

**Texas A&M University System**  
**Summer Group Insurance Premium (GIP) Allocation Process**  
**April 2, 2020**

**Background and overview**

With the Texas A&M University System's implementation of Workday HCM, the responsibility of the cost allocation of benefits moved to the process that integrates Workday HCM with the A&M System financial systems (FAMIS, TEEX-Masterpiece, WTAMU-Colleague).

Prior to the implementation of Workday HCM, benefit costs could be allocated in BPP to specified funding payroll source lines. These allocations were performed by well-known processes and could also be changed and overridden by payroll operators using the BPP payroll screens. These allocation changes could be made during the permission to pay period.

Workday HCM could not be appropriately configured to meet A&M System business requirements regarding allocation and costing of benefits, and no screens exist in Workday HCM to override the costing allocations for benefits. Specifically, the group insurance premiums (GIP) allocation was the most problematic with the Workday HCM costing allocation process.

**Current process**

The current process occurs during the Workday HCM/FAMIS integration. This is Workday integration INT103, and the FAMIS process has several steps but is generally referred to as "payroll history creation."

GIP is proportionally allocated across any earning code marked in the earning code table as subject to GIP. Earning codes are defined in Workday HCM, and FAMIS maintains a copy of the earning codes and uses code attributes to control the benefit allocation process. Earning codes can be viewed in FAMIS on screen 730, and allocation attributes can be viewed by pressing the F6 key.

The GIP allocation process is completed in the following steps:

1. All payroll result line items for a person are grouped together for each Workday payroll result.  
Note: different pay periods and positions can create multiple Workday payroll results for a person on the same payroll.
2. The total amount of employer paid GIP is totaled for a person by pay period.
3. A table is created for each position, eligible earning code, funding account, and pay period for a person. For most employees, that table contains a single row for regular pay on a single position and a single pay period on a single account. If the employee is funded from multiple accounts or has multiple types of earnings, there will be multiple rows.
4. Total earnings for these eligible earning codes is computed, and each row in the table is assigned a percent of the total earnings.
5. GIP is allocated to the earning and account based on the percentage of its eligible earnings over the total eligible earnings for that person and pay period.

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**Problems and issues**

The summers of 2018 and 2019 revealed the following problems:

1. During the summer of 2018, issues were seen when GIP expenses occurred and there were no eligible earnings. This occurred most frequently for employees with nine-month appointments.
  - In 2018, when no eligible earnings were present, the GIP costing fell to the default account for each system member.
  - Later in the summer of 2018, the process was modified to allocate GIP expenses according to the previous May costing allocations in cases where no eligible earnings were present.
2. During the summer of 2019, issues were encountered when eligible earnings were present but at a fraction of the employee's regular monthly earnings.
  - In many of these cases, the accounts funding the employees' summer earnings received a disproportionate share of GIP employer-paid benefits.
  - The solution for this issue is described below.

**Proposed changes for FY 2020**

Note: these proposed changes will only apply to employees under the following conditions:

1. The pay period is for the summer months (June, July and August).
2. The employee is in a position with an annual work period of less than 11.5 months.

The new process will work as follows:

1. The employee's FTE monthly salary will be obtained from Workday HCM. It is provided with the Workday pay result integration.
2. If no summer earnings are present for the pay period, any GIP expenses for the summer will be allocated using the costing allocations of the preceding May period (the same as FY 2019).
3. For a given pay period, all base pay earnings will be added together. Multiple earning codes can make up base pay, and the earnings may be allocated across multiple account numbers.
4. The total of base pay earnings will be divided by the employee's FTE monthly salary to determine the employee's FTE percent for the period.
5. If the employee's FTE percentage is greater than or equal to 75%, then all (100%) of the GIP expense for the period will be allocated to the accounts used for the summer earnings.
6. If the employee's FTE percentage is less than 75%, the summer GIP expenses for the period will be allocated as follows:
  - GIP expense will be allocated to the summer earnings based on each funding line's FTE percentage. For example, a funding line with 25% of the position's FTE monthly salary will be allocated 25% of the GIP expense.
  - Any remaining GIP expense will be allocated to the accounts used in the preceding May.

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**Payroll cost transfer impact**

When GIP expenses are connected and allocated to summer earnings, the GIP will remain with the summer earnings, and PCTs will move the GIP along with the regular earnings if the summer earnings are moved with a PCT.

Any GIP expense allocated to the May accounts will be placed on payroll history lines that only contain the GIP expense. In these cases, the GIP alone can be moved and reallocated to any funding source via the PCT process.

**Other benefit expenses**

Other Benefit expenses (i.e. TRS, ORP, OAH, etc.) are not impacted by this change. Those benefits are all applied using standard percentages of earnings. Each employee earning and costing will be assigned its percentage share of those benefit expenses.

**Notes on the employee FTE calculation**

As part of this change, a review of the Workday earning codes was conducted. It is proposed that the following earning codes be removed from the list of earnings that are considered base pay and could be allocated to GIP Expense.

For an employee receiving these earnings, removing these earning codes will reduce the employee's FTE monthly salary because the Workday/FAMIS integration recomputes the FTE monthly salary based on earning code. To keep the FTE reports consistent, these earnings will no longer be included in the FTE reports. This will also bring the monthly FTE salary in line with what is reported in Workday.

<b>Earning codes removed from GIP allocation and FTE reports</b>	
<b>056</b>	Qatar - Salary Incentive
<b>070</b>	Distinguished Chair Stipend
<b>DHS</b>	Department Head Stipend
<b>OTF</b>	Overtime - FLSA
<b>OTS</b>	Overtime - Straight/State
<b>PTOB</b>	Paid Time Off for Banked Overtime Hours
<b>TII</b>	Temporary / Interim Increase

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The following earning codes will be the new list of earning codes eligible to receive a GIP allocation and will be the earning codes reported on the FTE reports.

<b>Earning codes eligible to receive GIP allocation</b>	
<b>004</b>	Study Abroad
<b>005</b>	Summer Teaching
<b>006</b>	Summer Research
<b>152</b>	County Funding (Tax on Total)
<b>153</b>	County Funding - Extension Agent
<b>155</b>	County Funding CSRS
<b>156</b>	County Funding CSRS (Tax on Total)
<b>DBCY</b>	Death Occurred - Final Regular Salary/Regular Hours (Current Calendar Year)
<b>DBPY</b>	Death Occurred - Final Regular Salary/Regular Hours (Prior Calendar Year)
<b>PTO</b>	Paid Time Off
<b>RPH</b>	Regular Hours
<b>RPS</b>	Regular Salary
<b>SEP</b>	Salary Enhancement Pay
<b>WSH</b>	Work Study Hours

**Examples**

- Employee is a nine-month employee and is given a summer research position for all three months of the summer:
  - Employee's regular FTE monthly salary is \$10,000 per month.
  - The summer appointment is for an 80% FTE.
  - Employee's GIP expense is employee and family: \$992.40 per month.
  - Employee's summer research is funded at 50% FTE from Grant A and 30% from Grant B.
  - Employee is only paid one earning code: RPS (regular salary).

Since the summer FTE is greater than 75%, the employee's summer funding will cover the full cost of the GIP insurance. These allocations will be used for June, July, and August:

- Grant A will fund 62.5% (5/8) of the GIP: \$620.25.
- Grant B will fund 37.5% (3/8) of the GIP: \$372.15.

- Employee is a nine-month employee and receives a one-time payment in June for a summer study abroad trip:
  - Employee's regular FTE monthly salary is \$10,000 per month.
  - The summer study abroad payment is \$4,000 (40% FTE).
  - Employee's GIP expense is employee and family: \$992.40 per month.
  - The summer aboard trip is funded from designated account X.

Since the summer FTE is less than 75%, the summer funding will cover only a proportional amount of the summer GIP:

- Designated account X will fund 40% of the GIP: \$396.90.

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- The remaining GIP expense for June will be allocated to the employee's May costing accounts.
  - GIP expense for July and August will be 100% allocated to the employee's May costing accounts.
3. Employee is a nine-month employee and is given a summer research position for all three months of the summer:
- Employee's regular FTE monthly salary is \$10,000 per month.
  - The summer appointment is for 25% FTE.
  - Employee's GIP expense is employee and family: \$992.40 per month.
  - Employee's summer appointment is for teaching: all funded on account C.
- Since the summer FTE is less than 75%, the summer funding will cover only a proportional amount of the summer GIP:
- Account C will fund 25% of the GIP: \$248.10.
  - Remaining GIP expense for summer will be allocated to the employee's May costing accounts.
4. Employee is a nine-month employee and does not work in the summer:
- Employee's regular FTE monthly salary is \$10,000 per month.
  - Remaining GIP expense for summer will be allocated to the employee's May costing accounts.