Workday Options for Summer Faculty Compensation

Background
The Texas A&M University System faculty are nearly universally appointed with nine-month terms. Faculty can "earn" pay in the summer by teaching classes, working on grants, or performing other activities. None of these activities are guaranteed and are often not known until later in the academic year.

Three options are available in Workday for compensating faculty during summer months.

Option 1 - Extending the Appointment

This option suggests that the department/college use the "Change Job" feature of Workday such that the faculty member's annual work period is extended into the summer. Typically, the appointment would be extended to 6/30, 7/15, 7/31, or 8/31.

Considerations:
- Often the faculty member’s percent effort is also changing over the summer. If the percent effort is reduced from the fall/spring appointment, there are concerns about benefits eligibility tasks and items that could be triggered. However, as long as the faculty member was benefit eligible for nine months, summer appointments should not impact benefits.
- This approach would also require an additional “Change Job” step that would require returning the faculty to a nine-month appointment after the summer. This could be done early in the summer and future dated; however, future dated changes can make it more difficult to execute changes between the future date and the current date.
- Impact on Prep Budget. If the position is extended, the position will now have a work period greater than nine-months. However, for the budget process for FY ’19, the position should remain nine-months. A “Change Job” reverting the job again to nine-months effective 9/1/18 would be a solution.
- Extending the position to 12 months could trigger leave accruals. However, there is a setting in Workday that allows the leave accruals to be turned off.
- If there are breaks/gaps in the work period over the summer, this approach does not work well. It might require Leave Without Pay (LWOP) actions.
- Costing allocations would have to be updated and managed for the summer period. This could be tricky if the percent effort varies over the summer.

Notes and Commitments from A&M System Office:
- The Prep-budget process will be adjusted to ensure that only the nine-month appointment is included in the budget process for next year.
- If the faculty member’s percent effort changes from the regular appointment, the work period extension must be properly effective dated.
- By default, all nine-month faculty will have four months of insurance deducted in the May pay period (June 1st) check. Note, this is an issue only in 2018; in future years, 12 months of insurance will be deducted for less than 12 month employees over the nine-month September to May period.
- Concerning Group Insurance premium (GIP) deductions:
  - If the extension is made before the June 1st payroll is calculated, the faculty member can be changed to have the GIP deduction taken in each of the summer months.
  - If the faculty member does have four months of insurance deducted in May, a change will need to be made in Workday to prevent additional (and duplicated) deductions for the summer month pay periods through use of the “other ID” process.
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- Faculty members who are extended to 12 months will need a Workday setting changed so that vacation leave accruals do not occur.
- Cost Allocations will need to be managed over the summer using the standard assign costing allocation business process.
- The position must be changed back to a nine-month appointment at the end of summer.

Recommendation:
- As suggested above, this approach will work best if the faculty member’s percent effort does not vary over the summer, and if the faculty member is compensated for a continuous period. It may also be effective if breaks are short or unpaid time off can be used.

Option 2 - Adding an Additional Summer Only Job

This option suggests that the department/college add an additional job so that the faculty member can be compensated for his/her summer employment.

Considerations:
- If the faculty member’s percent effort varies over the summer, “Change Job” actions may be required on the additional job. In some cases, a third job might be a better approach.
- Creating the position for the summer and going through the “Create Position”, hire process, etc. for summer funding may create an additional burden on the departments/colleges. Multiple steps, approvals, etc.
- Impact on Prep Budget. These positions would need to be excluded from the Prep Budget process.
- Benefits impact. The additional job should not cause a change in benefits coverage; however, it could trigger work in the benefits office to review the job.
- By default, the position will become active again the following summer. If this is not desirable because next summer’s funding is not guaranteed, the department/college may have to terminate faculty from these positions and hire them again next year.

Notes and Commitments from A&M System Office:
- As of today, the steps/approvals for adding the second job will be the same as the regular job. The position will need to be created, and the faculty member hired into the second job. However, the Workday team can evaluate simplified routing based on reason codes provided on the position.
- Secondary (non-primary) jobs for faculty members will be excluded from the prep-budget process.
- No group insurance deductions are processed in Workday on the additional jobs.
- Vacation or sick leave accruals will not occur on additional jobs. Sick leave accruals will have to be entered manually.
- Cost Allocations will be managed using the standard assign costing allocation BP. Cost allocations for the second position will be managed independent from the primary position.

Recommendation:
- As suggested above, this approach will work best if the faculty member’s percent effort does not vary over the summer and the work period is defined. It has the advantage of isolating the compensation and costing allocations from the regular nine-month appointment.
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- This approach does not impact the faculty member’s regular/primary job.
  - Cost allocations are probably cleaner with this approach. The cost allocations could be applied to the secondary job without impacting the primary job/position.
- This approach would work best if the faculty member is extended for the entire summer at a fixed monthly percent effort. It would also work best if there is a high likelihood that the faculty member will return in that summer position year after year. If these positions can be identified as summer positions and if they could be excluded from the budget cycle, that would work well.

Option 3 - Using One-Time Payments or a Series of One-Time Payments

This option suggests that the department/college use a single one-time payment or a series of one-time payments to compensate the faculty member for summer activities.

Considerations:
- One-time payments do not currently encumber in FAMIS.
- One-time payments cannot be split between System member cost centers.
- Less complex setup and routing. The department/college has more control to set the compensation amount based on the person’s actual summer activity.
- No GIP premiums would be deducted — employee must pay four months in May for this year.
- State service accruals must be entered manually.
- Flexible for varying compensation amounts.
- No impact or complexities with the Prep budget.
- Depending on the earning code selected, one-time payments will withhold FIT at either the W-4 rate or 22%. Compliance with IRS regulations is under investigation at this time.

Notes and Commitments from A&M System Office:
- The one-time payment business process is being reconfigured to occur outside of the employee current work/disbursement period.
- TRS reporting may require some special development, but this will be handled by the A&M System Office.

Recommendation:
- Use of one-time payments will likely work best if the employees work effort varies significantly over the summer, or they are being compensated for a single specific activity (i.e. Study abroad).
- However, FIT withholding rates are still to be determined, and some actions may need to be done manually.
- This approach would be the most streamlined and flexible for setup.
## Summary table of Key Payroll Differences

<table>
<thead>
<tr>
<th></th>
<th>Extend/Change Job</th>
<th>Add Additional Job</th>
<th>Pay Inputs/One-Time Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prep Budget</td>
<td>Prep budget process will be modified to only use 9-months for next year’s budget</td>
<td>Prep budget process will be modified to exclude additional faculty jobs from budget</td>
<td>No changes needed</td>
</tr>
<tr>
<td>End of Summer action</td>
<td>Must change job back to 9-month appointment</td>
<td>May or may not terminate employee from the summer job</td>
<td>No end of summer actions required</td>
</tr>
<tr>
<td>Longevity</td>
<td>Paid based on Job setting</td>
<td>Paid based on Job setting</td>
<td>Will not be paid</td>
</tr>
<tr>
<td>FAMIS Encumbrance</td>
<td>Encumbrance on regular Position ID</td>
<td>Encumbrance on second position ID</td>
<td>No FAMIS encumbrance</td>
</tr>
<tr>
<td>Salary Savings</td>
<td>Unpaid time off does not create salary savings. Encumbrance will adjust at EOM</td>
<td>Unpaid time off does not create salary savings. Encumbrance will adjust at EOM</td>
<td>No FAMIS encumbrance</td>
</tr>
<tr>
<td>GIP Deduction</td>
<td>Will be taken unless “other ID” is set</td>
<td>Will not be deducted. No need to set “other ID”</td>
<td>Will not be deducted</td>
</tr>
<tr>
<td>FIT Deduction Rate</td>
<td>FIT deducted at regular pay rate</td>
<td>FIT deducted at regular pay rate</td>
<td>New earning codes will be created so FIT will be deducted at regular pay rate. <strong>IRS compliance is still being evaluated</strong></td>
</tr>
<tr>
<td>State Service</td>
<td>Will accrue</td>
<td>Will accrue</td>
<td>Enter Manually</td>
</tr>
<tr>
<td>Leave Accrual</td>
<td>Must be turned off</td>
<td>Will not accrue</td>
<td>Will not accrue</td>
</tr>
<tr>
<td>Sick Accrual</td>
<td>Will accrue</td>
<td>Enter Manually</td>
<td>Enter Manually</td>
</tr>
<tr>
<td>TRS Credits and TRS reporting</td>
<td>Will be handled</td>
<td>Will be handled</td>
<td>Will be handled (Some development may be needed)</td>
</tr>
<tr>
<td>Cost allocations</td>
<td>Cost allocations must be specified on primary job for the summer period</td>
<td>Cost allocations must be specified for the additional job</td>
<td>Cost allocations</td>
</tr>
<tr>
<td>Time and Effort</td>
<td>Will feed to time and effort</td>
<td>Will feed to time and effort</td>
<td>Will feed to time and effort based on earning code rules</td>
</tr>
<tr>
<td>considerations</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>