

Title	Deferred Payroll
Version	1.1
Date	20100916
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Process Owner	Human Resources
Dept/Division	Human Resources
Get help with this process	Janice Minder or SPC
Processes	NBAJOBS
	PHPCALC
	PHAHOUR
	PHICHEK
	PTRDFPR, PTREARN and NTRFINI

Description:

Banner HR allows for an employee to be on payroll 12 months of the year even if their contract is less than 12 months. Basically, the system will defer each month payroll to make payments during the employees off contract months.

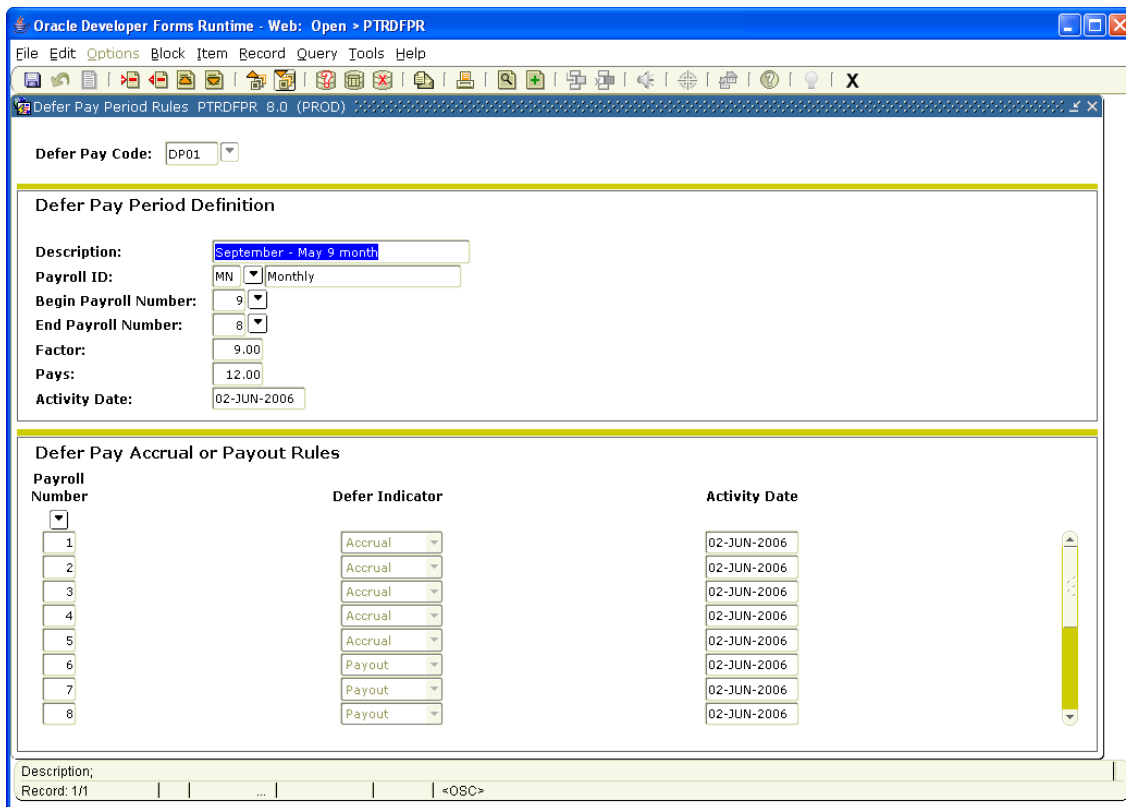
The system will defer pay by accruing dollars during the contract period, which increases the deferred pay balance on NBAJOBS (employee job record). The employee's pay history reflects earn codes of type *RP (REG)* and *DA (DPA)*. (The system (using PHPCALC) automatically creates the earn code defined as earn type *DA (DPA)*. The *RP (REG)* earn type earn code defaults from the Default Earnings Code window of NBAJOBS.) The value of *RP* is equal to the amount in the Per Pay Salary field in the Deferred Pay Information window of NBAJOBS.

Reference Information:

There are two rule forms that need to be established for Deferred Payroll to work.

PTRDFPR, PTREARN and NTRFINI

1. PTRDFPR is set up as a system rule to identify when an employee is on contract (academic year) or off for the seasonal period (i.e., summer). The rule form then identifies when accrual of dollars occurs during the contract period and when the dollars should be paid out to the employee.



2. NTRFINI is a rule form that identifies how dollars should be pushed over to Banner Finance. These rule forms are established on Banner Finance and this rule form simply is an interface between Banner HR and Banner Finance.

Finance established two System Rules – ZDPA for Accrual of Cash and ZDPO for Payment of Cash.

Oracle Developer Forms Runtime - Web: Open - NTRFINI

File Edit Options Block Item Record Query Tools Help

HR/Finance Set up Rules: NTRFINI 8.3 (PROD)

Fiscal Year: 2011 COA: S From: 01-JUL-2010 To: 30-JUN-2011 Active

Finance Fiscal Year: 11 From: 01-JUL-2010 To: 30-JUN-2011

Activity Date: 27-JUL-2010 Bank: SP Shared Services Payroll Cash

Feed Budget to Finance Budget Development

Finance Rule Class Code

Gross Earnings Payroll Expense:	ZNL	BOR Payroll - Gross Exp. No. Liq.
Employee Deductions Liability:	ZEL	BOR Payroll - Employee Liability
Net Payroll:	ZNT	BOR Payroll - Net Pay
Employer Fringe Payroll Expense:	ZRB	BOR Payroll - Gross Benefit Expense
Employer Fringe Payroll Liability:	ZRL	BOR Payroll - Employer Liability
Deferred Pay Accrual Amount:	ZDPA	Payroll - Deferred Pay Accrual
Deferred Pay Payout Amount:	ZDEF	Payroll - Deferred Pay
Fringe Charge Back Expense:	NOOP	No operation
Fringe Charge Back --> Clearing:	NOOP	No operation
Fringe Actual Expense--> Clearing:	NOOP	No operation
Original Budget:	BD02	Permanent Budget Adjustments
Adjusted Budget:	BD02	Permanent Budget Adjustments
Original Salary Encumbrance:	NOOP	No operation
Salary Encumbrance Adjustment:	NOOP	No operation
Original Fringe Encumbrance:	NOOP	No operation
Fringe Encumbrance Adjustment:	NOOP	No operation
COBRA Payment Cash Posting:	NOOP	No operation
COBRA Payment Benefit Premium:	NOOP	No operation
COBRA Payment Administration Fee:	NOOP	No operation

Defer Pay Accrual Rule Class; press LIST for valid codes.

Record: 1/? ... List of Valu... <OSC>

3. PTREARN

On PTREARN, the earning codes are established. To ensure deferred pay works correctly DPA is tied to DA and DPO is tied to DO. These earnings will then during PHPCALC process automatically calculated based on the application form NBAJOBS. Deferred pay has to be set up on NBAJOBS for the deferred payroll to work.

Oracle Developer Forms Runtime - Web: Open > PTREARN

File Edit Options Block Item Record Query Tools Help

Earnings Code Rules PTREARN 8.3 (PROD)

Earnings Code: DPA

Long Description: Deferred Pay Amount

Short Description: DEFER PY

Source of Rate:
 Job Regular Rate
 Special Rate
 Table Rate

Multiplication Factor: 100

Interface
 Allow Labor Distribution Overrides at Time Entry
 Expend Budget with Earning Value
 Applicable to Fringe Expense

Rule Class Overrides
 Rule Class:
 Fringe Rule Class:

Attributes
 Type: ((DA) Deferred Amount)
 Earnings Group:
 Hours or Units Indicator:
 Hours
 Units
 Tax Method: Annualized
 Base Salary
 Longevity
 Cash
 Reduce Base Salary
 Shift Differential
 Stipend
 Display on Web

Leave
 Applicable to Leave Proration
 Applicable to Leave Minimum
 Leave Taken Code:
 Leave Earned Code:
 FMLA Eligible Hours
 FMLA Usage Hours

Long Description;
Record: 1/1

Oracle Developer Forms Runtime - Web: Open > PTREARN

File Edit Options Block Item Record Query Tools Help

Earnings Code Rules PTREARN 8.3 (PROD)

Earnings Code: DPO

Long Description: Deferred Pay Out

Short Description: DEF PY O

Source of Rate:
 Job Regular Rate
 Special Rate
 Table Rate

Multiplication Factor: 100

Interface
 Allow Labor Distribution Overrides at Time Entry
 Expend Budget with Earning Value
 Applicable to Fringe Expense

Rule Class Overrides
 Rule Class:
 Fringe Rule Class:

Attributes
 Type: ((DO) Deferred Pay Out)
 Earnings Group:
 Hours or Units Indicator:
 Hours
 Units
 Tax Method: Annualized
 Base Salary
 Longevity
 Cash
 Reduce Base Salary
 Shift Differential
 Stipend
 Display on Web

Leave
 Applicable to Leave Proration
 Applicable to Leave Minimum
 Leave Taken Code:
 Leave Earned Code:
 FMLA Eligible Hours
 FMLA Usage Hours

Long Description;
Record: 1/1

NBAJOBS

Employee Jobs NBAJOBS 7.1 (s4b70)

ID: B70100 Rhea Dutta, Ms. Last Paid Date: 28-FEB-2005
Position: A00012 Suffix: 01 Query Date: 01-MAR-2005

General Job Job Detail Payroll Default **Deferred Pay** Miscellaneous Excluded Deductio... Default Earnings Work Schedules Job Labor Distribution

Effective Date: 01-MAR-2005

Deferred Pay: DP10 Full Year Adjunct Contract
Per Pay Salary: 5,150.00
Factor: 10.0
Pays: 12.0
Deferred Amount: 1,030.00

To establish Deferred Payroll, access NBAJOBS. Go to the Deferred Pay Tab. Enter a new effective date by selection options. Once the date is populated, you will need to select the appropriate deferred pay category and the system will calculate the correct amount to defer out.

To adjust the Per Pay Salary (if job salary changed), HR will go to NBAJOBS on the deferred earnings tab and modify by effective date. We access an application PEADADJ to monitor the adjustments.

The deferred amount is paid out up to the amount of the deferred balance. The balance cannot be negative. A type *DO* (*DPO*) earn code is created when you run PHPTIME/PHPCALC. The salary paid to the employee is equal to the value in the NBAJOBS Per Pay Salary field unless a revised amount exists in the Per Pay Salary field on PEADADJ. The earn code associated with the earn type *DO* (*DPO*) automatically replaces the *RP* (*REG*) earn type earn code that resides in the Default Earnings Block of NBAJOBS. During the payout period, a negative defer balance on NBAJOBS is not allowed. The deferred pay employee must have a positive balance to be processed through the payroll with this deferred pay indicator.

In summary, the system adjusts the values in Factor and/or Pays in the Deferred Pay Information window to reflect the new payment scheme. The value in the Factor field equals the total number of pay periods in which the employee actually works (that is, the number of pay periods in which the employee's annual wage is earned). The value in the Pays field equals the total number of pay periods in which the employee is paid. In the example below, the employee's annual salary is *earned* during a total of 10 pay periods (as entered at Factor). Because of pay deferral, the annual salary is *disbursed* over 12 pay periods (as entered at Pays).

How Deferred Pay Works in Finance:

Finance has multiple rule classes for which payroll is submitted through the NTRFINI rule form. These rule classes impact the accounting distribution of payroll (includes

gross salary and benefits). The three rule classes impacted by deferred pay include: ZNL, ZDPA and ZDEF.

In summary, ZNL is hit with total salary over the contract period. The deferred amount is expended then placed into ZDPA. Over the summer, ZDEF pays out the deferral and reverses ZDPA. All transactions are expended in Finance over the FY for which they were accrued.

Let us say that an employee earns 50,000 for their 9 month contract. This means that the assigned salary is \$5,555.55. If the employee chose to defer, the assigned salary then becomes \$4,166.67; thereby, having a deferred amount of \$1,388.88.

Month	DA or DO	Pay Period	Expensed to Finance	Paid to Employee
September	Accrual	Aug 22-Sep 21	\$5555.55	\$4,166.67
October	Accrual	Sep 22 – Oct 21	\$5555.55	\$4,166.67
November	Accrual	Oct 22- Nov 21	\$5555.55	\$4,166.67
December	Accrual	Nov 22 – Dec 21	\$5555.55	\$4,166.67
January	Accrual	Dec 22 – Jan 21	\$5555.55	\$4,166.67
February	Accrual	Jan 22 – Feb 21	\$5555.55	\$4,166.67
March	Accrual	Feb 22 – Mar 21	\$5555.55	\$4,166.67
April	Accrual	Mar 22 – Apr 21	\$5555.55	\$4,166.67
May	Accrual	Apr 22 – May 21	\$4,166.67	\$4,166.67
June	Pay Out	May 22 – Jun 21		\$4,166.67
July	Pay Out	Jun 22 – Jul 21		\$4,166.67
August	Pay Out	Jul 22 – Aug 21	\$1,388.88	\$4,166.67
		Total	\$50,000.00	\$50,000.00

The payroll is expensed in the normal contracted period. However, the employee only sees \$4,166.67 as the rest goes to a liability account sitting in RUCL ZDPA then over the pay out period, ZDEF reverses ZDPA.

How Deferred Pay Works for Leave Accrual:

Leave is only accrued during the FY Contact period. This is based on REG and approved by AAC.

How Deferred Pay Must Be Set Up on JOBS:

The NBAJOBS record must be established to meet the first payroll day in the period. If an employee is set to begin deferred pay for a contract that starts 8/17, then 8/22 is the official payroll JOBS effective date with the PTRDFPR rule on the deferred pay tab. You cannot start a deferred pay record in the middle of a payroll cycle.



Deferred Pay Rule
Forms.ppt

Here are some steps for establishing the JOBS record.

1. Select the Deferred Payroll tab on NBAJOBS.
2. This is used for any less than 12 month exempt from overtime who request deferred pay over 12 months. The window displays the most recent job assignment that has an effective date less than or equal to the query date in the Key block.
3. Deferred pay must be selected as the rule which drives the deferral and pay back.
4. Once the appropriate deferred pay schedule is selected, the appropriate deferred salary must be documented for the number of pays per fiscal year. Therefore, if the annual 9 month salary is \$40,000. Then the pay per assigned 12 month salary would be \$3333.34 per month.
5. Factors must be assigned. Factor is the number of actual pay periods. In the example of the 9 month employee, the Factor is 9.
6. Pays must be assigned. This is the number of pay periods per year. In the example of 9 month employee paid over 12 months, the pays equal 12.
7. Deferred amount will default from the Jobs Detail Tab.
8. The EFFECTIVE DATE **MUST** be the effective date of the PAY PERIOD the deferral is going to begin. The Personnel Date is the date for which the contract began. I.e., if employee is on DP01, then 8/22 is the effective date and 8/16 is the Personnel Date.

Status of B during the DPO Period:

DPO is paid out either during Active Status (A status) or during Leave without Pay with Benefits (B status). A test payroll was completed to provide an example that DPO replaces LWB in the payment of deferred pay.

Related Documents:

Review the two other deferred payroll whitepapers for corrections on leave payouts and employees that terminate during payroll 7 (July).

Links:

NA