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What you need to know about how faculty contracts align with the fiscal year and the general ledger [1]

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It is the time of year for faculty and student faculty contract renewals and new contract entries. Some faculty with nine-month academic year contracts may choose to be paid over more than nine months. How do these pay arrangements affect the fiscal year budget and post to the general ledger?

Contract Begin and End Date

Between the contract begin and end dates during the same fiscal year, the entire nine-month contract is divided across the monthly pay periods (i.e., from mid-August to mid-May or September to May). The full nine-month contract amount, including all the taxes and deductions, is posted to the general ledger across the contract period using the position funding distribution.

Payment Begin and End Dates

If an employee chooses to be paid over a longer period (i.e., 12 months), a portion of their nine-month contract pay is subtracted from each of the employee's monthly paychecks during the nine-month term and the "earnings not paid" (ENP) posts to a campus ENP SpeedType as a liability.

At the contract period's end, usually during the summer months, the ENP is paid out from the ENP SpeedType over the remaining payment period.

This way, the full contract amount is charged to the department in the fiscal year in which it occurred, yet the employee can receive a consistent pay amount over an entire academic year (crossing fiscal years).

Accurals for ENP Taxes and Deductions

But what about the taxes and deductions? When the ENP pays out during the summer months, there are taxes and retirement costs (CU 401(a) or PERA) associated with the ENP payment to the employee.

As mentioned before, the employer portion of the taxes and deductions was already "collected" monthly during the contract period. If ENP was also deducted to pay over the summer months, a proportional amount of the taxes and retirement processed as an accrual. These then become a liability to a system SpeedType. You may notice the deduction code ACCRUL for the anticipated ENP tax and retirement portion on the HCM paycheck distribution

report.

As the ENP pays out over the summer, the associated taxes and retirement deductions post with the actual pay using position funding distribution. A batch PET created by the System HRGL team will reallocate the summer taxes and retirement costs back to the system liability SpeedType where the accrual originally posted.

Since 9-pay-12 contracts can begin and end mid-month in August and May, they can be less intuitive to calculate. Use the **Contract Payment Details** page or query to help faculty anticipate the monthly contract pay and ENP amounts. At the end of the payment period, review how the contract pay and ENP posted across the months and confirm that all ENP was paid.

Contract Funding

Remember that contracts are set up using the employee record. The position that is active on the same employee record at the end of the pay period will be used to post funding and account codes.

CAUTION: If there was a **mid-month contract change on the same employee record, both contracts will use the same position data and funding** effective on the last day of the pay period even if a different position was entered for the earlier contract.

Always enter contracts on different employee records when one contract ends and the next one begins mid-month in the same month.

Summer benefit costs

What about summer benefits for faculty? Benefits for contract faculty post in the month the benefit was active (including summer). Funding follows the active position funding for the position active on the last day of the pay period.

For those faculty who do not receive pay during the summer months, the employer share continues to post to position funding. The employee portion goes into arrears and will be paid from the first fall paycheck.

Need extra help?

Find contract resources on the contracts page [3]. You can also learn more about important HRGL topics such as Department Budget Tables [4] and Payroll Expense Transfers (PETs) [5] on the HCM website.

As always, you can email hcm_community@cu.edu [6] or System.HRGL.Team@cu.edu [7] for additional help.

HRGL [8], Faculty Contracts [9], FIN [10], accruals [11]
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