

# Human Capital Management (HCM): Job Aid

## Working with Contracts

This job aid describes working with contract pay and is intended to be a supplement to the step-by-step guides related to the following template-based transactions (TBTs):

- Hiring an employee
- Transferring an employee
- Entering a job change:
  - Pay rate change to an existing contract
  - Setting up a new contract on an active job record (reappointment)

**Boulder Campus:** When entering a reappointment with a funding change or making a pay rate change for a graduate student, contact the HR Service Center at [hrsc@colorado.edu](mailto:hrsc@colorado.edu).

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## What is Contract Pay?

Contract pay is a calculation of pay that defines a contract pay type and its payment periods. Faculty at the university are primarily paid using contract pay through academic-year appointments. Before the start of the academic year, new faculty members elect the contract type, indicating they are to be paid salary over the academic year or over 12 months; returning faculty have the option of changing their current selection. Graduate students associated with teaching may also be paid on a contract. At the Boulder campus, all graduate students are paid on a contract.

For the CU Boulder and UCCS campuses, the academic-year payment schedule is mid-August through mid-May (the begin and end dates coincide with the start and end of the academic year). For the CU Denver campus, the academic year payment schedule is September 1<sup>st</sup> through May 31<sup>st</sup>.

Faculty may select an academic year or a 12-month payment option. CU Denver faculty, when they first start, are also able to be paid over 10 months or 13 months. If faculty do not indicate a preference, the default is an academic-year payment schedule.

Your campus HR may have additional information and policies regarding how contracts are used.

## Contract Pay Adjustments

Contracts for academic-year faculty are renewed in August or September, depending on the campus. Any mid-year changes to contract compensation will affect remaining payments. Any change made to the full-contract amount during the contract period will change future payments so the total contract amount is paid correctly. If there is an increase in the contracted pay amount, you can choose to pay the retroactive increase all at once or have the system divide the new compensation amount over the remainder of the contract.

To change the pay rate, enter a job change through the Transaction Launch Page, as described in *Entering Job Changes: Data Changes and Pay Rate Changes Step-by-Step Guide*.

When a contract is terminated, any accrued earnings not paid (ENP) payments (salary accrued in September through May to be paid June through August) must be paid out.

### Campus-Specific Information:

For CU Denver contracts that terminate during the course of the contracted period, an adjustment to the contract pay is required, because the employee will not be working for the full contract period and should not receive the full contract pay amount. For UCCS and CU Boulder, the system prorates the amount to be subtracted from the contract worth. Also, the termination must be recorded.

## Contract Dates and the Contract Crosswalk Table

Contracts rely heavily on specific and accurate dates, many of which are provided by default from the contract crosswalk table. This section describes these dates in more detail.

### Contract Effective Date

When entering transactions that affect contracts, HCM prompts you to enter an effective date. Contract effective dates must match the Job effective date when setting up new contract pay. Based on the effective date you enter, the contract crosswalk table provides defaults for other related contract dates and fields. Entering an effective date that does not correspond to the crosswalk table may yield unexpected results.

Because these dates vary by campus, you should run the Contract Crosswalk/Setup query to find dates that are correct for your campus.

To run the Contract Crosswalk/Setup query:

1. From the HCM Community Users dashboard, click the **HCM WorkCenter** tile.
2. Click the **Resources** tab.
3. Select **Click here for ALL**.
4. Select **Contract Crosswalk/Setup** (CUES\_HCM\_CONTRACT\_CRSWLK).
5. Click the Look up for **Business Unit**.
6. Select your campus and click **Look Up**.
7. Click **View Results**.

**Note:** When entering transaction details, this query is also available from the Related Content menu.

## Contract Begin and End Dates

These dates define the actual start and stop dates of the employee's appointment. The Contract Begin Date must be the same as effective date. The Contract End Date is the date of the last payment, with the exception of a 9 pay 12 contract, and the contract ends.

## Payment Begin and End Dates

These dates define the start and stop dates of when the employee is paid. For CU Denver, faculty report to work in mid-August for the start of the Fall/AY appointment, but payment can start September 1.

- The system allows Payment Begin Date and Payment End Date to be different from Contract Begin Date and Contract End Date but this function is not used at CU. All payment begin dates must be the same date as the contract begin date, and the only difference between Contract End Date and Payment End Date is for those on a 9 pay 12 contract.
- The system provides a default to the Payment Begin Date based on the Contract Eff Date. The system also provides a default Payment End Date that is 12 months from the Contract Begin Date if the Payment Term is Pay over X months. This **must** be changed for accuracy based on the type of contract. All parameters on the Contract Crosswalk are coded with "Pay over Contract" with the exception of the AY 9 pay 12 contract.
- The Payment Begin Date must be equal to the Contract Begin Date. The Payment End Date must be equal to the Contract End Date, with the exception of the AY 9 pay 12 contract.
- The system will provide an Actual Start Date that matches the Contract Begin Date. The system provides a Termination date that matches the Contract End Date.

## Expected Job End Date

This date is used for Auto Term purposes. Only employees in certain job codes, depending on Business Unit, are eligible for the Auto Term process. Run the CUES\_HCM\_AUTO\_TERM\_ELIG\_JOBCODES query to view a current list of eligible job codes for your campus. Refer to *Auto Term Step-by-Step Guide* for more information.

## Payment Term

When you select the term period, the system supplies the Contract End Date as well as details in the CU Faculty Contracts section from the contract crosswalk.

- Select Default Appointment Period to enter your own Contract End Date. The system supplies Contract End Date and Termination Date in the CU Faculty Contracts section.
- Select Null (blank Contract Term Period option) to clear the additional detail in CU Faculty Contracts, but not Effective Date and Contract Begin Date. To change these dates, you must click Cancel and start over with a new Effective Date.

**Note:** Be sure to use an effective date that corresponds to the contract crosswalk to see Contract Term Period availability. If the date you use for the effective date doesn't match a contract effective date for a particular campus, only Default Appointment Period will be available.

## Contract Pay Type

What is the academic selection of the employee? Is the contract to be paid over the academic months or over 12 months (AY 9 pay 12). For lecturers, is it Fall/Spring or Other Pd Contract (used for non-semester time frames). If a graduate student, will it be fall, spring, or Other Pd Contract to pay over 9 months (students should never be set up on the AY 9 pay 9 contract).

HCM has the following contract pay types:

- **Academic Year.** For CU Boulder and UCCS, payments are pro-rated for the month of August and May. September through April will be equal payments. For CU Denver, there will be nine equal payments September through May.
- **9/12 Schedule.** If a faculty member selects the 12-month pay option, the payment schedule for CU Boulder and UCCS will be prorated payments for August through next August, with equal payments September through July. For CU Denver, starting in September, they will receive 12 equal payments totaling the contracted academic-year salary (paid September through August).

**Note:** 12-month pay schedule contracts result in pay being deferred into the following tax year. For this reason, this contract type is restricted to faculty whose combined 12-Month Pay Schedule does not exceed the limits defined in Section 409A of the Internal Revenue Code regarding Deferred Compensation.

- **10/10 Schedule.** For new faculty members, this contract type allows for a partial payment in August when they start. They are then paid a portion of their contract for each of the remaining months from September through May, and the contract will be paid in full at the end of May. Faculty will receive no pay from this contract during June, July and August of the next calendar year.
- **10/13 Schedule.** If a faculty member selects the 12-month pay option starting in August, they will receive 13 payments totaling the contracted academic-year salary (paid August through the following August).
- **Other Contracts.** For lecturers and other faculty members that are hired a semester at a time, the Other Contract method allows for a payment that is less than the 9 months. There is no option on Other contracts to be paid beyond the contract period.
- **Boulder Campus:** Select Pay Over Contract as the contract pay type for graduate students.

All contract types pay on the last working day of each month.

**Note:** To be in compliance with Internal Revenue Service (IRS) regulations regarding deferred compensation, the university can only allow changes between academic year and 9/12, or 10/10 and 10/13, contract types once a year. Changes mid-year must adhere to IRS guidelines for change.

## School Schedule

The School Schedule is used only when creating Academic, 9 Pay 12, and 10 Pay 10 contracts. For all other contract types and Summer appointments it **must** remain blank.

**Note:** This field is not used by Denver or AMC campuses.

## Contract Pay Group

All professional employees paid on a contract must be in the MON paygroup. All students paid on a contract must be in the STM paygroup. These defaults are provided through the TBT and are not editable.

## Compensation Rate

When entering a value in the Comp Rate field, for either a new contract or a pay rate change to a contract, enter the total of the new contract value. You do not need to do any calculations. The system will automatically take into account what has already been paid and will adjust the new monthly rate accordingly.

## Other Contract Fields

Depending on the template you are using for your transaction, you may be able to update the following fields:

- No Proration of Change Amt. (Appears selected) The No Proration of Change Amt option means the system will pay the full amount of the contract coded in the compensation field. The CU Denver campus should always choose this option
- Prorate Using Effective Date. This option is for CU Boulder and UCCS only and should be used when doing a pay rate change for Spring semester. The effective date must be the first day of the Spring semester.

## Avoiding Mistakes when Making Pay Rate Changes to Contracts

To avoid common mistakes, follow these guidelines:

- Never backdate the effective date; it will not update the employee's pay correctly. Once monthly payroll starts processing, any pay rate change for a contract must be effective dated for the first day of the **following** month.
- Always use the No Proration of Change Amt option when the pay rate change is for the entirety of the contract.
- Use Prorate Using Effective Date when the contract change is only for the Spring semester. The effective date must be the first day of the Spring semester. This option is only for UCB and UCCS.
- When entering new AY amounts, or a new Spring contract amount, do not worry about calculating payments. The system will take into account what has already been paid and will adjust the new monthly rate accordingly.

# Verifying Contract Information

This section describes how you can check that a contract is set up correctly.

## Verifying a New Hire Contract

After the hire transaction has been approved, you can check that you have successfully set up the contract by going to the Update Contract Pay NA page. Navigation: **NavBar > Menu > Workforce Administration > Job Information > Contract Administration > Update Contract Pay NA**. Check to make sure you have a new unique contract ID number.

Once the Job Data and Update Contract Pay pages are coded, a nightly process will create the Contract Payment Details page. Navigation: **NavBar > Menu > Payroll for North America > Employee Pay Data USA > Contract Payment Details**.

## Verifying a Job Change (Reappointment or Pay Rate Change)

You should review the contract payment details and make sure the contract information is correct after the job runs (usually overnight). To check whether a pay rate change was successful, look at future projected payments on the Contract Payment Details page.

Navigation: **NavBar > Menu > Payroll for North America > Employee Pay Data USA > Contract Payment Details**.

Contract ID 0000001    Status Active
Recalculate Contract No

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Contract Payment Sequence
Find | View All    First 1 of 1 Last

Contract Sequence 0
Effective 01/04/2016

**Contract Information**

Company CU University of Colorado	
Pay Group MON Faculty - Contracts	
Contract Begin Date 01/04/2016	Contract End Date 05/31/2016
Payment Begin Date 01/04/2016	Payment End Date 05/31/2016
Contract Worth 9000.00	

**Contract Calendar**

Holiday Schedule	School Schedule	Work Schedule
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**Pay Rates**

Annual Rate	9,000.000	Daily Rate	84.112
Monthly Rate	750.000	Hourly Rate	10.514000

**Payment Summary**

**Projected Payments and Actual Earnings** Personalize | Find | View 3 | First 1-5 of 5 Last

Projected Earnings
Actual Earnings

Status	Pay Period End Date	Off Cycle	Separate Check	Work Days	Contract Regular	Paid Not Earned	Earned Not Paid	Total Paid	Worked	Leave of Absence
1 Payroll Confirmed	02/29/2016	N	0	21	2250.00	0.00	0.00	2250.00	1766.35	
2 Adjustment	02/29/2016	Y	99	0	0.00	0.00	0.00	0.00	1682.26	
3 Active	03/31/2016 <input type="text" value="Q"/>	N	0	23	2250.00	0.00	0.00	2250.00	1934.58	+ -
4 Active	04/30/2016 <input type="text" value="Q"/>	N	0	21	2250.00	0.00	0.00	2250.00	1766.35	+ -
5 Active	05/31/2016 <input type="text" value="Q"/>	N	0	22	2250.00	0.00	0.00	2250.00	1850.46	+ -

## What to Look For:

- At the top of the page, notice the Contract ID number, the contract status (Active), and whether the contract is waiting to be recalculated. When a change is made to a contract amount or parameters, **Recalculate Contract** displays **Yes**.
- If a contract has had a change, the row under **Contract Payment Sequence** displays a new sequence number and the effective date of the change.
- The **Contract Information** section displays the type of contract, parameters of the contract and the contract worth.
- The **Projected Earnings** tab displays the currently projected pay for the employee throughout the length of the contract.
- The **Actual Earnings** tab displays all the contract amounts confirmed in a payroll, including all off-cycle payments.

## Verifying a Pay Rate Change is Done Correctly

Because the effective date of a contract pay rate change is so important, below are examples of when it is done correctly, and when it is not with the effective date backdated.

### Correctly Entered Pay Rate Change—Dated for First Day of Next Paying Month

One way to check that the pay rate change was successful, is to see a change in payment for the next paying month. A pay rate change will create a new row, so to see the original payments you first need to navigate to the original row on the Contract Payment Details page. The navigation is at the top/right corner:

Contract ID 0000011	Status Active	Recalculate Contract No
<b>Contract Payment Sequence</b>		Find   View All First 2 of 2 Last
Contract Sequence 0	Effective 09/01/2017	

The effective date, displayed in the middle, shows this was the contract as of 09/01/17. The payments done are at the bottom of the Actual Earnings tab:

Projected Earnings		Actual Earnings		[Filter]					
Status	Pay Period End Date	Off Cycle	Separate Check	Work Days	Contract Regular	Paid Not Earned	Earned Not Paid	Total Paid	
1 Payroll Confirmed	09/30/2017	N	0	21	10133.34	0.00	-3047.34	7086.00	
2 Adjustment	09/30/2017	Y	99	0	0.00	0.00	0.00	0.00	
3 Payroll Confirmed	10/31/2017	N	0	22	10133.34	0.00	-3047.34	7086.00	

A quick glance at the new Contract Details page shows that the employee will get a monthly increase based on the contract increase:

Projected Payments and Actual Earnings									
Personalize   Find   View 3									
Projected Earnings   Actual Earnings									
Status	*Pay Period End Date	Off Cycle	Separate Check	Work Days	Contract Regular	Paid Not Earned	Earned Not Paid	Total Paid	
1 Active	11/30/2017	N	0	22	11692.96	0.00	-3610.17	8082.79	
2 Adjustment	11/30/2017	Y	99	0	0.00	0.00	0.00	0.00	
3 Active	12/31/2017	N	0	16	11692.97	0.00	-3610.17	8082.80	
4 Active	01/31/2018	N	0	18	11692.97	0.00	-3610.17	8082.80	
5 Active	02/28/2018	N	0	20	11692.97	0.00	-3610.17	8082.80	
6 Active	03/31/2018	N	0	22	11692.97	0.00	-3610.17	8082.80	
7 Active	04/30/2018	N	0	21	11692.97	0.00	-3610.17	8082.80	
8 Active	05/31/2018	N	0	9	4575.51	0.00	3507.30	8082.81	
9 Active	06/30/2018	N	0	0	0.00	0.00	8082.80	8082.80	
10 Active	07/31/2018	N	0	0	0.00	0.00	8082.80	8082.80	
11 Active	08/31/2018	N	0	0	0.00	0.00	8082.80	8082.80	

The math to check the accuracy, using the Total Paid column figures, is as follows:

\$95,000 (new contract amount) - \$14,172 (Sept and Oct payments) = \$80,828.

Divide the remaining contract left to be paid with the remaining months left to pay.

In this case, the contract is to pay over 12 months, so the remaining months is 10: \$80,828 / 10 = \$8,082.80.

That is the amount seen in the new Total Paid column, so the pay rate change is accurate.

## Incorrectly Entered Pay Rate Change—Backdated

In this example, a pay rate change is done incorrectly because it is backdated to the start of contract. Despite the fact that the contract value will update to reflect the new contract amount, the projected pay will remain the same.

Example of original contract value and monthly payments:

Contract ID 0000007	Status Active	Recalculate Contract No						
<b>Contract Payment Sequence</b>								
Contract Sequence 0	Effective 09/01/2017							
<b>Contract Information</b>								
Company CU	University of Colorado							
Pay Group MON	Faculty - Contracts							
Contract Begin Date 08/21/2017	Contract End Date 05/11/2018							
Payment Begin Date 09/01/2017	Payment End Date 08/31/2018							
Contract Worth 77120.00								
<b>Contract Calendar</b>								
Holiday Schedule	School Schedule UCB	UCB AY Work Schedule						
▶ Pay Rates								
▶ Payment Summary								
<b>Projected Payments and Actual Earnings</b>								
Projected Earnings		Actual Earnings						
Status	Pay Period End Date	Off Cycle	Separate Check	Work Days	Contract Regular	Paid Not Earned	Earned Not Paid	Total Paid
1 Payroll Confirmed	09/30/2017	N	0	21	9190.46	0.00	-2763.81	6426.65
2 Adjustment	09/30/2017	Y	99	0	0.00	0.00	0.00	0.00
3 Payroll Confirmed	10/31/2017	N	0	22	9190.46	0.00	-2763.80	6426.66

New row with new contract worth and projected payments:

Contract ID 000007	Status Active	Recalculate Contract No						
<b>Contract Payment Sequence</b>								
Contract Sequence 1	Effective 09/01/2017							
<b>Contract Information</b>								
Company CU	University of Colorado							
Pay Group MON	Faculty - Contracts							
Contract Begin Date 08/21/2017	Contract End Date 05/11/2018							
Payment Begin Date 09/01/2017	Payment End Date 08/31/2018							
Contract Worth 90000.00								
<b>Contract Calendar</b>								
Holiday Schedule	School Schedule UCB	UCB AY Work Schedule						
▶ Pay Rates								
▶ Payment Summary								
<b>Projected Payments and Actual Earnings</b> <span style="float: right;">Personalize   Find   View All  </span>								
Projected Earnings	Actual Earnings							
Status	*Pay Period End Date	Off Cycle	Separate Check	Work Days	Contract Regular	Paid Not Earned	Earned Not Paid	Total Paid
1 Active	11/30/2017	N	0	22	9190.46	0.00	-2763.80	6426.66
2 Active	12/31/2017	N	0	16	9190.47	0.00	-2763.80	6426.67
3 Active	01/31/2018	N	0	18	9190.47	0.00	-2763.80	6426.67

Notice that although the contract value was updated to the new rate, the projected payments still reflect the amount of the old contract. This happens when the contract pay rate change is backdated.