

2006–07 REALLOCATION PLANS

Section 1: BASIC COMPONENTS

I) Identify Resources

- A. Permanent Resources
 - 1. Resignations/Retirements
 - 2. Vacancies
 - 3. Investment from Vice President
- B. Temporary or One-time Resources
 - 1. Leaves
 - 2. Other (IFR reimbursement, allocation from VP, etc.)

Not all the resources identified will generate savings in State funds. For example, a faculty member may generate leave resource by participating in a leave without pay or leave with partial pay, or through grant reimbursement to an IFR. *While the resource is available under either scenario, the budget plan must contain the flexibility to distribute expenses between funding sources. If salary is reimbursed into the IFR, and that salary is being used to fulfill the part-time lecturer plan, then the equivalent amount of expenditures need to be charged against the IFR.*

If you have included non-state resources and non-state commitment in your plan, please identify them clearly.

Include in your list of resources: item, incumbent, department/account #, type of resource and fund if other than state PSR, effective date, annual salary, biweekly salary, # pay periods savings, % of salary saved, total savings generated during fiscal year.

II) Identify Commitments

- A. Permanent Commitments
 - 1. New Hires
 - 2. Other PSR Commitments (phase in appointments, non-union negotiated salary increases)
 - 3. Promotions and Counter-Offer
- B. Temporary Commitments
 - 1. Part Time Instruction (Fall Total / Spring Total)
 - 2. Dean's Initiatives (please be specific)
 - 3. Other (please be specific)

A **permanent** funding source must be identified to fund permanent commitments. Savings from leaves is a temporary resource. A permanent resource would be the identification of a vacant line item, either the entire line or a part of it, or temporary service/other than personal service funds. *If you have not specifically identified the permanent resource which is funding the permanent commitment, then I will identify and unfund vacant lines as needed.*

When you are completing your reallocation plan, **please identify the account(s) and the sub-object(s) that the funds should be allocated to so the funds can be moved to the correct account and category for expenditure.**

Section 2: How To Calculate the Savings from Leaves, Resignations and Retirements

Payroll Calendar (attached)

Pay Basis Codes - indicator of type of appointment obligation, and how paid (over a full year versus the academic year). The ones listed below apply to personal service regular. There are other pay basis codes for temporary service.

Type		Obligation	# pay checks
Ann	Support	12 month obligation	26 pay
CYF	Support	10 month academic year obligation	26 pay
Cal	Faculty	10 month academic year obligation	26 pay
21P	Faculty	10 month academic year obligation	21 pay

Biweekly payroll factor - used to determine the gross biweekly amount

Pay basis	Normal	LEAP YEAR
Ann	.038356	.038251
CYF	.038356	.038251
Cal	.038356	.038251
21 P	.047619	.047619

Example 1.

\$46,000	(ANN) annual pay basis
x .038356	
\$1,764.38	gross biweekly amount (if you had simply divided the annual salary by 26 the result would have been \$1,769.23 which is not correct).

- The **academic year commences September 2**. This is true even though classes begin prior to September 1. July 1 is the beginning of our fiscal year.
- Most full-time faculty are paid on a calendar year, 26 pay basis, which means that they get paid over the course of 26 pay periods beginning September 2 (in 06-07 paid on payroll 11, 9/20/06) and ending 8/31. Therefore, **payment for this academic year obligation (paid on CAL pay basis) crosses two fiscal years. Similarly, if a leave takes place and savings occur - it occurs over two fiscal years.**
- The midpoint of the academic year with regard to payment of faculty on 26 pay basis is March 1. They are paid the first half during the period: September 2, 2006 - March 1, 2007 and the second half during the period March 2, 2007 through August 31, 2007.
- A few faculty get paid on a 21 pay paybasis - which means they receive 21 paychecks, between the start of the academic year and the middle of June. **Payment for the 21P pay basis, academic year obligation is paid entirely in the course of one fiscal year, and savings from leaves occurs with the fiscal year.**
- **Part time lecturers and TA's are paid on 21 pay basis. Part time lecturers go on the payroll effective 8/25/06.**

Leaves:

Type	Pay basis	Effective Date of Leave	2005-06 Savings	# PP 06-07	# PP 07-08
1) Full Year	CAL	9/1/06 – 8/31/07	9/1/06 – 6/16/07	20.6	5.5
2) Fall Semester	CAL	9/1/06	9/1/06 – 3/1/07	12.9	0
3) Spring Semester	CAL	1/22/07	3/2/07 – 6/16/07	7.6	0
4) Semester	21P			10.5	0
5) Carryover from Prior Year 05-06				5.4	

Example 1: Full Year Leave at 1/2 pay, Cal pay basis, commencing 9/1/06 (payroll 11, pay date 9/20/06).

- # Pay periods = 20.6 (.4 of PR 11, all of PR 12 – 5, .2 of PR 6) (effective 9/1/06-6/16/07)
- $\$46,000 \times .038356 = \$1,764.38$ (at half pay) * 20.6 pay periods = \$18,173
- Note: in the following fiscal year, 5.4 pay periods of savings will generate (6/17/07 – 8/31/07)

Example 2: Fall Semester leave at ½ pay, CAL pay basis, commences 9/1/06

- # Pay periods = 12.9 (.4 of PR 11, all of PR 13-23, .5 of PR24)
- $\$46,000 \times .038356 = \$1,764.38/2 = \$882.19 \times 12.9 = \$11,380$
- Note: This means that a faculty on leave in the Fall, won't get their first full check until April 5. Occasionally, they don't like this, and will be put back at full pay sooner (in January) and then will have their obligation reduced during the summer. If this occurs, then there is less savings occurring in the fiscal year in which the leave took place. (But there will be additional savings during the next fiscal year in the summer).

Example 3: Spring leave at ½ pay, CAL paybasis

- # Pay periods = 7.6 (.4 of PR24, all of PR 26-5. .2 of PR6)
- $\$46,000 \times .038356 = \$1,764.38 / 2 = \$882.19 \times 7.6 = \$6,705$
- Note: In the following fiscal year, 5.4 pay periods of savings will occur.

Example 4: Fall Semester, ½ pay, 21P paybasis, commencing 8/14 (pr 11)

- # Pay periods = 10.5
- $\$46,000 \times .047619 = \$2,190.47/ 2 = \$1,095.24 \times 10.5 = \$11,500$
- Calculated Biweekly/2, for 10.5 pay periods.
- Note: All savings is earned within the fiscal year that the leave takes place.

Balance of Contract: Faculty resigning or retiring any time during the year receive a balance of contract.

Example 1: Resign/Retire at end of Academic Year.

Faculty resigning or retiring at the end of the academic year may choose either to receive a lump sum, which frees the line itself and allows savings to start generating immediately, or can continue receiving their 26 paychecks right through August. (Actually, because of the lag, the last paycheck is payroll 11 which is paid around 9/20). Either way, **the lump sum balance of contract is an obligation that the Colleges and Schools must pay for.** Under the first scenario, we will credit you with the savings, then charge you for the balance of contract as a savings target adjustment. Under the second scenario, no savings will occur until the line becomes vacant - and at such time on 8/31, the balance of contract obligation has been paid. **A good rule of thumb to follow is to not count on savings from the line until 9/1 (for the first year), which in 06-07 translates to 20.6 pay periods of savings.**

Example 2: Resign/Retire at the end of the Fall Semester

The balance of contract issue exists here also. Since the obligation begins on 9/1, and the faculty member has worked the Fall semester - he/she should receive 1/2 of their pay. This does not occur until 3/1. The same as above could happen - a lump sum could be paid which will result in the line generating savings immediately and a corresponding savings target adjustment, or the faculty could continue receiving paychecks through 3/1 (paid on 3/21). **The rule of thumb to follow here is to not count on savings until 3/2. Therefore, in 06-07 there would be 7.6 pay periods in the fiscal year.**

January New Hires

Because payment for the Spring semester doesn't actually start until March 2, a faculty starting in January would not receive their first paycheck until the end of March. For obvious reasons, this does not resonate well with our new hires. Faculty hired at the start of the spring semester go on the payroll January 18, 2007 (10.7 pps) at 80.75%.