



## **MEMORANDUM**

To: Deans, Directors, and Department Chairs

From: Dennis Press *Dennis Press*  
University Controller

Re: Annual Notice on Special Transactions for Biweekly Payroll

Date: December 7, 2010

### **OVERVIEW**

This memorandum is the annual notice regarding special transactions that are processed to accommodate the biweekly payroll calendar. This notice is being provided earlier in the fiscal year to provide additional time for your budget planning efforts. **PLEASE NOTE THAT FISCAL YEAR 2011-12 WILL CONTAIN 27 BIWEEKLY PAYROLLS INSTEAD OF THE USUAL 26, AND BUDGET PLANNING FOR THIS INFREQUENT OCCURRENCE BEGAN IN FISCAL YEAR 2000-01.** For State Funds, budget for permanent positions has been carried forward at each fiscal year-end in central reserve accounts and will be allocated during fiscal year 2011-12 to fund the additional biweekly payroll occurring on June 29, 2012. Contracts and Grants are time-limited awards and are not impacted by the "27<sup>th</sup> biweekly" payroll. For other Non-State Funds, which include Facilities and Administrative (F&A) Funds, SPA salary encumbrances are posted each year to assist you in ensuring that sufficient salary and benefit budget will be available. Your continued vigilance in ensuring sufficient budgets are in place is essential.

### **DETAIL INFORMATION**

The 26 biweekly payrolls provide payment for 260 work days. Fiscal Year 2010-2011 has 261 work days, and fiscal year 2011-2012 will also have 261 work days. Since SPA staff members are paid for 260 work days within the fiscal year, special encumbrance and expenditure transactions are necessary to obligate and use budget for the additional work day within the fiscal year.

For fiscal year 2010-2011, a cumulative SPA salary encumbrance for 9 days was posted to your FRS accounts in July 2010 for certain Non-State Funds. The additional salary budget for permanent SPA staff was encumbered so that the salary amount would be available for carry forward to the next fiscal year for Non-State Funds. A salary encumbrance for one day was posted for State Funds so that the one-day salary amount could be expensed in fiscal year 2010-2011. A total of 10 work days will be accumulated over twelve years so that funding for permanent positions will be available for a "27<sup>th</sup> biweekly" payroll that will occur in fiscal year 2011-2012 on June 29, 2012. The actual payroll number for the "27<sup>th</sup> biweekly" payroll will be biweekly number 26.

As part of the fiscal year 2010-2011 close-out, the special encumbrances will be liquidated. For State Funds, the one-day encumbrance will be liquidated and a one-day expense will be posted prior to the June 30, 2011 close-out. For Non-State Funds, excluding Contracts and Grants, the 9-day encumbrance will be liquidated prior to the June 30, 2011 close-out, but expenditures will not be recorded since the funds are not subject to reversion. The

special encumbrances were not posted for Contracts and Grants since those accounts are time-limited awards and are not impacted by the "27<sup>th</sup> biweekly" payroll issue.

Once the close-out for fiscal year 2010-2011 is complete, special encumbrance transactions will be posted for fiscal year 2011-2012. An encumbrance transaction for one workday will be posted for State Funds. Cumulative salary expenditures that have been recorded to address this issue for State Funds are being maintained in central reserve accounts so the budget will be available for allocation when needed. For Non-State Funds, excluding Contracts and Grants, an encumbrance transaction for 10 days will be posted to provide a cumulative encumbrance for salaries for the "27<sup>th</sup> biweekly". Budgets for related benefits are not encumbered by this process, so you may wish to reserve related benefits.

Please take appropriate action to ensure budget is available for the special encumbrances so that budgeted funds will accumulate and be available in fiscal year 2011-2012. This action of allocating budget to fund the encumbrances for Non-State Funds, which includes Facilities and Administrative Funds, will ensure available funds for the next 27<sup>th</sup> biweekly payroll. The first 2 characters of the reference number in the FRS encumbrance transaction will continue to be "SC" (for Special Calculation), and the expenditure object code will continue to be 1212 – SPA Salaries. The table at the end of this memorandum summarizes the special encumbrance and expenditure transactions.

The special encumbrance and expenditure transactions for the biweekly payroll address the budget issue for the "27<sup>th</sup> biweekly" payroll. The University budgets are for a full fiscal year, but the 26 biweekly payrolls span 364 days of the 365 (366 in leap years) days in a fiscal year. Therefore, there is usually one workday (sometimes two workdays) that roll forward at the end of the fiscal year and are paid on the very next biweekly.

The full annual salaries for SPA staff are paid over the 26 biweeklies plus one or two days in the very next biweekly. That is why the pay dates for the biweekly payrolls vary. For the prior year the last biweekly payday for the fiscal year was June 18, 2010. This year it will be June 17, 2011. Next year the last two biweekly paydays will be June 15 and June 29, 2012. The biweekly paydays change each year, and every 11 or 12 years (depending on leap years) there is a biweekly payday on or about the first day of the year and on or about the last day of the year, so the fiscal year contains 27 paydays. But each time the pay is for 2 full weeks.

This is mentioned to distinguish between the budget issue and the salary calculation issue for SPA staff paid on the biweekly payroll. Budgets for State Funds and encumbrances for Non-State Funds are accumulated to fund the next 27<sup>th</sup> biweekly payroll in 2011-2012. The funds are being accumulated over a 12-year period since the 26 biweekly payrolls do not span a full fiscal year, and the one or two days remaining each year are needed in fiscal year 2011-2012. It is important to note that SPA staff members are fully paid their annual salary over the 26 biweeklies plus the remaining day (or two in some years) that is paid in the very next biweekly.

I hope this information provides useful background for the special encumbrance and expenditure transactions for the biweekly payroll. Thank you.

cc: University Business Managers  
Human Resources Facilitators

## Summary of the Special Encumbrance and Expenditure Transactions

Month Processed	State Funds	Non-State Funds	
		Contracts & Grants	Trust, F&A, & Special Funds
<b>FY 2002-2003:</b>			
July 2002	1 day encumbered	not applicable (n / a)	1 day encumbered
June 2003	1 day liquidated	n / a	1 day liquidated
June 2003	1 day expensed	n / a	-
<b>FY 2003-2004:</b>			
July 2003	2 days encumbered	n / a	3 days encumbered
June 2004	2 days liquidated	n / a	3 days liquidated
June 2004	2 days expensed	n / a	-
<b>FY 2004-2005:</b>			
July 2004	1 day encumbered	n / a	4 days encumbered
June 2005	1 day liquidated	n / a	4 days liquidated
June 2005	1 day expensed	n / a	-
<b>FY 2005-2006:</b>			
July 2005	1 day encumbered	n / a	5 days encumbered
June 2006	1 day liquidated	n / a	5 days liquidated
June 2006	1 day expensed	n / a	-
<b>FY 2006-2007:</b>			
July 2006	no encumbrance	n / a	5 days encumbered
June 2007	no liquidation	n / a	5 days liquidated
June 2007	no expense	n / a	-
<b>FY 2007-2008:</b>			
July 2007	1 day encumbered	n / a	6 days encumbered
June 2008	1 day liquidated	n / a	6 days liquidated
June 2008	1 day expensed	n / a	-
<b>FY 2008-2009:</b>			
July 2008	1 day encumbered	n / a	7 days encumbered
June 2009	1 day liquidated	n / a	7 days liquidated
June 2009	1 day expensed	n / a	-
<b>FY 2009-2010:</b>			
July 2009	1 day encumbered	n / a	8 days encumbered
June 2010	1 day liquidated	n / a	8 days liquidated
June 2010	1 day expensed	n / a	-
<b>FY 2010-2011:</b>			
July 2010	1 day encumbered	n / a	9 days encumbered
June 2011	1 day liquidated	n / a	9 days liquidated
June 2011	1 day expensed	n / a	-
<b>FY 2011-2012:</b>			
July 2011	1 day encumbered	n / a	10 days encumbered
June 2012	1 day liquidated	n / a	10 days liquidated
June 2012 (Note A)	10 days expensed	n / a	10 days expensed

Note A – A “27<sup>th</sup> biweekly” payroll will occur on Friday, June 29, 2012.