 notice to All-Academics from SVC Drake

Record leave usage for academics
- All leave usage must be tracked (furlough, vacation, sick)
- Document your process and follow through
Questions?
Payroll - PPS Programs

1. Medical Contribution Base (MCB) – One Time Program – To Determine Salary Bands
2. Salary Reduction – To Emplace Reductions
3. Furlough Hours – To Accrue / Use Furlough Hours
1st PPS Program – MCB/Salary Band

- Salary reductions and furlough accruals are based on a sliding scale of seven salary bands.

- **What is MCB?** Medical Contribution Base. An employee’s full-time salary equivalent (for faculty the full-time covered compensation) as of January 1st of a given year. This figure is used to determine an employee’s salary band for certain benefit premiums in the next calendar year – in this case for 2010.
  - MCB has already been calculated for employees who were active and benefit eligible on 1/1/2009

- Salary Band and corresponding reduction will be based on the January 2009 Medical Contribution Base (MCB) as of 1/1/09.

- One time program calculates MCBs for employees who do not currently have one.
  - MCB’s for employees hired after 1/1/2009 or who were not benefit eligible on 1/1/2009 will be based on current salary.
Medical Contribution Base - MCB

- **Calculation:**
  - Monthly Covered Compensation Rate \times \text{(times)} 12
  - Hourly Covered Compensation Rate \times \text{(times)} 2088
  - Faculty 9/9: Monthly Covered Compensation Rate \times \text{(times)} .75

- MCB does not change throughout the year, even if the employee's salary changes. *Therefore, the employee's furlough band will not change either, even if their salary changes.*

- **Located:**
  - IINS (Inquiry Screen)
IINS – MCB Location

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Future Enrollment Pending: NO  State Dom Part Dec: Cur/Nxt Cont Base: 063/070

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MCB $70,000

9-2-09
2nd PPS Program - Salary Reduction

- Same PPS Mechanics as the START Program
- Emplaces negative distribution based on percentages not reduction in rates.
- DOS codes:
  - SRB – REG Regular Reduction
  - SRS – STP Stipend Reduction
Salary Reduction - Example

Hm Dept: 000245 MPL  Emplmt Status: A Pri Pay: MO
Gen No : 0024  Total Appt/Dis: 01/02 Remaining Appt/Dis: 00/00
LOA Beg:  LOA Return:  LOA Type:  SLCG Grade:
Appt: 20 TC: 7275 PROGRAMMER/ANALYST III  Grade: 3  Pgm/Typ: 1/2
Begin Dt: 03/01/08 Ann/Hr Rt : 70000.00  %: 1.00  F/V: F  Rt : A
End Dt : 99/99/99 Bas/Pd Ovr: 00/00  FLSA: EXEMPT  Lv : A Sched: MO
Dur : I Indef Dept Cd : 000245  TUC/AREP/ASHC: 99/C/ Time : A

Dis Index/Fund/Sub  FTE  Dis %  Pay Beg  Pay End  Rate/Amt  DOS St/OA  PRQ D W
21 MPL4258 66130A 1 1.00 1.0000 03/01/08 99/99/99 5833.33 REG
22 MPL4258 66130A 1 1.00 0.0700 08/01/09 07/31/10 5833.33 SRB

Next Func:  ID:  Name:  SSN:  

12-Exit
Salary Reduction – Determining SRB Reduction Distributions (Regular Base Earnings)

**SRB Formula:**

\[
\text{Distribution } \% \times \text{Salary Reduction } \% = \text{SRB Line } \%
\]

- 0.5000 REG Distribution with a 4% reduction = 0.0200 SRB Distribution
- 0.7500 REG Distribution with a 8% reduction = 0.0600 SRB Distribution
- 0.4000 REG Distribution with a 7% reduction = 0.0280 SRB Distribution

“Change distribution % and DOS”
Salary Reduction - Example

Hm Dept: 000253 NMF Emplmt Status: A Pri Pay: MO Page 4 of 4
Gen No: 0016 Total Appt/Dis: 04/04 Remaining Appt/Dis: 00/00
LOA Beg: LOA Return: LOA Type: SLCG Grade:
Appt: 80 TC: 8392 OILER Grade: 2 Pgm/Typ: 1/6
Begin Dt: 06/27/09 Ann/Hr Rt: 0.00 %: 0.40 F/V: F Rt : A
End Dt: 11/24/09 Bas/Pd Ovr: 00/00 FLSA: EXEMPT Lv : N Sched: MO
Dur : Dept Cd : 000253 TUC/AREP/ASHC: 99/C/ Time : A

Dis Index/Fund/Sub FTE Dis % Pay Beg Pay End Rate/Amt DOS St/OA PRQ D W
81 MAR07ME 66109A 2 0.00 0.4000 06/27/09 11/24/09 3110.55 REG

Next Func: ___ ID: ________ Name: __________________________ SSN: ________

==> 1-Help 2-Browse 3-PrevMenu 4-Print
F: 7-Backward 9- MainMenu 12-Exit

127.0.0.1 20/13

Salary Reduction Band 4%
.4000 X .04 = .0160

.4000 REG Distribution * 4% Salary Reduction = .0160 SRB Distribution:
Salary Reduction – Determining SRS Reduction Distributions

**SRS Formula:**

\[
\text{Stipend Amount} \times \text{Salary Reduction \%} = \text{SRS Line Rate/Amount}
\]

- **1000.00** STP Distribution with a 4% reduction = **40.00 SRS Distribution**
- **650.00** STP Distribution with a 8% reduction = **52.00 SRS Distribution**
- **375.00** STP Distribution with a 7% reduction = **26.25 SRS Distribution**

“Change Rate/Amount and DOS Code”
Salary Reduction Band 8%
### Example Stipend Reduction

- **Stipend**: $270.83
- **Reduction**: $21.66 (8% of $270.83)

### Employee Information

- **Dept**: 000295 INTEG OCEAN DIV
- **Gen No**: 0065
- **Total Appt/Dis**: 06/10
- **Remaining Appt/Dis**: 01/02
- **Grade**: Pgm/Typ: A/5
- **Pay Beg**: 02/01/09
- **Pay End**: 06/30/10
- **Rate**: 271.00
- **Pay Rate**: B
- **Bas/Pd Ovr**: 00/00
- **FLSA**: EXEMPT
- **Sched**: MO
- **Dept Cd**: 000295
- **TUC/AREP/ASHC**: 87/U/

### Distribution Details

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### E-Locations

- **F: 1-Help**
- **F: 2-Browse**
- **F: 3-PrevMenu**
- **F: 4-Print**
- **F: 7-Backward**
- **F: 8-Forward**
- **F: 9-MainMenu**
- **F: 12-Exit**

---

270.83 X .08 = 21.66

$270.83 STP Distribution X 8% Salary Band = $21.66 SRS Distribution

9-2-09
Salary Reduction

- Emplaced Distributions will not always be in numeric sequence
- Excessive Distributions will automatically create new Appointments
- HSCP employees will need to delete 6/30/end dates to provide for distributions
- One time program will run on the weekend of September 11, 2009. Prospectively any PPS changes will require departments to enter the reduction distributions.
3\textsuperscript{rd} Program - Furlough Days

- Accrued on a monthly basis as transactions
- Mandatory furlough day usage during December campus closure – policy allows for 6 days of advancement (Defer to HR on Policy)
- Displayed on the LASR
- Located in the PPS IHRS screen in the Paid Time Off Field
- Included in leave and timekeeping queries.
- Furlough time should be recorded in one-day increments for exempt employees, ¼ hour increments for non-exempt employees.
  - Furlough leave usage must be in alignment with policy = exempt employees must use leave in whole day increments based on their schedules. For example, for a 50% exempt employee who works 4 hours M-F, a furlough day needs to be 4 hours.
Furlough Days - Usage

- Furlough Day Usage- Other Hrs Code “K” : Reported on REG line:

- Furlough Hours are hours on Pay Status. Generates Pay for Sub 2 employees

- Use it or Lose it – No Payout for unused hours at the end of program. Hours are forfeited at the end of the program term or at separation, whichever comes first.
Calculate Reduction Hours for Timekeeping

**Sub 0 and 1**
- Reductions will be automatically calculated base on PPS distribution

**Sub 2**
- Multiply total number of pay status hours on distribution line (excluding overtime) by the salary reduction percentage.

\[
\text{# of Hours} \times \frac{\text{Salary Reduction %}}{} = \text{SRB Hours}
\]
Sub 2 Timekeeping SRB

For Sub 2 (positive-time) employees, the salary reduction amount needs to be calculated and processed each pay period. The number of SRB hours to enter in On-line Timekeeping is based on the hours reported on the eligible REG line subject to the reduction.

- There should always be a corresponding SRB line for every eligible REG line.

Calculation:

\[
\text{# of Hours on Pay Status from the REG Line} \times \text{Reduction \% from Salary Band Table} = \text{# of SRB Hours}
\]
For our example, let’s assume MCB-Nxt = 049 which corresponds with Salary Band 3 and a 6% reduction percentage.

If the employee has 4 hours worked on the REG line.

Enter .24 hours in the corresponding SRB line in OLT.

\[ 0.06 \times 4 = 0.24 \]
Payroll Queries – Reduction and Reporting

- Enter Employee # 1212121
- Enter Salary Band 4% PPS .0160 SRB
- Enter Total Pay Status Hours 64.00 OLT

Report 2.56 Regular Hours on SRB

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Allow users to:

- Determine whether a fund or range of funds is excluded
- Obtain a list of excluded funds
- Obtain new funds as of a specified date

Payroll Queries - Excluded Funds
Payroll Queries : Furlough Hours

- Furlough Hours Will Be:
  - Added to the LASR
  - Added to the Timekeeping Queries
  - Added to the Leave Queries