

# The B/P/P System General Description

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## **ABOUT THIS MANUAL**

This manual gives a general overview of information about different aspects of the Budget/Payroll/Personnel System. Some of the items included are budget information, payroll deductions, and calendar and fiscal year end processing. This manual provides general description information for the various Budget/Payroll/Personnel users of The Texas A&M University System and should be useful in training new system users. It is not intended as a processing manual. For specific detailed questions pertaining to the functioning of a particular B/P/P screen, please see the applicable B/P/P Reference Manual or the policy and/or procedure manuals for your respective institution or agency.

## **BUDGET/PAYROLL/PERSONNEL OPERATIONS CENTER MISSION STATEMENT**

The mission of the Budget/Payroll/Personnel Operations Center is to provide a centralized administrative computer system to support the data processing and reporting requirements for these three functional areas. The Budget/Payroll/Personnel (B/P/P) System is an integrated data management system through which personnel operating budgets are created and maintained, payrolls are produced and recorded, and personnel demographic data is maintained and reported. The B/P/P Operations Center is dedicated to maintaining the integrity of the information stored by the system and providing timely, accurate reporting of this information as necessary.

## SYSTEM CONCEPT

The basic concept of the Budget/Payroll/Personnel System (B/P/P) is to provide a centralized administrative computer system to support the data processing and reporting requirements for these three functional areas. The B/P/P System provides some degree of standardization in data collection and storage. Through the use of a centralized computer system, substantial savings are realized in cost reductions while increasing the overall quality of system responsiveness to federal and state regulations. Considerable procedural differences exist to meet the various functional needs of each institution and agency within The Texas A&M University System.

The B/P/P System, an integrated data management system through which operating budgets are created and maintained, payrolls are produced and recorded, and personnel data is maintained and reported, consists of five major components:

The Budget Preparation sub-system (**Prep Budget**) is used for the preparation of individual employees' positions for each new fiscal year. Recommendations may be recorded for across the board, mandated, or various administrative review levels. The "highest" or latest recommendation is moved to the first "iteration" for the position in the Active Budget file. It carries the essential data on individual line-item budget positions.

At the start of a new fiscal year, the **Active Budget** file is established by copying data from the Prep Budget (see above). This Active Budget file is updated as changes occur in positions, occupants, salary rates, sources of funding, and other characteristics throughout the fiscal year. The first 'iteration' in the Active Budget is the status of the "highest" recommendation of a particular position as it appears in the Prep Budget at the start of the fiscal year. The salary for each budgeted position is defined by one or more funding sources which indicate the system part, account, sub-account and object class from which that portion of the salary is paid. As changes occur and are entered into the system, succeeding iterations are added. As each change occurs, the B/P/P system produces a Form 500 – Budget and Personnel Change, which serves to record administrative approval of such changes.

The **Payroll** sub-system is driven by the Active Budget data and produces the various reports, vouchers, payroll checks, and electronic transfers for monthly, biweekly and supplemental payroll cycles. Employer Benefit charges are prorated based on the percentage of the employee's total gross pay represented by each funding source for the same pay period, voucher number and pay type. [The payroll component is burdened to a greater extent than most payroll systems. This is because source accounts, project accounting or support accounts and sub groups, fund types (state vs. local), and the portion of the gross amount to be paid by each of these are integral to the payroll process and must be identified prior to processing a payroll.]

The **Personnel** sub-system serves as a storehouse for a variety of information on each employee of the System, including that required for payroll deduction processing, group insurance and other benefit reporting, affirmative action reporting, various demographic information and other related purposes.

All of the areas detailed above use the **Tables** file. This file is used for editing data, storing codes, and controlling various processing functions.

The B/P/P System utilizes the MVS computer system in the Computing and Information Services (CIS) department at Texas A&M University System (TAMU) operating under ADABAS data management software. The staff of the B/P/P Operations Center supports the system. Input into the system occurs in an on-line environment through a series of B/P/P 'workstations' or Payroll, Budget, and/or Human Resource offices, each of which is responsible for a segment of the employee population for a different university or agency.

The B/P/P System is designed to allow maximum flexibility for report generation to meet the processing needs of each particular System member. This allows for independent processing for a substantial portion of the payroll cycle. However, most major processing (i.e., the actual gross-to-net calculation process) is done for the entire Texas A&M University System as a whole.

The B/P/P System serves a multitude of miscellaneous processing needs including a full range of Affirmative Action reporting, insurance and benefit reporting, staff directories, unemployment compensation reporting, various work force profiles, retiree billing, and printing of mailing labels.

The B/P/P System is integrated with The Texas A&M University System Financial Accounting Information Management System (FAMIS). This allows for updates of accounts and the ability for the users to track payroll transactions through the complete process.

The B/P/P System continues to be updated as the need arises and new concepts are developed. Changes are made to meet new requirements of state and federal legislation and to add new functions as requested by system users. With proper maintenance and resource allocation, the B/P/P System will remain a viable system meeting the needs of the A&M System indefinitely.

## **GROWTH AND DEVELOPMENT**

The design concept for the Budget/Payroll/Personnel (B/P/P) System was developed in the mid-1970s with the full implementation occurring on July 1, 1979. The original system users were the following:

- Prairie View A&M University (PVAMU) \*
- Texas A&M University System Administrative and General Offices (SAG0)
- Texas A&M University (TAMU)
- Tarleton State University (TARL)
- Texas Agricultural Experiment Station (TAES)
- Texas Cooperative Extension (formally the Texas Agricultural Extension Service) (TCE)
- Texas Engineering Experiment Station (TEES)
- Texas Engineering Extension Service (TEEX)
- Texas A&M University at Galveston (TAMUG)
- Texas Forest Service (TFS)
- Texas Transportation Institute (TTI)
- Texas Animal Damage Control Service (TADCS)
- Texas Veterinary Medical Diagnostic Laboratory (TVMDL)

\* Until April 1, 1982, Prairie View A&M University only used the budgeting module of the B/P/P System. On this date, Prairie View A&M University started using the entire system.

Five payroll offices originally served these agencies and institutions. Shortly after the implementation of this system, the Agriculture Experiment and Engineering payroll offices were established. A few years later, the Engineering Business Office split to establish a business office for each agency, namely TEES, TEEX, and TTI. As a result, a separate work station code was established for each of these agencies. The payroll office of the System Administrative and General Offices was established on April 1, 1995.

Texas A&M University at Corpus Christi, Texas A&M University at Kingsville, and Texas A&M International University became fully operational on September 2, 1990. West Texas A&M University came on board January 1, 1991, and on September 1, 1996, Baylor College of Dentistry, Texas A&M University at Commerce, and Texas A&M University at Texarkana joined The Texas A&M University System. Also on September 1, 1996, The Texas A&M University College of Medicine was split out as if they were a separate state agency, although it remained a part of TAMU. On September 1, 1999, the TAMUS Health Science Center became a separate state agency, combining the Baylor College of Dentistry, the TAMUS College of Medicine, the School of Rural Medicine and Institute of Bio Technologies (IBT). Presently, these are the universities and agencies that make up The Texas A&M University System, serviced through 18 workstations or payroll offices.

Many enhancements and new functions have been added to the system since the initial implementation. The number of payroll deductions has more than doubled. Added features include the Extended Pay Plan, Direct Deposit of pay checks, a method to estimate net pay and insurance coverage costs, the ability to find employee records by name rather than social security number, and a comprehensive insurance benefit billing system.

## **MICROSOFT ACCESS DATABASE**

The Budget/Payroll/Personnel (B/P/P) Microsoft ACCESS database was first created in January 1994, for internal use of the B/P/P staff. In February 1995, the database was made available to all A&M System members having a need to access the information. Users are assigned a logon ID to the B/P/P file server where the Access database is maintained. This is a NetWare file server and requires that the user is able to transmit and receive the TCP/IP protocol as well as have Microsoft ACCESS 97 or greater installed on their computer.

Microsoft ACCESS enables users to build queries and produce lists or reports of information from the personnel, active budget and/or tables database from their desktop computer. This allows users the ability to define their own selection criteria and report format, providing specific information that can be tailored to each individual user. The users may save queries and reports to re-run and/or modify them as the need arises in the future.

The ACCESS database is updated on a weekly basis, on Thursday night, from the data in the mainframe B/P/P System.

## **ACTIVE BUDGET**

The Active Budget file is the ultimate source of the data to initiate the production of a payroll cycle. It might also be named a Position Control file. This file defines those budgeted positions which have been established, who the employee or occupant of the position is, how much the employee is to be paid, when the employee is to be paid and from where (source of funds) the employee is to be paid.

There are numerous reports that can be produced by the Budget/Payroll/Personnel Operations Center (BPPOC) to supply the administrators with specific information about an account's budget. For example, reports are available by part/program code/account, by part/account in a Form 901 format, by part/account in BVD format or by ADLOC. Still others are the position analysis reports that can be organized by part or account. Some of the reports are produced to supply information for special federal or state reporting. This would include the programs that produce the FTE State Employee Quarterly Report, the GAT FTE budgeted position report and various LBB Schedules. Faculty salary notification letters are also available for production from the active budget for some members of the A&M System.

A significant document that is associated with the active budget is the Form 500. This computer-generated document details the status of a position. Generally, it shows the status both before and after a specific change and is designed to be the official approval document for changes.

Any time a position is created, filled, changed, or vacated a Form 500 may be produced. The information is entered by the various workstations, and the BPPOC runs the job that produces the Form 500. The Form 500 is generally routed back to the originating department and up through the appropriate administrative channels to get the needed approvals.

## PREPARATION BUDGET

The Preparation (Prep) Budget file is the starting point for the upcoming fiscal year's Active Budget. The actual starting time for the work on the Prep Budget is dependent upon whether or not the Legislature is in session. Budgets for the State of Texas are based on a two-year period. On odd numbered years, the Legislature meets and sets the budget for the next 2-year period. When the Legislature meets, little work can be done to prepare the next fiscal year's budget until the legislature defines the funding that will be available from the state. The absolute earliest that work will begin is the first of May. On even numbered years, the process can begin as early as February since the funding for the next fiscal year has been defined. All that remains to be done is the final allocation of the funds within the institution or agency. As a matter of practice and standardization, the preparation budget cycle has been standardized to occur during the summer.

The first step of the budget preparation cycle is to copy the present Active Budget to the Prep Budget file. This gives department administrators their most current budget figures. There are several reports that the workstation administrators can request to assist them in the budget preparation cycle. One of the reports gives them projected cost for longevity, OASI, OAH and hazardous duty pay by part and account. This assists the administrator in figuring the available funding for salary increases or other budget changes. The second report is the Form 800C, which lists employees by Administrative Location (ADLOC) Account Number. Most administrators send this report to the various departments so they can make corrections to positions or show the first recommendations for salary increases. The form is then returned to the Administrator and the changes are entered into the system. The next report produced is the Form 900. This report is in account order and includes the current year's budget for positions paid from their accounts and/or programs the current fiscal year. Departments verify and/or change salary recommendations and make lump sum recommendations. Sometimes there is a need to compare salaries of different title codes or groups within the department. The administrator would ask for a position analysis report and would specify whether they need it by part, account or group, by ADLOC, by program code, by fund group, or by title code. There are other reports that can be requested depending on what information the administrator wants to look at and how they want the information listed. Towards the end of the process and before approval, the administrator requests the Form 901. This report provides both detailed and summary information by account, within fund group of all line item positions, and lump sum items in the budget. This report is used as a working document for posting budget changes, for referencing, and for use as a historical document. Detail information of the employee levels is summarized and reported to the Board of Regents through the FAMIS Budget module. This module produces the formal budget document ultimately approved by the Board. This report summarizes the information on the Form 901. After final approval of the budget, preparation budget data is copied to the active budget for the new fiscal year.

## **PAYROLL PROCESSING**

There are two basic payroll cycles used to pay employees of The Texas A&M University System. The biweekly payroll cycle is generally used to pay student employees throughout the system and classified workers employed by Texas A&M University (TAMU) and agencies headquartered in College Station. The monthly payroll cycle is used for all budgeted employees (classified and non-classified) for those institutions of higher education other than TAMU, and for non-classified employees at TAMU and agencies headquartered in College Station. The biweekly payroll period begins on a Thursday and ends two weeks later on a Wednesday. The biweekly payday, normally a Friday, falls no more than nine days after the pay period end date. The monthly payroll period runs from the first to the last day of the month. Payday for monthly employees is the first State of Texas working day of the following month.

During most months, a special supplemental payroll cycle will also process. This payroll is essentially an off-cycle biweekly payroll. It is used to make more timely payroll corrections and to pay new employees whose department failed to supply adequate documentation by the established payroll processing deadlines.

Most of the processes leading up to the calculation of the payroll can be done by each payroll office independent of the activity and processing of other payroll offices. However, the actual calculation process can only be accomplished by processing the payroll records from all of the various universities and agencies at the same time.

All data input into the payroll maintenance module of the Budget/Payroll/Personnel System is accomplished through online terminal input by the payroll offices. There is a payroll office located at each remote campus and several offices located in College Station. As much as possible, the output generated by the payroll process is printed at the respective remote campus locations. This includes checks, earning statements, and many detailed transaction reports.

## **DIRECT DEPOSIT**

### **(Also known as ACH Processing)**

The Texas A&M University System started using the Federal Reserve Banks Automated Clearing House (ACH) System for direct deposit of payrolls on May 22, 1992. Initially, employees paid from state funds were processed through the state comptroller's office via the old FACTS System. With the conversion to USAS in September, 1993, all TAMUS payroll checks are generated and paid from local funds with the State reimbursing the TAMUS parts for those employees paid from funds on deposit in the State Treasury.

In order for an employee to be paid via direct deposit, the ACH data (type of account, bank routing number and the employee's bank account number) must be entered on the Personal Data (Screen 101) in the Personnel Maintenance module. No pre-noting is done at this time. Any payroll processing occurring after the date is entered will result in the item being paid via an ACH transaction. The B/B/P Operations Center coordinates with the A&M System originating banking institution to pass these transactions on to the Federal Reserve's ACH System. Currently (as of March 1997), this institution is Bank of America. (Bank of America actually removes those transactions that will post to a Bank of America account and processes these internally; these transactions are not passed to the ACH System.)

The ACH System processes the transactions by sorting through all of the bank routing codes and distributing the transactions to each financial institution. Most institutions receive the transactions "on-line" (via telephone connection) while some receive a tape with the transactions.

A process called "memo posting" allows bank tellers and automatic teller machines (ATMs) to "see" the deposit and recognize that the employee has been paid prior to the transaction actually being posted to the employee's account. Most banking institutions do use "memo posting". Banking institutions that do not "memo post" do not have this visibility and will not be able to verify to an inquiring employee that he has been paid, even though the transaction has been received and will be processed as part of that day's business.

The following deadlines will ensure that the Direct Deposits are credited to the employee's accounts on payday.

#### **2 Day Item:**

In order to pay on Friday, the File Transfer must be made to Bank of America before 4:00 p.m. on Wednesday. Generally, the B/B/P Operations Center transmits data by 9:00 a.m. the morning following the payroll calculation.

#### **1 Day Item:**

In order to pay on Friday, the File Transfer must be made to Bank of America before 9:30 a.m. on Thursday. The transactions go to the Federal Reserve at 10:00 a.m.

**NOTE:** One day items will not “memo post”.

The money may be in the employee’s account, but the bank teller will not be able to see it until posting that night. Therefore, the employee may not be able to withdraw funds from their account on payday.

The A&M System is classified as a 2-Day Item institution. In an emergency, we can use the 1-Day Item processing window.

**BANK OF AMERICA ACH HELPLINE: 1-800-785-5525 (choose Option 2)**

(Emergency Crisis Recovery contact – J. W. Brasher (214) 508-8108 (as of 01/14/2002))

**CHANGES In Check Amounts after the Payroll is Processed**

Deletion or reversal of a payroll ‘check’ is necessary when a check has been cut for the incorrect amount or entirely in error and the item is paid via direct deposit. Changes to the amount of the transaction are not allowed. The entire transaction must be reversed or deleted, depending on where the transaction is in its processing cycle. The information required to delete or reverse an ACH payment is found on the Direct Deposit Report produced by program BP5018.

A deletion is done when the error is discovered before 1:00 p.m. on the day of payroll transmission to the Federal Reserve System. The record is deleted in the Bank of America ACH processing system. A reversal is performed when the error is not detected until after the 1:00 p.m. deadline on the day of payroll transmission and up to five working days after the file has been processed and sent to the Federal Reserve. The original item has been passed on to the Federal Reserve, and a second transaction must be generated to cancel or reverse the original item.

In either case, the original A&M System paying department contacts their payroll office immediately after discovering the problem. The payroll office completes a special Bank of America form entitled, “**Bank of America ACH Deletion/Reversal Request**” and faxes it to Bank of America at 800-424-2173. After thirty minutes to an hour, the payroll office **must** call Bank of America Customer Service at 800-424-2172 and confirm that the information was received, the time of the call, and to whom they spoke. **Unless the payroll office calls and confirms that Bank of America has received the information, Bank of America will take no action.** Bank of America makes sure the transaction is deleted or reversed, depending on whether the transaction is at Bank of America or has gone to the Federal Reserve. Reversals can be and often are returned by the receiving bank. (The employee may have withdrawn the funds and there is not enough money to cover the reversal.) Bank of America cannot guarantee that a reversal will be paid. After the deletion or reversal has processed successfully, the money is returned to the payroll account of the appropriate agency or university.

## **EMOLUMENTS**

An emolument is defined in the dictionary as compensation or payment from an office or employment. In the B/P/P System, an emolument refers to non-salary compensation. Examples of this type of compensation are employer provided vehicles, car allowances/expenses, club dues, awards (cash and non-cash > \$400), gifts, professional organization dues, and housing payments. Generally, an emolument is taxable income to the employee, so the type of compensation is identified and entered as an extra item by the payroll office on a regular payroll transaction. The payroll system calculates the federal tax liabilities for these amounts (FIT and/or OASI) and deducts them from the employee's regular paycheck.

## **LONGEVITY PAY**

Each regular full-time (100% time) employee is entitled to receive longevity pay, in addition to their regular salary, for months when they are not paid from appropriated teaching funds. These employees are eligible to receive \$20.00 per month for each three-year increment of service as a State of Texas employee up to and including forty-two years of service. Such pay will begin at the end of the third year of state service and will be increased at the end of each three-year increment thereafter, to a maximum of 42 years.

Part-time employees and faculty members do not receive longevity pay. They do, however, accumulate state service for months worked.

An employee's status on the first work day of the month determines whether the employee is entitled to receive longevity pay or service credit for the month. This is true even if the employee terminates prior to the end of the month. A person who is on leave without pay for less than an entire calendar month accrues service credit for the month if the person otherwise qualifies for the credit.

An employee who accrues the third year of service credit during a month is entitled to begin receiving longevity pay during the next month. For example, if an employee reaches the third year (36<sup>th</sup> month) of state service during the month of September, he would begin receiving his longevity pay on the payroll that contains October 1 in the payroll period. For monthly paid employees, the paycheck would most likely be dated November 1.

## **HAZARDOUS DUTY PAY**

All commissioned peace officers employed as police officers at state institutions of higher education and forest rangers of the Texas Forest Service are in hazardous duty positions. These positions are entitled to hazardous duty pay of \$7.00 per month for each year of service as an employee of the state, up to and including thirty years of service. Hazardous Duty Pay does not begin until an employee has completed one year of hazardous duty service. State service credited for hazardous duty pay may be transferred as months of service for longevity pay if the employee moves to a position that does not qualify as a hazardous duty position. The employee's longevity pay is based on the total number of years worked for the state, including years in a hazardous duty position. An employee who receives longevity pay and transfers to a hazardous duty position will receive hazardous duty pay based on the number of years in the position requiring that duty. The employee will continue to receive longevity pay based on years worked in the non-hazardous duty position.

## **OVERTIME**

Overtime is any time, generally over 40 hours per work week, actually worked during a single scheduled work week by a non-exempt employee (generally classified positions). This does not include any coded time for sick leave, vacation, emergency leave, or etc. Most departments or agencies have specific policies as to whether a non-exempt employee is paid time and a half for their overtime or if they are to be given compensatory time at time and a half. Employees in exempt (generally non-classified) positions do not receive overtime pay.

Overtime hours, whether straight time or time and a half, are "banked" for the employee. Straight-time hours are entered in the State compensation bank and, although there is no limit to the number of hours in the bank, the hours must be used within one year of being earned. Time-and-a-half hours are entered in the FLSA compensation bank. The total number of hours in the FLSA Bank cannot exceed 240 hours (160 hours of overtime work) and there is no time limit in which to use the hours.

## EXTENDED PAY PLAN

The Extended Pay Plan was developed to allow employees who work less than 12 months each year to extend their pay over 12 months. The employee may choose to have either 12.5% or 25% of their net pay set aside each month. During the summer months, the employee receives a paycheck or an ACH direct deposit from those funds set aside earlier.

Twelve and a half percent (12.5%) is the amount to deduct if an employee works over 10½ months during the year; however, the employee will receive a payment from these funds set aside in June, July and August. During part of this time, the employee will also be receiving 1½ months of pay for summer employment. Twenty five percent (25%) is the amount to deduct if an employee works 9 months and wants to receive approximately the same amount of take home pay each month. However, the employee may choose either percentage, whether they are on a nine or 10½ month appointment.

If the employee has monthly out-of-pocket insurance premiums, the deductions will be taken from each paycheck during the regular academic work year months. In addition, 25% of the monthly insurance premium will be withheld to cover the premiums due during the summer months. All summer premiums are deducted from the May pay check (deduct code = 1 – Deduct four month premium in May). However, the money to cover the premiums for the summer has already been withheld during the extended pay plan (academic) year. Therefore, the May month-end processing will generate a payment to return these additional funds for insurance premiums to the employee. This has the net effect of allowing the health, dental, vision and ADD out-of-pocket premiums to be paid on a pre-tax basis for the entire year, while allowing the monthly take home pay to remain constant over the entire fiscal year, assuming nothing else effects the employees pay.

Enrollment for the extended pay plan is handled during the year by the employee's payroll office. In order to create even paychecks year-round, the employee should sign up before the first September payroll processes. Participation in the plan may be stopped anytime during the year. If the employee chooses to stop participation, he may choose to receive all withheld funds at that time or wait and receive the funds in three payments during the summer. No funds may be left in the plan for use in the next fiscal year.

The employee will receive a payment of equal value for the months of June, July and August from the amount withheld for summer payments. There will be no taxes or insurance premiums to pay since these items have already been deducted on the regular payrolls during the year. Funds are reported to the IRS (recorded on Form W-2) as originally earned, and not as distributed to the employee. The employee has "taken" constructive receipt of the funds when originally paid and has chosen to have part of these funds reserved for disbursement later. No interest is paid in those funds reserved. If the employee happens to work part or all of the summer, he will receive pay from that work in addition to the payments from the Extended Pay Plan.

## **PAYROLL DEDUCTIONS**

Texas State Statutes prohibit payroll deductions that are not specifically authorized by law. The following is a list of the authorized deductions from State of Texas payrolls (as of June 1997):

### **Accidental Death and Dismemberment (ADD)**

The premium for accidental death and dismemberment insurance coverage.

### **Basic Life Insurance (BL)**

The premium for basic life insurance coverage required by the state to be included in each group health program. This plan is available to employees, retirees and survivors. The maximum coverage available is \$50,000 for the employee not enrolled in a TAMUS health plan and \$5,000 for the employee enrolled in a TAMUS health plan.

### **Charitable Organization (CHAR) - SECC**

An employee authorized deduction to contribute monthly to a specified statewide charitable federation or a local campaign manager. The state employee charitable campaign is conducted each fall during September and October. During this time, employees may enroll in the deduction for the payroll periods to be paid in the new calendar year. For biweekly employees, the deduction is made only once on the last biweekly payroll of each month (it is not split or halved on each payroll).

### **Charitable Organization (CHE) - Higher Education**

An employee authorized deduction to contribute monthly to a specified institution or agency within the Texas A&M University System. A Higher Education employee charitable campaign maybe conducted on each campus in the fall during September and October. Depending on the institution, contributions may be made institution wide, to scholarship funds or to specific departments. During this time, employees may enroll in the deduction for the payroll periods to be paid in the new calendar year. For biweekly employees, the deduction is made only once on the last biweekly payroll of each month (it is not split or halved on each payroll).

### **Civil Service Retirement System (CSRS)**

The retirement system for federal civil service eligible employees. This retirement program is roughly equivalent to the OASI program for non-civil service employees.

### **Court Ordered Deduction (COD)**

#### **Option 1 – Bankruptcy Levy**

Bankruptcy levy is treated as a deduction for wages.

#### **Option 2 – Child Support Payments**

A state agency must comply with a court order to deduct child support payments from the paycheck of an officer or employee.

When setting up a child support deduction, an individual check must be issued for each employee's assignment. It is recommended that the payroll offices complete the Form AP-152 which is the Texas Application for Payee Identification Number (PIN). Submit a payroll voucher including the child support payments as a normal deduction. In that voucher, use the employee's PIN and the new mail code for the recipient of the support payment. Although we are not currently processing our payrolls through the State Comptroller's office and having warrants issued, the mail code assignments are in place and the deductions are ready for correct transmission upon returning to that method of operation.

When transmitting the child support payment to the appropriate party, the agency should provide any special mailing instructions or additional information required to identify the payment such as court case number, name of employee making payment, or Attorney General case number.

## **Credit Union (CU)**

### **Payments to a Credit Union**

Employees may request a payroll deduction to be sent to a credit union that has been approved through the State Comptroller's office for payroll withholdings. These withholdings may be used to pay a loan or make a deposit to savings. Individual employee deductions may be rolled up into one payment to a credit union, similar to the way deductions are processed for the employee organizations.

### **Forms**

Credit Unions participating in the payroll deduction plan must use an enrollment form defined by the State Comptroller's office. Each credit union will provide authorization forms to employees for enrollment. The form will display the name of the credit union and its payee identification number at the top. The form must be produced on paper at least 8 ½ inches wide by at least 11 inches long.

A credit union must have its form approved in writing by the Comptroller's office prior to distribution.

After completion by the employees, a credit union representative must sign the forms. The credit union will forward the forms to the employing agency.

### **Distribution of Payments**

For checks from payrolls paid on the first workday of the month, the state agency or institution of higher education shall hand-deliver the check no later than the third workday of the month to the payee of the check. The check may also be released to an overnight delivery service no later than the second workday of the month.

If a check issued by an institution of higher education is for a payroll paid other than the first workday of the month, the institution shall hand-deliver the check to the payee no later than the third workday after the date printed on the check. For delivery to the payee,

the institution also has an option to release the check to an overnight delivery service no later than the second workday after the date printed on the check.

### **Detail Reports**

A detail report must be submitted to the credit union to enable it to distribute the funds received to the proper employee account. One report per month must be submitted for the monthly payroll.

The report must include each participating employee's name, social security number, and deduction amount.

The detail report for payments made the first workday of the month must be hand-delivered or submitted by facsimile no later than the third workday of the month or released to an overnight delivery service no later than the second workday of the month.

### **Cancellations**

If a cancellation is processed after the detail report is submitted, the agency must notify the credit union, so the funds will not be deposited to the employee's account. If the credit union has already deposited the funds to the employee's account, the agency must collect the overpayment from the employee unless the credit union has withdrawn the funds from the employee's account under Subsection (j)(1)(D) of the deductions for payment to credit union rule.

A cancellation notification must be made by facsimile and must be provided to the credit union no later than the day that the agency processes the cancellation. The credit union in turn shall notify the state agency by facsimile about whether the deduction has been distributed. If it has been distributed, the credit union shall inform the agency about whether it was withdrawn from the employee's account.

### **Dental Insurance (DEN)**

The premium for dental insurance for benefit eligible employees, retirees, and dependents.

### **Dependent Life Insurance (DL)**

The premium for life insurance coverage on eligible dependents.

### **Employee Organization Dues (EORG)**

The Employee Organization Membership Dues/Fees deduction allows state employees to authorize monthly payroll deductions for membership fees of approved state employee organizations.

Each eligible organization will make authorization forms available to employees for requested enrollment. Agencies may also provide these forms. The form will display the name of the organization and its PIN at the top. The form must be produced on paper 8

½ inches x 11 inches in size. A separate form will be used for the deduction cancellation. A state employee organization must be certified and its form approved in writing by the State Comptroller's office before distribution.

After completion by the employees, the forms will be collected by the organization and presented to the employing agency within a reasonable time.

Each agency is required to provide the organizations with a detail report each month. The report must contain the employee's name, social security number, authorized deduction amounts, and actual deduction amounts.

Organizations use the detail report to reconcile the funds received. The detail report is due to the organizations by the 20<sup>th</sup> of the month following the pay period. If the 20<sup>th</sup> day is not a workday, then the deadline is the first workday following the 20<sup>th</sup> day.

### **English Language Proficiency (ENGL)**

Only if English is NOT their primary language, faculty members employed by institutions of higher education other than medical or dental units may have the cost of English courses deducted from their salaries. This deduction is required for employees who must pass an English competency examination to ensure minimum standards of competency are met.

### **Federal Income Tax (FIT)**

A tax withheld from each wage payment based on the employee's Form W-4 and/or the correct withholding rate according to IRS regulations.

### **Federal Insurance – Medicare (FIM)**

A tax set by the federal government on all taxable gross earnings for civil service employees. It is meant for supplemental health care coverage for federal civil service employees at age 65. It is equivalent to Old Age Health Insurance/Medicare (OAHI) for non-civil service eligible employees. (Available to civil service employees of PVAM and TCE only.)

### **Federal Life Insurance**

#### **Option A (FIA)**

The premium for the optional life insurance coverage for federal employees. (Available to civil service employees of PVAM and TCE only.)

#### **Option B (FIB)**

The premium for the optional life insurance coverage for federal employees. (Available to civil service employees of PVAM and TCE only.)

#### **Option C (FIC)**

The premium for the optional life insurance coverage for federal employees. (Available to civil service employees of PVAM and TCE only.)

**Basic (FIR)**

The premium for the basic life insurance plan offered to federal employees. (Available to civil service employees of PVAM and TCE only)

**Levies – Federal Income Tax**

**Option 1 - Deduction Option (LEVY-D)**

A deduction for taxes owed the federal government where a set amount is deducted each payroll and sent to the Internal Revenue Service (IRS).

**Option 2 – Exemption Option (LEVY-E)**

A deduction for taxes owed to the federal government where the government sets an amount that the employee takes home and difference goes to the Internal Revenue Service (IRS).

**Long Term Care**

**Employee (LTCE)**

The premium for an insurance plan that will assist with the cost of long term care for the employee. The premium is based on the employee's age at initial enrollment and the amount of coverage desired.

**Spouse (LTCS)**

The premium for an insurance plan that will assist with the cost of long term care for a spouse. The premium is based on the spouse's age at initial enrollment and the amount of coverage desired.

**Long Term Disability (LTD)**

The premium for elected coverage for long term disability insurance. This insurance is available to benefit eligible employees.

**Medical Insurance (MED)**

The premium for elected health insurance coverage for benefit eligible employees/retirees and dependents.

### **Old Age Health Insurance/Medicare (OAH)**

A tax set by the federal government on all taxable gross earnings. It is meant to provide supplemental health care coverage for employees at age 65, assuming this is the age at which they retire.

### **Old Age Survivors Insurance/Social Security (OASI)**

A tax set by the federal government on taxable gross earnings up to a specific maximum for each calendar year. It is meant to provide a supplemental source of retirement funds for employees, as well as providing survivors benefits in the event of the death of the employee.

### **Optional Life Insurance (OL)**

The premium for the optional life insurance coverage. These premiums must always be paid by the employee/retiree. Maximum coverage is \$800,000 or 6x the salary.

### **Parking Deductions**

An optional method of paying Parking Fees for on campus parking. This fee is established by each institution and the payroll deduction option may or may not be offered. Currently, as the fees are less than \$50 per year at all but a few campuses, most campuses do not offer the payroll deduction option.

### **Retirement Plans**

A mandatory percentage deduction for eligible employees based on wages earned. Employees in higher education must participate in the Teacher Retirement System (TRS) unless they are eligible for an Optional Retirement Program (ORP). Participation in one plan or the other is mandatory for benefit eligible employees (non-student employees working 50% time or more for 4.5 months or more.)

#### **Teacher Retirement System (TRS)**

A deduction for the retirement system for all benefit eligible employees of The Texas A&M University System, unless they qualify for and elect to participate in the Optional Retirement Program.

#### **Optional Retirement Program (ORP)**

A deduction for the optional retirement system provided for employees in eligible positions in lieu of the Teacher Retirement System. Those eligible to participate in this program are faculty members and administrators generally at or above the Director title.

### **Spending Accounts**

Employee-authorized pretax deductions for dependent care and/or health care deductions. Pre-tax employee deductions for some insurance coverage is also considered a cafeteria plan and is included under insurance deductions unless the employee elects to not participate.

**Administrative Fee (SAAF)**

This fee is to cover the administrative costs of the third party processor for the spending account benefits. This fee is negotiated as a part of their contract and is fixed for each benefit year.

**Health Care (SAHC)**

The annual maximum allowed to be placed in the health care account is \$4800.00/year.

**Dependent Care (SADC)**

The annual maximum allowed to be placed into the dependent care account is \$5000.00/year.

**State Income Tax (SIT)**

An income tax withheld to pay the state where the employee resides. Texas presently has no state income tax, but employees working and/or living out of state may be subject to an income tax in that state.

**Student Loan Deduction (STDL)**

State agencies must honor wage-withholding orders for repayment of guaranteed student loans from a guarantee agency in any state or, if the order had been formally assigned, from a third party. An employee may have more than one garnishment.

The order may direct the employer to begin withholding from the first pay period that occurs after the order is received. However, if the payroll voucher for that pay period has already been processed, the withholding may be started with the next payroll.

Each agency is responsible for submitting a transmittal report to the payee along with the deduction check. The report should contain the following information:

- Employee name
- Employee social security number
- Amount of wages withheld and remitted
- Employer name
- Employer federal ID number

**Tax Deferred Annuity/Deferred Compensation Program****Tax Deferred Annuity (ANU)**

The A&M System provides all employees who report personal income for federal income tax purposes the opportunity to participate in a Tax-Deferred Annuity Program. The Tax-Deferred Annuity permits employees to defer payment to a future period of federal income taxes on that portion of their income deducted and deposited with a specified employee-chosen carrier. A check is issued at month-end for each vendor.

**Deferred Compensation Program (DCP)**

The Internal Revenue Code and the State of Texas authorize the Deferred Compensation Plan. The Deferred Compensation Program permits employees to defer payment to a future period of federal income taxes on that portion of their income deducted and deposited with a specified employee-chosen carrier. It is a pretax deduction, and only employee money may be contributed to the program. A check is issued at month-end for each vendor. This program is administered through the Employee Retirement System (ERS) of the State of Texas. These items are identified in the B/P/P System with a carrier code of '001'.

**Texas Tomorrow Fund (TTF)**

An employee-authorized deduction with intent to pay an employee's dependent's or relative's future college education. This Fund will allow Texas families to lock in the cost of tomorrow's college tuition and required fees at today's prices. The Fund covers the tuition and required fees at any state-supported college and university in Texas and can also be used to cover tuition and fees at a private college or an out-of-state school. The Fund also pays for tuition and any fees that are required as a condition of enrollment. It does not pay for room and board, books, transportation, or optional fees such as lab fees and fees for specific courses.

**U. S. Savings Bond (BOND)**

An employee authorized deduction to purchase U.S. Savings Bonds.

**Vision Insurance (VIS)**

The premium for elected vision insurance coverage for benefit eligible employees/retirees and dependents.

## **AFFIRMATIVE ACTION**

The Budget/Payroll/Personnel Operations Center offers numerous reports to assist the agencies and institutions in meeting federal and state reporting requirements. The most frequently used of these reports include the Employee Information Survey, Utilization Analysis, Workforce Analysis, Integrated Post Secondary Education Data System (IPEDS), and the Affirmative Action Progress Report.

## **DEMOGRAPHIC DATA**

There are various demographic data available through the Budget/Payroll/Personnel Operations Center (BPPOC). The information is stored in files. Reports may be produced either by BPPOC from the mainframe computer system or by using Microsoft ACCESS. Some of the data available is marital status, age, gender, veteran status, educational level, and disability status.

## **MAILING LABEL PROCESSING**

A variety of programs exist to produce mailing labels for various groups of employees and or participants in any of the various A&M System benefit programs. Labels are available for internal administrative use as well as to satisfy requests for information from entities outside of the A&M System. Examples of the most common requests for labels include: all current employees for a particular institution, all benefit participants in a particular HMO service area, all employees with medical coverage from a particular carrier, and all current employees with a salary above a specified amount.

## **INSURANCE BENEFITS**

A variety of insurance benefits are available to The Texas A&M University System employees. The present coverages that an employee may enroll in are:

|                          |  |
|--------------------------|--|
| Health Insurance         | Spending Accounts                                |
| Dental Insurance         | Accidental Death & Dismemberment Insurance       |
| Basic Life Insurance     | Long-Term Disability Insurance                   |
| Optional Life Insurance  | Long-Term Care Coverage (Employee and/or Spouse) |
| Dependent Life Insurance | Vision Coverage                                  |

## INSURANCE BILLING PROCESS

At one time, each member of the A&M System developed their own insurance billing system. The insurance billing module was developed for the B/P/P System and put into production in March 1996. This system allows for automated prepayment tracking, friendly past due notices, electronic bank draft and monthly, quarterly, semi-annual, and annual billing cycles. Changes and modifications have been made as the need has been identified. All universities and agencies in The Texas A&M University System use the B/P/P Insurance Billing System.

A complete billing cycle requires almost two months to complete. During this time the individual workstations maintain the information in the billing system by updating insurance amounts, entering the special request bills, making bill and receipt adjustments, entering the receipts for previous bills, maintaining bank information, and mailing the bill to the participant. All of this information is entered on screens in either the Personnel file or the Insurance Billing file.

Around the 20<sup>th</sup> of each month, the Budget/Payroll/Personnel Operations Center (BPPOC) prints the bills and the billing registers. The bills and the registers go to the workstations where the bills are mailed to the participants who have an active coverage status on the insurance billing system.

Bank draft transactions are produced at the same time the bills are created. These transactions are forwarded to the Federal Reserve ACH System that transfers them to the participant's banking institution. On the 5<sup>th</sup> of the next month, funds are transferred from the participant's bank account to the appropriate system account. Whichever system member the individual retires from determines which account receives the funds.

Around the 5<sup>th</sup> of each month, BPPOC prints bills that have been specifically requested by the different workstations. These bills are generated to do back-billing, to adjust a previous bill, or to request a bill for a participant before changing the insurance information. The bills are printed and sent to the requesting workstation(s) for distribution to the participants.

A bank draft edit report is produced around the 15<sup>th</sup> of the month. This report allows the workstations to check draft amounts before the actual creation of the next bank draft file.

About the same time of the month, the first past due letters are printed. These letters inform the participant that payment has not been received for their insurance premium. The letters are forwarded to the workstations to be mailed to the participants.

The month-end billing process occurs around the 19<sup>th</sup> of the month. This process generates the following reports; Daily Receipt Summary, Billed Status Participants Due to Carriers Summary, Pre-pay Report, Pre-pay Activity Report, Caution Report, and Retiree Employer Contribution from State Funds. The Receipt Summary Report is used by the workstations to verify the total amount of money received from participants for insurance coverage for the month. The Billed Status Participants Due to Carriers Summary is an overview of the total premiums due by type of insurance, insurance carrier, and workstation for the month. It reflects amounts due from the employer and participant. Attached with this report are pages that inform the workstations of the participants and the amount due by each insurance type. The workstations use this report to know how much to pay each insurance carrier. The Pre-pay Activity Report shows who has

prepaid insurance premiums and how much they have in the account. The Pre-pay Activity Report tells the workstations how much pre-pay insurance premiums were received for the month and the portion of the total pre-pay account that will be used to pay the insurance carriers. The Caution Report is for the workstations to check anyone whose payment for the current month deviates from the current premium shown on the Benefits Maintenance Screen (screen 106.) The report will show participants who are paying more than is noted on their screen in order to catch-up on the premium payment. It allows the workstations to check for possible errors. The Retiree Employer Contribution from State Funds Report shows the participants and the portion of the insurance premium that is paid by the employer. It has total lines reflecting employer insurance contribution from local and state money. The report also has a total line informing each workstation how much of the employer contribution comes from other system parts in their behalf.

The last part of the month-end processing produces three files that are processed by FAMIS. These files contain the account information that allows adjustments to be made to the workstations' benefit clearing accounts. Some parts choose to make entries into their accounting systems manually, and those parts using their own accounting system must follow this practice.

The second past due notice is printed about the 21<sup>st</sup> of the month. These letters reflect the participant's total amount due and provide detail by the type of insurance coverage. The letters also warn of possible cancellation of insurance coverage if the participant fails to pay the amount due before the 15<sup>th</sup> of the following month.

On about the 15<sup>th</sup> of the following month, BPPOC produces letters for those participants that have not paid their insurance premiums in two months. The letter informs the participant that their insurance coverage is being canceled due to non-payment of premiums. It also lets them know the last day of coverage. A report is generated with the letters to let the workstations and System Human Resources know who needs to have their insurance coverage canceled. The individual workstations handle the mailing of the letters and cancellation of coverage.

There are three specialized jobs that are a part of the Insurance Billing System. These jobs are run at different times of the year. The first job prints the last second notice past due letter in August. The second job prints a report (on request) listing what is in the field on screen 118 in the Personnel file maintenance that is marked "Percent Local". This field is entered by the workstations and is the percentage that the participant was paid from local funds while employed by The Texas A&M University System. The workstations use this report to check for errors in that amount. The final job deletes specific invoices from the Billing file. The Billing file contains all the invoices that have ever been created. After a while, this file can become quite large and must be cleared for new invoices. Typically, BPPOC only clears out invoices that are two years old or older. Another reason to delete invoices in the file is in case of a malfunction or system failure while running the monthly bills. This job is a part of the recovery process as it clears out the incorrect invoices and makes it possible to rerun the job to produce accurate invoices.

## **TABLES MODULE**

The Tables files in the Budget/Payroll/Personnel (B/P/P) System consists of tables used to define many of the codes or values assigned to various information items throughout this computer system.

Some of these tables are used to control processing, while many others are used to verify that data input into the B/P/P System has meaning and is defined correctly.

The Tables file is grouped into two broad table categories. The first category contains the User Tables that may be maintained by each institution or agency. These tables are constantly having items added or changed. Included in this group are the Account Table, the Title Code Tables (both classified and non-classified), the ADLOC Table, the Project Table, and the Accounting Analysis Table. The second category contains the B/P/P tables that are maintained by the B/P/P Operations Center Personnel. These are the tables that require fewer changes but whose updating is tied closely to controls associated with normal processing. Included in this group are such tables as the Pay Plan Table, the Security Table, Pay Period Table, Payroll Deduction Table, Medical Carrier Table, ORP, and TDA Carrier Tables.

## **ANNUAL ENROLLMENT – INSURANCE INITIALIZATION PROCESS**

With the Benefit Year effective September 1, 1987, a new philosophy was implemented relating to the election of employee benefits. An Annual Enrollment period was established to allow employees to elect their benefit coverage to be effective with the beginning of the next benefit (fiscal) year. This enrollment period generally runs for the month of July. These benefit elections (selections) are collected and then applied to the Personnel file during the Fiscal Year-End (Insurance) Initialization process. These new coverages will remain in effect for the next benefit year.

During the first part of a new calendar year, System Human Resources (SHR) prepares the insurance booklets for the new fiscal year. The booklets contain information about any insurance plan or benefit changes for employees or retirees. Budget/Payroll/Personnel Operations Center (BPPOC) produces a benefits letter for each employee and retiree. The letters inform the participant of their current benefits coverage and indicate what their options are for changing coverage. SHR sends out the new booklet along with the letters.

The employee/retiree has until the end of July to decide on any benefit changes and to mail the enrollment change form to the appropriate insurance processing office or to enter changes using a web-based annual enrollment system. After the insurance processors receive an enrollment change form, changes are entered into the web-based annual enrollment system. The BPPOC produces confirmation letters daily showing the benefit changes that have been collected for each employee/participant. The letters go out to the participants confirming the coverage changes they requested.

Close to the end of Annual Enrollment, the BPPOC does a test run, which produces a report showing all the coverage changes entered. The reports go to the Insurance and Benefits Offices where they are checked, then corrected (if necessary) in the file. After the Annual Enrollment is complete, the BPPOC runs a job that produces reports for the medical, dental and vision carriers. The reports and/or files inform the carriers of additions, changes or deletions of participants to their plans. During Insurance Initialization, a job is run that merges the current Personnel file, the Annual Enrollment file and the Active Budget file for the new Fiscal Year and zeros out Fiscal year-to-date accumulators in the Personnel file. New coverage amounts and premiums are established as necessary for the new benefit year. If no record is found on the Budget file for an employee, the employee is reported as an error, and the premium amounts for those coverages in an active status are set to zero.

## CALENDAR YEAR-END PROCESSING NOTES

There are several jobs that must be processed as one calendar year closes and a new one begins. Generally, these jobs perform one or more of the following functions:

- \* Prepare the Personnel file for accumulation of the new year's payroll sensitive earnings items.
- \* Prepare annual reports, such as salary earnings, or the amount contributed to certain benefits programs.
- \* Prepare for a new payroll deduction or change an amount to be deducted for the new year (for example: changes in FIT withholdings and OASI covered wage amounts).
- \* Consolidate data for historical purposes.

The following areas are affected by calendar year-end processing and are described in more detail in the following sections:

- \* Maximum Contribution Limit (replacing the MEA) processing for employees with a Tax Deferred Annuity
- \* Foreign National (Non-Resident Alien) federal tax status
- \* Earned Income Credit participation enrollment
- \* Charitable Contribution enrollment for the new calendar year
- \* Federal Tax Withholding reporting (W-2's)
- \* Federal Employee Benefit reporting and Federal Insurance Initialization
- \* Federal Tax Exemption processing for those claiming exemption in the previous year

## **MAXIMUM CONTRIBUTION LIMITS PROCESSING FOR EMPLOYEES WITH A TAX DEFERRED ANNUITY**

The Maximum Contribution Limit (MCL) is a value defining the maximum amount of money an employee may shelter via a Tax Deferred Annuity (TDA) from federal income tax withholdings for a calendar year. This process occurs toward the end of a calendar year and is designed to keep an employee from sheltering beyond what he is entitled. An MCL value is calculated for estimation purposes for the next calendar year as well.

The MCL calculation involves many variables and data elements. Among the items included in the calculation are the employee's age, years of service with Texas A&M University System, annual salary, and retirement plan (TRS vs. ORP).

When an employee first enrolls in a TDA, the BPP System will calculate the maximum contribution limit when it is not supplied. The Calendar Year End process recalculates the MCL annually, based on the budgeted salary, new limits, etc., in effect at the end of the calendar year.

The automated MCL process each fall verifies that the actual withholdings are within the Maximum Contribution Limit for that calendar year. The Budget/Payroll/Personnel Operations Center (BPPOC) will produce an automated MCL calculation for all employees currently enrolled in a Tax Deferred Annuity. The MCL is calculated for the current tax year and estimated for the next tax year. A letter detailing the limits will be distributed to employees through the System Human Resources Office.

A report is also generated for the payroll offices detailing employees who potentially will exceed their MCL for this calendar year. This report allows the payroll office to assist employees in complying with current federal regulations and to not shelter more funds from tax withholdings than they are entitled to shelter (not to pay taxes on these funds).

## **FOREIGN NATIONAL (NON-RESIDENT ALIEN) FEDERAL TAX STATUS**

The Texas A&M University System (TAMUS) employs individuals from many countries around the world. There are many federal tax related issues associated with these employees. Part of the federal tax status of a foreign national is determined by whether or not there is a tax treaty with the foreign national's country, what treaty type the individual falls under, and whether the individual has met the income or maximum presence test.

Not every country has a tax treaty with the United States, and all tax treaties are not the same. Different countries have different limits on what the foreign national may earn annually and how long they may stay in the United States to continue earning tax-exempt wages. For example, Germany allows their citizens under the treaty type 03 (student) to be in the United States for four years and during that time they may earn \$5,000 per year tax exempt. Norway allows their citizens under treaty type 01 (teacher, researcher) to be in the United States for two years and they are tax exempt for the entire two years. If the foreign national does not claim tax treaty benefits, the individual will be set to an active federal income tax status as a non-resident. There is nothing that forces a foreign national employee to claim their tax treaty benefits, although it is generally in their financial interest to do so.

At the end of every calendar year, the Budget/Payroll/Personnel (B/P/P) system will test all foreign national employees to see if they have the potential to meet the maximum limit for the number of years for which they may claim a tax-exempt status. If the individual has been in the United States their maximum amount of time, and they have the potential of meeting the substantial presence test in the new calendar year, the B/P/P System will set their social security and federal income tax status to withhold these taxes. If the individual leaves the United States before the 183rd day of the new year (in July), then all taxes that have been deducted may be refunded to the individual. If they remain in the U.S. beyond the 183rd day, they satisfy the substantial presence test and they are liable for the taxes for the calendar year.

## **EARNED INCOME CREDIT PARTICIPATION ENROLLMENT**

An Earned Income Credit (EIC) is a credit for certain workers that earn less than a federally defined maximum. The maximum varies depending on whether the employee has only one qualifying child, or more than one qualifying child. It functions almost like a negative federal income tax withholding in that it allows single or married, low income employees to receive this allowance during the calendar year and not wait until they file their annual Federal Income Tax return.

In order to receive Advanced Earned Income Credit payments, the employee must have a qualifying child and complete an IRS Form W-5. Form W-5 is available at most Human Resources or Payroll Offices. The form explains the criteria to be eligible and asks all pertinent questions to determine qualification. After the Form W-5 is completed, it is returned to the appropriate office for processing.

Data from the Form W-5 is entered in the Personnel file on Screen 102 - Tax <OASI/UCI/EIC/FIT/SIT>. The payroll calculation program has a table to determine the amount of the credit based on projected earnings, whether the employee is married or single, and if married, whether the employee and spouse are both filing for the credit. This item increases the employee's net or take home pay.

## **CHARITABLE CONTRIBUTION ENROLLMENT**

The State Employee Charitable Campaign (SECC) is an annual drive to collect funds for eligible charities through payroll deductions. Employees can also contribute a one-time lump sum amount, or indicate they will pay quarterly. The intent of the campaign is to enroll employees in the Charitable Contribution payroll deduction. An enrollment process, similar to the one used for insurance benefits, separate from the charitable contribution data on B/P/P Personnel file, is used to collect the charities and amounts to be deducted starting with payrolls to be paid in the next calendar year. The enrollment process begins in September and continues until early December.

A three-part authorization form is distributed to every employee with a list of eligible charities. Employees are asked to look over and choose a charity or charities to which they would like to contribute. Employees also write the appropriate code and the amount of contribution on the form. The form is generally returned to the SECC chairperson for that agency or institution where it is divided appropriately. Those forms with a payroll deduction should have the top copy (white) forwarded to the appropriate payroll office for further processing. The second copy (yellow) is sent to the local United Way Regional Office, and employees retain the third copy (pink).

The Payroll Office takes the information from the white copy of the form and enters it on Screen 603 - Char Contr/Higher Educ Maintenance. After the last payroll is processed for the current calendar year and before the first payroll is processed for the new calendar year, the B/P/P System will turn "off" the charitable contribution deductions in the Personnel file. Also, the SECC enrollment data that has been input via the annual Charitable Contribution Enrollment screen will be used to establish the new payroll deduction records for the new calendar year. Starting with the first January payroll, equal amounts of the total amount pledged will start deducting from the after-tax wages of the employee and continue through December of that same year. For new employees hired during the year who wish to participate, screen 117 - Credit Union/Charitable Cont. in Personnel Maintenance may be used to enter these payroll deductions for the remainder of the current calendar year.

## **HIGHER EDUCATION CHARITABLE CONTRIBUTIONS**

The Higher Education Contribution Campaign (HECC) is an annual drive to collect funds for agencies and institutions within The Texas A&M System through payroll deductions. Employees can also contribute a one-time lump sum amount, or indicate they will pay quarterly. The intent of the campaign is to enroll employees in the Higher Education Charitable Contribution payroll deduction. An enrollment process varies from campus to campus, but it is designed to occur parallel to the SECC campaign above. The same charitable contribution enrollment screen is used to collect the institutions or departments and the deduction amounts to be deducted starting with payrolls to be paid in the next calendar year.

A two-part authorization form is available for use throughout the A&M System, although some institutions have elected to design and distribute their own form. The form is generally returned to the appropriate payroll office for input.

Enrollments during the year maybe entered directly into the B/P/P System via Screen 114 - Charitable Cont Edu/Engl Prof/EPP. After the last payroll is processed for the current calendar year and before the first payroll is processed for the new calendar year, the B/P/P System will turn “off” the contribution deductions in the Personnel file. The HECC enrollment data that has been input via screen 603 - Char Contr/Higher Educ Maintenance (the annual Charitable Contribution Enrollment screen) will be used to establish the new payroll deduction records for the new calendar year. Starting with the first January payroll, equal amounts of the total amount pledged will start deducting from the after-tax wages of the employee and continue through December of that same year.

## **FEDERAL TAX WITHHOLDING REPORTING (W-2'S)**

Each calendar year, employers are required to give their employees an annual summary of their earnings and tax withholdings. These forms are the Form W-2, Wage and Tax Statement and/or the Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding. These forms contain pertinent earnings and tax withholding information that employees will need in order to file their annual tax returns with the Internal Revenue Service (IRS).

The generation of the Forms W-2 and 1042-S starts in December of each year immediately after the completion of the previous calendar year's production of the last payroll and month-end reporting. Summary payroll history tapes for the entire calendar year are generated and a "proof list" report is produced for each payroll office to reconcile the earnings and tax withholdings for all employees. The payroll offices reconcile the "proof list" against their tax remittances made throughout the year and their quarterly reports with the IRS. Additional reports are also generated to assist the payroll offices in determining employees who may have had unusual circumstances that require special handling or correction. Among them are: (1) Employees with original pay date prior to current year, (2) 1099 Report, (3) Prior Year Exception Proof list, (4) Persons with Invalid Social Security Numbers, (5) Persons whose last name starts with 'QQ', (6) W-2 Exclusions and Errors List, and (7) OASI/OAHI Covered Wage Error Report.

Payroll offices can enter corrections to this information via Screen 307 - W-2 Changes Entry. The B/P/P System processes the data entered and incorporates these updates in subsequent productions of proof list reports or the actual generation of the final Form W-2s and/or Form 1042-Ss.

Employers are also required to withhold and/or report on various additional forms of payments to employees. Most of these items are reported during the course of the year; however, there usually are some last minute payments or items not subject to tax withholding that must be reported as income. Most of these payments are made through the accounting systems outside of the B/P/P System.

This information must also be added to the employee's earnings prior to generating the final wage and tax withholding statements. The payroll offices coordinate this effort with their respective fiscal offices, and this data should be collected and finalized by mid-January. This data must be completed from all of the fiscal offices prior to producing Forms W-2 or 1042-S for any of the payroll offices because payments can be made by any part to an employee of another part of the system. Once this process is complete, the final Form W-2s and 1042-Ss can be produced. These forms must be generated and made available to employees before the last working day of January. The Form W-2's data must be submitted to the Social Security Administration by the last working day of February if submitting via tape or by April 1<sup>st</sup> if submitting via the Internet. They will send this data to the Internal Revenue Service. The Form 1042-S data must be submitted to the Internal Revenue Service by March 15.

## **FEDERAL EMPLOYEE BENEFIT REPORTING AND FEDERAL INSURANCE INITIALIZATION**

The Texas Cooperative Extension (TCE) and Prairie View A&M University (PVAM) have employees who are eligible for federal retirement and benefit programs. These employees are funded by special legislation. The County Extension Agents are an example of these employees.

A reconciliation of the Federal Civil Service Retirement System (CSRS) employee withholding for the year ending and previous years is done at calendar year-end processing. A report is generated for these payroll offices to reconcile with monthly reports for retirement and insurance programs and to reconcile forms submitted for retiring employees.

The payroll offices use special ADD, CHANGE or DELETION forms to make corrections to the first report run by Budget/Payroll/Personnel Operations Center (BPPOC). The corrected forms are submitted to BPPOC and the updates are incorporated in the subsequent processing. A final report is submitted to the Federal Office of Personnel Management (OPM).

Also, two federal insurance initialization programs are required. The insurance programs are required to be re-initialized in month-end processing to update for any employees having a birthday in the month that would cause them to move to the next premium bracket. A program is run each September to update the premiums based on salaries. The payroll offices can also perform an online initialization for individual employees.

## **FEDERAL TAX EXEMPTION PROCESSING FOR THOSE CLAIMING EXEMPTION IN PREVIOUS YEAR**

Each year there are employees who claim to be exempt from Federal Income Tax (FIT) withholding for one reason or another. Most of these employees are students whose earnings will not exceed the standard deduction. The employees must file a new Form W-4 each year before February 15<sup>th</sup> in order to remain in this status.

If an employee fails to file a new Form W-4, they will automatically be set to an active FIT tax withholding status (single and 0 dependents). This job is run prior to processing the March monthly payroll.

Some workstations send out letters to the individuals as a reminder to re-file a Form W-4. In these cases, the BPPOC can produce labels to assist with the mail-out.

## **FISCAL YEAR END**

The fiscal year end process begins in July. It involves jobs producing reports for the new fiscal year as well as updating or purging files. It also produces files to pass to other computer systems to establish a basis for the new year in these systems, most notably the accounting systems.

After Insurance Initialization is completed, all workstations begin preparing for the fiscal year by setting up new files, completing federal and state reports, and informing employees of salary changes. Budget/Payroll/Personnel Operations Center (BPPOC) offers a variety of reports, letters, and etc. to assist all of the departments. Some of the different reports available for federal and state reporting are the BRP Reconciliation report for State Comptroller, SA Administrator Form 5500 Report, LBB Report by fund group, LBB Report by account, and Annual Employee Census for Federal Government. There are reports dealing with insurance coverage for retirees, reports run specifically for the insurance carriers, and reports dealing with retirement plans. Also included are reports such as Health Coverage Longevity Report, Retiree Benefits Letter, ORP Analysis Report, ORP Report, ORP Recap Report, and TRS Member Position Report and File. After the first payroll of each pay cycle has been run, a letter (called the Annual Employee Salary and Benefit Letter) is produced for each employee. This letter details the new year's salary, retirement benefits, and insurance benefits/premiums for each employee for the new Fiscal Year.

## CAMPUS DIRECTORY

Student Publications at Texas A&M University is responsible for coordinating, organizing, bidding, selling, and distributing The Texas A&M University Telephone Directory. This directory contains information for all of the agencies headquartered in College Station, as well as the university.

Only the benefit eligible employees coded as actually working in Brazos County (UCI county code = 021) will be selected to be included in the telephone directory from the Personnel file. There is a facility to include many other individuals who need to appear in the directory. Student information is generated by the Student Information Management System (SIMS).

In July or early August, workstations in the College Station area begin updating the staff directory information. Reports may be distributed to departments to verify data in the B/P/P System. Some employees may provide "exception" information to replace official data in the phone directory (example: legal names may be changed to what that employee commonly uses) or they may choose not to appear in the directory at all.

Many Non-TAMU employees are included due to close affiliations with the university (example: USDA employees) or former associations (retired faculty members). These non-TAMU employees are coordinated through the TAMU ('M') payroll office. The exceptions to the official data in the B/P/P System and the non-TAMU employees are processed through a separate offline exception process utilizing the text editing software program WYLBUR. These exceptions are merged with the official records during the final production of the file to be submitted to a publisher. The publisher prepares a camera-ready plate to be used in printing the phone book.