

Implementation Guidelines and PPS Procedures

The general Plan is effective September 1, 2009. Employees who are subject to the Plan will participate for 12 consecutive months, until August 31, 2010. For employees who are paid monthly, the salary reduction will be reflected in their September paycheck, which is issued around October 1, 2009. For employees who are paid bi-weekly, the reduction will begin with the first full pay period in September.

The Plan includes all full- and part-time UC employees, including, but not limited to, non-represented staff, represented staff and academics, Academic Senate faculty, non-Senate faculty, non-Senate academics, and members of the Health Sciences Compensation Plan. Specific exemptions are indicated below. For union-represented employees, implementation of the Plan will be subject to collective bargaining agreements and all applicable laws. Discussions with union representatives regarding the University's proposal that they adopt the Plan have already begun.

Employee Exemptions:

- Employees of the Lawrence Berkeley National Laboratory;
- Student employees, including postdoctoral, graduate and undergraduate employees, health sciences trainees and postdoctoral fellows, except where those employees are exclusively represented by unions;
- Employees working reduced hours under the START program if their voluntary reduction is already equal to or exceeds the percent reduction for their respective pay band;
- Foreign national employees working pursuant to H (excluding H-4) and E-3 visas. (The H visa is job and site specific; once approved, the employee is eligible to work at the job for which that visa was approved and any changes in terms of and conditions of employment require additional submissions for federal agency approval.);
- Employees whose participation is precluded by law. (Employees with employment contracts that cannot be changed unilaterally by the University will be asked for a voluntary salary reduction appropriate for their pay band.)

Extramural Fund Exemption:

- Extramural funds include federal, state, other government or private contracts, grants, or cooperative agreements. Such awards also include special state appropriations for Breast Cancer, HIV/AIDS, or Tobacco-Related Disease research programs that have been awarded to campuses on a competitive basis by the Office of the President.

Four special Distribution of Service (DOS) codes have been established to reduce earnings and record furlough accruals and usage, but will not reduce vacation/sick leave accrual or UCRS service credit. The following DOS codes have been created to administer the Furlough/Salary Reduction Plan:

- SRB – Reduction to Base Pay (should be used to reduce regular pay)
- SRS – Reduction to Stipend (should be used to reduce stipends)
- FUT – Furlough Leave Taken (should be used to report furlough usage)
- FUA – Furlough Leave Accrued (should be used to report furlough accruals)

To apply the salary reduction, a reduction distribution must be established on the Employee Appointment screen using the special DOS codes "SRB" and/or "SRS". Action Code 43 (Change in Pay

Rate) must be entered to apply the update to the employee record. Several PPS data entry examples are contained in this document.

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HOW-TO: Process a Reduction for a Hire

It is recommended that reduction distributions not be established during the initial hire transaction phase. Instead, the reduction distribution should be established **after** the hire transaction has been processed. Once the hire transaction has been submitted, the system will derive the Medical Contribution Base (MCB) based on the employee's pre-reduced salary. Once the transaction has been processed, the appropriate MCB value can be obtained using applicable PPS screens (e.g., IINS). (**Note:** *For the purpose of applying the reduction, the Next Year MCB should be used*). Once the MCB is known, the payroll processor can add reduction distributions as appropriate.

Process the new hire transaction (no reduction distribution)

1. Log into the Payroll Personnel System (PPS).
2. Find the appropriate hire bundle.
3. Enter all new hire information into the system using the appropriate screens. (**Note:** *you should use locally established procedures for processing new hires in the PPS*)
4. Update the record, Enter PAN comments, and then process the transaction.

Establish the Reduction Distribution

- Please see the **HOW-TO: Process a Reduction Distribution** section of this document.

HOW-TO: Establish a Reduction Distribution

To apply the salary reduction, a reduction distribution must be established on the Employee Appointment screen using the special DOS codes "SRB" and/or "SRS". Action Code 43 (Change in Pay Rate) must be entered to apply the update to the employee record. Several PPS data entry examples are contained in this document.

1. Enter the Employee Appointment Screen (e.g., EAPC).
2. Add a new distribution line to the employee's record. (**Note:** *If several eligible distribution lines exist, then you will need to establish several separate corresponding reduction distribution lines.*)
3. Enter **Action Code 43**, the FAU information, and the reduction percentage in the Dis% field.
 - a. Obtain the appropriate reduction percentage using the appropriate reduction table. (*See Attachment A*)
4. Enter the begin date and end date for the reduction in the Pay Begin and Pay End fields.
 - a. The dates should correspond to the applicable term period of the Furlough/Salary Reduction Plan. (*Example, the general Plan term is 09/01/09 – 08/31/10. Using the general Plan term, the distribution's begin date would be 09/01/09 and the distribution's end date would be 08/31/10.*)
5. Enter the appropriate furlough/salary reduction DOS code and applicable pay rate. (*For specific PPS examples please see the examples pages contained within this document.*)
 - a. **SRB** – should be used to reduce regular pay, or similar types of regular pay. When using SRB, the distribution's percent time should correspond to the applicable reduction percent. (**Note:** *the employee's normal pay rate will not change*)
 - b. **SRS** – should be used to reduce stipends. When using SRS, the distribution's pay rate should reflect the reduction amount. (*Example, employee has a \$500 stipend with a reduction percent equal to 6%. The SRS distribution should reflect a pay rate of 30.00*)
6. Update the record, Enter PAN comments, and then process the transaction.

HOW-TO: Furlough Leave Accrual Process

The system will use an accrual factor that is determined by the employee's MCB. The employee accrual factors are included in the tables contained in **Attachment A**.

There is no "minimum on pay status" requirement for furlough accruals. The system is designed to accrue based on any amount of *eligible* hours on pay status. (**Note: eligible hours are hours associated with pay that is subject to the Plan**)

It is important to know how to manually calculate furlough accruals in case an adjustment needs to be made to an employee's furlough leave balance. In order to calculate furlough accruals for an employee, the following steps are required:

1. Determine the number of eligible hours on Pay Status during the Furlough Accrual Cycle.
2. Multiply the number of eligible hours on pay status by the employee's Furlough Leave Accrual factor using the appropriate Furlough Leave Accrual Factors Table (see Appendix A).
 - For example, if an employee paid bi-weekly was paid 60 hours then the furlough accrual would be calculated as follows: **Furlough Accrual = 60 X 0.069231 (Table 1; salary band 4) = 4.15386 hrs**
 - For an employee paid monthly, the furlough accrual is calculated in the same manner. For example, if an employee paid monthly was paid 50% time during a 176 hour month (.5000 x 176 = 88 hours); the furlough accrual would be calculated as follows: **Furlough Accrual = 88 X 0.069231 (Table 1; salary band 4) = 6.092328 hrs**
3. Process an adjustment using DOS code FUA
 - Leave adjustment transaction (**Note: the hour's format for an LA transaction is NNN.NNNNN**)
 - LX or AP transaction (**Note: the hour's format for LX/AP transactions is NNN.NN**)

HOW-TO: Variable Time Employees

Employees on a variable time schedule are coded with a Fixed/Variable Code of 'V'; as indicated on the employee's appointment line. For variable time employees, hours worked are reported every pay period. As a result, the reduction amount must also be reported every pay period (manual process).

Reduction amount calculation

1. Obtain the number of eligible hours worked for the current pay period.
2. Obtain the appropriate reduction percentage.
 - a. Determine the employee's MCB.
 - b. Determine the reduction percentage (use tables in Attachment A). You must use the appropriate MCB value (MCB as of 01/01/09) to determine the appropriate salary reduction percentage.
3. Determine the reduction hours to be entered in the time roster. (**Note: the salary reduction is applied by reducing hours on pay status**)
 - a. (Employee's Reduction percentage) X (hours worked for the current pay period) =
Number of hours to report for **SRB**.
4. Enter the appropriate number of hours for SRB.

Example: Employee worked 60 percent time for the B1 pay period. The employee's full-time annual salary is \$60,000. Hourly pay rate is \$28.74.

1. Number of hours worked for the current pay period: **48** ($80 \times .60$)
2. Reduction percentage: **0.06** (*Table 1, Salary Band 3*)
3. Reduction Hours to enter into the time roster: **2.88** ($48 * 0.06$)

Examples: Multi-Location Appointments

University Accounting Policy (<http://www.ucop.edu/ucophome/policies/acctman/p-196-38.pdf>) requires that individuals employed at more than one UC location be paid from only one UC location, a Home campus, and that the other(s) reimburse the Home campus for the costs of that person's employment.

The payroll details of the Home campus will drive an individual's inclusion or exclusion from the Furlough/Salary Reduction Plan.

Example: An employee who is paid exclusively by UCLA for a Multi-Location appointment (25% time at Irvine Medical Center and 75% at UCLA under General Funds) should have their pay reduced only by the 75% subject to the Furlough/Salary Reduction Plan. Adjustments to the PPS may need to be completed to ensure that Multi-Location Appointments are coded in compliance with the appropriate provisions of the Furlough/Salary Plan.

NOTE: An employee who is paid separately out of more than one location (not in compliance with University Accounting Policy) will have each appointment treated as though it is a singular individual appointment and the corresponding Furlough/Salary Reduction will be calculated independently at each location.

Examples: START Participants

START employees whose percentage reduction under START is less than that which would be required under the Furlough/Salary Reduction Plan must be manually adjusted. There are two recommended options for resolving START discrepancies:

- **Increase START Participation** – The supervisor and the employee must meet and agree on a modified schedule that is consistent with the new START percentage. Following agreement, a new START contract should be filed and Payroll processing completed.
- **Cancel START and Begin Furlough Participation** – Either the supervisor or the employee may choose to cancel START (with 30 days notice) in favor of participating in the Furlough Plan. Following notice, Payroll processing should be completed.

NOTE: There are special circumstances to consider if a START employee was part-time when they began their START participation. The START percentage reduction is taken in total from an employee's appointment percentage, whereas the Furlough/Salary Reduction is taken proportionate to their time on pay status. Because one is proportionate and the other is not proportionate, part-time employees do not have a one for one comparison of the reduction rate.

Example: Employee's rate of pay is \$100,000 annually but only working 60%. The employee is earning \$60,000 per year. This employee would be on the 8% Furlough/Salary Reduction tier and their calculation would be $.08 * 0.60 = 0.048$ or \$4,800 for the year. Instead the employee is participating in START at 5%. Their appointment would now be 55% and their reduction in pay \$5,000.

The reduction under START for the part-time employee is greater than the reduction under the Furlough Plan because the Furlough Plan is proportionate to the time on pay status and the START reduction is not. When determining if a START participant needs an adjustment relative to the Furlough/Salary Reduction Plan, their percentage appointment must be taken into consideration.

Following expiration of an existing START contract, payroll processing must be completed to place the employee on the Furlough Plan if the applicable term of the Plan has not expired.

Examples: Full-time Employees

Monthly Example: Employee works 100 percent time. The employee's full-time annual salary is \$60,000. Monthly pay rate is \$5,000.

7. Enter the Employee Appointment Screen (e.g., EAPC).
8. Add a new distribution line to the employee's record.
9. Enter **Action Code 43**, the FAU information, and the reduction percentage in the Dis% field.
 - a. Obtain the appropriate reduction percentage using the appropriate reduction table. *(In this example, the reduction percentage would be 6 percent.)*
10. Enter the begin date and end date for the reduction in the Pay Begin and Pay End fields.
11. Enter the employee's regular salary and the special DOS code, "**SRB**" in the DOS code field.
12. Update the record, Enter PAN comments, and then process the transaction.

Biweekly Example: Employee works 100 percent time. The employee's full-time annual salary is \$60,000. Hourly pay rate is \$28.74.

1. Enter the Employee Appointment Screen (e.g., EAPC).
2. Add a new distribution line to the employee's record.
3. Enter **Action Code 43**, the FAU information, and the reduction percentage in the Dis% field.
 - a. Obtain the appropriate reduction percentage using the appropriate reduction table. *(In this example, the reduction percentage would be 6 percent.)*
4. Enter the begin date and end date for the reduction in the Pay Begin and Pay End fields.
5. Enter the employee's regular salary and the special DOS code, "**SRB**" in the DOS code field.
6. Update the record, Enter PAN comments, and then process the transaction.

Examples: Part-time Employees

Monthly Example: Employee works 60 percent time. The employee's full-time annual salary is \$100,000. Monthly pay rate is \$8,333.

1. Enter the Employee Appointment Screen (e.g., EAPC).
2. Add a new distribution line to the employee's record.
3. Enter **Action Code 43** and the FAU information.
4. Obtain the reduction percentage for the Dis% field.
 - a. Obtain the appropriate reduction percentage using the appropriate reduction table. *(In this example, the reduction percentage would be 8 percent.)*
 - b. Multiply the reduction percentage by the percent time worked. *(In this example, $.08 \times .60 = .048$; or 4.8 percent.)*
 - c. Enter the new reduction percent in the Dis% field.
5. Enter the begin date and end date for the reduction in the Pay Begin and Pay End fields.
6. Enter the employee's regular salary and the special DOS code, "**SRB**" in the DOS code field.
7. Update the record, Enter PAN comments, and then process the transaction.

Biweekly Example: Employee works 60 percent time. The employee's full-time annual salary is \$100,000. Hourly pay rate is \$47.89.

1. Enter the Employee Appointment Screen (e.g., EAPC).
2. Add a new distribution line to the employee's record.
3. Enter **Action Code 43** and the FAU information.
4. Obtain the reduction percentage for the Dis% field.
 - a. Obtain the appropriate reduction percentage using the appropriate reduction table. *(In this example, the reduction percentage would be 8 percent.)*
 - b. Multiply the reduction percentage by the percent time worked. *(In this example, $.08 \times .60 = .048$; or 4.8 percent.)*
 - c. Enter the new reduction percent in the Dis% field.
5. Enter the begin date and end date for the reduction in the Pay Begin and Pay End fields.
6. Enter the employee's regular salary and the special DOS code, "**SRB**" in the DOS code field.
7. Update the record, Enter PAN comments, and then process the transaction.

Examples: Split Funded Employees

Monthly Example: Employee works 100 percent time. The employee's full-time annual salary is \$100,000. Monthly pay rate is \$8,333. Employee is split funded; one 50 percent distribution on extramural funds and one 50 percent distribution on general funds. (**Note:** the extramural distribution is exempt from the reduction.)

1. Enter the Employee Appointment Screen (e.g., EAPC).
2. Add a new distribution line to the employee's record.
3. Enter **Action Code 43** and the FAU information.
4. Obtain the reduction percentage for the Dis% field (general fund distribution only).
 - a. Obtain the appropriate reduction percentage using the appropriate reduction table. (*In this example, the reduction percentage would be 8 percent.*)
 - b. Multiply the reduction percentage by the percent time worked. (*In this example, $.08 \times .50 = .04$; or 4 percent.*)
 - c. Enter the new reduction percent in the Dis% field.
5. Enter the begin date and end date for the reduction in the Pay Begin and Pay End fields.
6. Enter the employee's regular salary and the special DOS code, "**SRB**" in the DOS code field.
7. Update the record, Enter PAN comments, and then process the transaction.

Biweekly Example: Employee works 100 percent time. The employee's full-time annual salary is \$100,000. Hourly pay rate is \$47.89. Employee is split funded; one 50 percent distribution on extramural funds and one 50 percent distribution on general funds. (**Note:** the extramural distribution is exempt from the reduction.)

1. Enter the Employee Appointment Screen (e.g., EAPC).
2. Add a new distribution line to the employee's record.
3. Enter **Action Code 43** and the FAU information.
4. Obtain the reduction percentage for the Dis% field (general fund distribution only).
 - a. Obtain the appropriate reduction percentage using the appropriate reduction table. (*In this example, the reduction percentage would be 8 percent.*)
 - b. Multiply the reduction percentage by the percent time worked. (*In this example, $.08 \times .50 = .04$; or 4 percent.*)
 - c. Enter the new reduction percent in the Dis% field.
5. Enter the begin date and end date for the reduction in the Pay Begin and Pay End fields.
6. Enter the employee's regular salary and the special DOS code, "**SRB**" in the DOS code field.
7. Update the record, Enter PAN comments, and then process the transaction.

Examples: Dual Appointed Employees

Example: Employee works 100 percent time. The employee's full-time annual salary is \$100,000. Monthly pay rate is \$8,333. Employee has a split appointment; with one 50 percent appointment as a represented employee and one 50 percent appointment as a non-represented employee. (**Note:** for purposes of this example, assume that the represented appointment is exempt from the reduction.)

1. Enter the Employee Appointment Screen (e.g., EAPC).
2. Add a new distribution line to the employee's record.
3. Enter **Action Code 43** and the FAU information.
4. Obtain the reduction percentage for the Dis% field (general fund distribution only).
 - a. Obtain the appropriate reduction percentage using the appropriate reduction table. (*In this example, the reduction percentage would be 8 percent.*)
 - b. Multiply the reduction percentage by the percent time worked. (*In this example, $.08 \times .50 = .04$; or 4 percent.*)
 - c. Enter the new reduction percent in the Dis% field.
5. Enter the begin date and end date for the reduction in the Pay Begin and Pay End fields.
6. Enter the employee's regular salary and the special DOS code, "**SRB**" in the DOS code field.
7. Update the record, Enter PAN comments, and then process the transaction.

Examples: Employees with Multiple Fund Sources

Monthly Example: Employee works 100 percent time. The employee's full-time annual salary is \$100,000. Monthly pay rate is \$8,333. Employee is paid from three different fund sources; one fund source at 20 percent, one fund source at 35 percent, and one fund source at 45 percent.

1. Enter the Employee Appointment Screen (e.g., EAPC).
2. Add a new distribution line for each fund source that is eligible for the reduction. (*Note: For this example, three new reduction distributions should be created.*)
3. Enter **Action Code 43** and the FAU information.
4. Obtain the reduction percentage for each distribution and then update the Dis% field.
 - a. Obtain the appropriate reduction percentage using the appropriate reduction table. (*In this example, the reduction percentage would be 8 percent.*)
 - b. Multiply the reduction percentage by the percent time worked.
 - i. 20 percent: $0.08 \times 0.20 = 0.016$; or 1.6 percent
 - ii. 35 percent: $0.08 \times 0.35 = 0.028$; or 2.8 percent
 - iii. 45 percent: $0.08 \times 0.45 = 0.036$; or 3.6 percent
 - c. Enter the new reduction percentages in the appropriate Dis% field.
5. Enter the begin date and end date for each reduction in the Pay Begin and Pay End fields.
6. Enter the employee's regular salary and the special DOS code, "**SRB**" in the DOS code fields.
7. Update the record, Enter PAN comments, and then process the transaction.

Biweekly Example: Employee works 80 percent time. The employee's full-time annual salary is \$70,000. Hourly pay rate is \$33.52. Employee is paid from three different fund sources; one fund source at 20 percent, one fund source at 25 percent, and one fund source at 35 percent.

1. Enter the Employee Appointment Screen (e.g., EAPC).
2. Add a new distribution line for each fund source that is eligible for the reduction. (*Note: For this example, three new reduction distributions should be created.*)
3. Enter **Action Code 43** and the FAU information.
4. Obtain the reduction percentage for each distribution and then update the Dis% field.
 - a. Obtain the appropriate reduction percentage using the appropriate reduction table. (*In this example, the reduction percentage would be 7 percent.*)
 - b. Multiply the reduction percentage by the percent time worked.
 - i. 20 percent: $0.07 \times 0.20 = 0.0140$; or 1.40 percent
 - ii. 35 percent: $0.07 \times 0.25 = 0.0175$; or 1.75 percent
 - iii. 45 percent: $0.07 \times 0.35 = 0.0245$; or 2.45 percent
 - c. Enter the new reduction percentages in the appropriate Dis% field.
5. Enter the begin date and end date for each reduction in the Pay Begin and Pay End fields.
6. Enter the employee's regular salary and the special DOS code, "**SRB**" in the DOS code fields.
7. Update the record, Enter PAN comments, and then process the transaction.

Table 1: Staff*

Salary Band	MCB ¹	Hourly Accrual Rate	Furlough Days	Total Equivalent Salary Reduction (Approximate)
1	<=40	0.042308	11	4%
2	41-46	0.050000	13	5%
3	47-60	0.061538	16	6%
4	61-90	0.069231	18	7%
5	91-180	0.080769	21	8%
6	181-240	0.092308	24	9%
7	>240	0.100000	26	10%

*SMG members will be provided with 10 furlough days regardless of their respective salary reduction level. The accrual rate for SMG members is 0.038462.

Table 2A: Academic Year Faculty

Salary Band	MCB ¹	Hourly Accrual Rate	Furlough Days	Total Equivalent Salary Reduction (Approximate)
1	<=40	0.026923	7	4%
2	41-46	0.034615	9	5%
3	47-60	0.038462	10	6%
4	61-90	0.046154	12	7%
5	91-180	0.053846	14	8%
6	181-240	0.057692	15	9%
7	>240	0.065385	17	10%

Table 2B: Fiscal Year Faculty

Salary Band	MCB ¹	Hourly Accrual Rate	Furlough Days	Total Equivalent Salary Reduction (Approximate)
1	<=40	0.038462	10	4%
2	41-46	0.046154	12	5%
3	47-60	0.053846	14	6%
4	61-90	0.061538	16	7%
5	91-180	0.073077	19	8%
6	181-240	0.084615	22	9%
7	>240	0.092308	24	10%

¹ Medical Contribution Base as of January 1, 2009.