Presentation Series: Payroll - Part III

JABSOM ADMINISTRATORS' MEETING (JAM)
THURSDAY, FEBRUARY 1, 2018, 9:30AM
MEB CLASSROOM 301

REVISED: MAY 7, 2019

Goals for Part III: To Understand …

- How to calculate "partial month" salary amounts due to payroll related changes that occur on any effective date other than the 1st of the month. Examples of these changes include:
  - Account Distribution
  - New Hires
  - Pay Rate
  - Terminations
- Useful for payroll budgeting purposes on various proposals/awards/accounts.

Debunking a Common Myth

- "If employees get paid 2x a month, and the two pay periods are 1st – 15th and 16th – end of the month, then if I make an account distribution change effective the 16th, I can just divide the total monthly salary by 2 to calculate how much salary will hit the new account distribution. Is it that simple?"
- Unfortunately, no. Just because the 2nd pay period of the month starts on the 16th, doesn't mean salary amounts can simply be divided by 2.

How many "working days" in the month?

- Any time a payroll related change occurs on an effective date other than the 1st of the month, it becomes necessary to perform "partial month" calculations based on the number of "working days" in that particular month.
- "Working days" in the month:
  - Include Holidays
  - Exclude Saturdays and Sundays
- Payroll Calendar: http://www.fmo.hawaii.edu/payroll/docs/Payroll_Calendar.pdf

November 2017

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1 1	2 2	3 3	4
5	6 4	7 5	8 6	9 7	10 8	11
12	13 9	14 10	15 11	16 1	17 2	18
19	20 3	21 4	22 5	23 6	24 7	25
26	27 8	28 9	29 10	30 11		

Even Month

11 working days in the 1st pay period (1st – 15th)

11 working days in the 2nd pay period (16th – 30th)

February 2018

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1 1	2 2	3
4	5 3	6 4	7 5	8 6	9 7	10
11	12 8	13 9	14 10	15 11	16 1	17
18	19 2	20 3	21 4	22 5	23 6	24
25	26 7	27 8	28 9			

Odd Month

11 working days in the 1st pay period (1st – 15th)

9 working days in the 2nd pay period (16th – 28th)

The Formulas

- **Total Salary Paid for # of Days Worked (incl. holidays):**
  - **# of Days Worked / Total # of Working Days in the Month x Full-Time (F/T) Monthly Salary x Total Position FTE**
- **Total Salary Paid for # of Days Worked (incl. holidays) for a specific account:**
  - **# of Days Worked / Total # of Working Days in the Month x Full-Time (F/T) Monthly Salary x Total Position FTE x (Account FTE / Total Position FTE)**
- What you need to calculate:
  - Full-Time (F/T) Monthly Salary
  - Total Position FTE
  - Effective Date of Change
  - Account Distribution before and after Effective Date
  - Calendar: to determine # of working days

Example 1: Change effective 16th of an EVEN month (November 2017)

Account Distribution prior to 11/16/17:

- General Fund (1xxxxxx): 0.50 FTE
- Federal Fund (6xxxxxx): 0.50 FTE
  - Total FTE: 1.00 FTE
- Full-Time Monthly Salary at 1.00 FTE: $10,000

Account Distribution effective 11/16/17, change to:

- General Fund (1xxxxxx): 0.25 FTE
- Federal Fund (6xxxxxx): 0.75 FTE
  - Total FTE: 1.00 FTE
- Full-Time Monthly Salary at 1.00 FTE: $10,000

Example 1: Change effective 16th of an EVEN month (November 2017)

Account Distribution prior to 11/16/17:

- General Fund (1xxxxxx):
  11 days worked / **22** total working days x $10,000 x 1.00 FTE x (0.50 FTE / 1.00 FTE) = $2,500
- Federal Fund (6xxxxxx):
  11 days worked / **22** total working days x $10,000 x 1.00 FTE x (0.50 FTE / 1.00 FTE) = $2,500
  - Total Paid for 11/1 – 15/17:
    $2,500 + $2,500 = **$5,000**

Account Distribution effective 11/16/17, change to:

- General Fund (1xxxxxx):
  11 days worked / **22** total working days x $10,000 x 1.00 FTE x (0.25 FTE / 1.00 FTE) = $1,250
- Federal Fund (6xxxxxx):
  11 days worked / **22** total working days x $10,000 x 1.00 FTE x (0.75 FTE / 1.00 FTE) = $3,750
  - Total Paid for 11/16 – 30/17:
    $1,250 + $3,750 = **$5,000**
  - Total Paid for 11/1 – 30/17:
    $5,000 + $5,000 = $10,000

Example 2: Change effective 16th of an ODD month (February 2018)

Account Distribution prior to 02/16/18:

- General Fund (1xxxxxx): 0.50 FTE
- Federal Fund (6xxxxxx): 0.50 FTE
  - Total FTE: 1.00 FTE
- Full-Time Monthly Salary at 1.00 FTE: $10,000

Account Distribution effective 02/16/18, change to:

- General Fund (1xxxxxx): 0.25 FTE
- Federal Fund (6xxxxxx): 0.75 FTE
  - Total FTE: 1.00 FTE
- Full-Time Monthly Salary at 1.00 FTE: $10,000

Example 2: Change effective 16th of an ODD month (February 2018)

Account Distribution prior to 02/16/18:

- General Fund (1xxxxxx):
  11 days worked / **20** total working days x $10,000 x 1.00 FTE x (0.50 FTE /1.00 FTE) = $2,750
- Federal Fund (6xxxxxx):
  11 days worked / **20** total working days x $10,000 x 1.00 FTE x (0.50 FTE /1.00 FTE) = $2,750
  - Total Paid for 2/1 – 15/18:
    $2,750 + $2,750 = **$5,500**

Account Distribution effective 02/16/18, change to:

- General Fund (1xxxxxx):
  9 days worked / **20** total working days x $10,000 x 1.00 FTE x (0.25 FTE / 1.00 FTE) = $1,125
- Federal Fund (6xxxxxx):
  9 days worked / **20** total working days x $10,000 x 1.00 FTE x (0.75 FTE / 1.00 FTE) = $3,375
  - Total Paid for 2/16 – 28/18:
    $1,125 + $3,375 = **$4,500**
  - Total paid for 2/1 – 28/18:
    $5,500 + $4,500 = $10,000

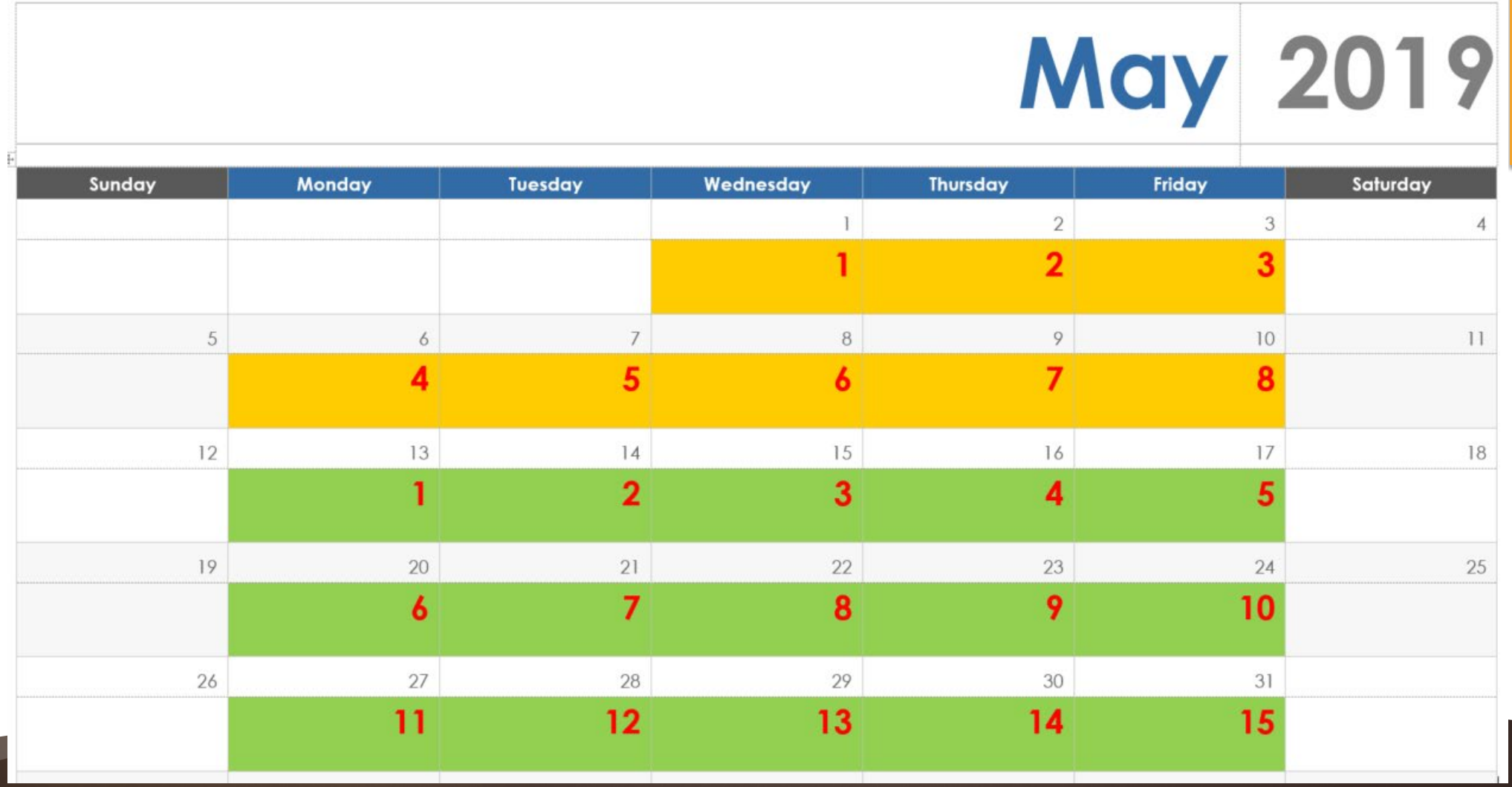
Any questions?

Thank you for attending!

Group Exercise #1

A new hire will be starting her position with the department on Monday, May 13, 2019. Using the following information, how much salary can the department expect to pay for each of the accounts for days worked in May 2019?

- Full-Time Monthly Salary: $10,000
- Total Position FTE: 0.75
- Account Distribution effective 5/13/19:
  - General Account: 0.35
  - Non-Imposed Tuition Account: 0.10
  - Federal Account: 0.30



May 2019

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2	3	4
			1	2	3	
5	6	7	8	9	10	11
	4	5	6	7	8	
12	13	14	15	16	17	18
	1	2	3	4	5	
19	20	21	22	23	24	25
	6	7	8	9	10	
26	27	28	29	30	31	
	11	12	13	14	15	

Working Days

May 2019

Calculations

General: 0.35 FTE

15 days worked / **23** total working days x $10,000 x 0.75 FTE x (0.35 FTE / 0.75 FTE) = **$2,282.61**

Non-Imposed Tuition: 0.10 FTE

15 days worked / **23** total working days x $10,000 x 0.75 FTE x (0.10 FTE / 0.75 FTE) = **$652.17**

Federal: 0.30 FTE

15 days worked / **23** total working days x $10,000 x 0.75 FTE x (0.30 FTE / 0.75 FTE) = **$1,956.52**

- Total Paid 5/13 – 31/19: $2,282.61 + $652.17 + $1,956.52 = **$4,891.30**
- Double-check: 15 days worked / 23 total working days x $10,000 x 0.75 FTE = **$4,891.30**