

## **Service Request 14888**

### **Requirements/ScholarShare Payroll Deductions**

#### **Background/Overview**

The University of California wishes to facilitate participation of University employees in investments towards educational savings under IRC 529 Plans. As such, the University recently adopted a policy providing for employees, who enroll in the Golden State ScholarShare Trust (ScholarShare) college savings program, established by the State of California, to do so by using the University's payroll deduction facility.

ScholarShare is currently administered by TIAA-CREF Tuition Financing, Inc. (TIAA-CREF).

#### **Programming Requirements**

Two issues have been identified in connection with the implementation of payroll deductions covering ScholarShare that will require program modifications. Specifically, this service request provides requirements to address the programming changes necessary to:

- 1.) Establish the mechanism for electronically handling input files of ScholarShare payroll deduction information from TIAA-CREF, and
- 2.) Modify the Payroll/Personnel System (PPS) Automated Clearing House (ACH) direct deposit (surepay) process in conjunction with the establishment of TIAA-CREF ScholarShare as a Gross-to-Net (GTN) surepay organization.

## **I. Input File from TIAA-CREF Received by the University of California Office of the President (UCOP)**

TIAA-CREF will submit ScholarShare deduction information to UCOP via an electronic file using the File Transfer Protocol (FTP). This will be in lieu of submitting the paper payroll authorization forms completed by employees to initiate, change, or cancel their related deduction/ enrollments activities. The payroll deduction authorization/agreement forms will thus be retained by TIAA-CREF for necessary documentation and record-keeping. The University will not receive the forms.

The FTP file will be an interface file that will be submitted to UCOP on a semi-monthly basis and consist of employee data covering initial payroll deduction information, change in dollar amount, or cancellation of a payroll deduction. Following the initial set up of an employee for a deduction amount, the file submitted will be limited to transmitting changes only; i.e., it will not be necessary to send a transaction every month for every employee.

A process will be developed at UCOP to create "X1" transactions from the data on the ScholarShare file . These transactions will be provided to locations in a separate batch along with the other daily transactions from UCOP (403(b), tax changes, etc.)

Outlined below is a description of the input file layout that will be submitted by TIAA-CREF.

### Header and Trailer records and file layout

HEADER Record (first record in file)

<b><u>Position</u></b>	<b><u>Contents</u></b>
1-11	Constant Zero Fill
12-35	Constant 'TIAA-CREF ScholarShare' left-justified, space fill
36-45	Creation Date, format 'YYYY-MM-DD'
46-80	Constant space fill

DATA Record (one per employee per location)

<u>Position</u>	<u>Contents</u>
1-2	Location Code*
3-11	Employee ID Number
12-14	GTN Number
15-21	Dollar Amount 99999V99, right-justified, zero fill
22-38	Bank Account
39-46	Transit Routing Number
47-47	Transit Routing Check Digit
48-80	Employee Name, left-justified, space fill

TRAILER Record (last record in file)

<u>Position</u>	<u>Contents</u>
1-11	Constant 9 fill (999999999)
12-17	Record count (including header and trailer) format 999999, right-justified, zero fill
18-80	Constant space fill

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*Location code values are:	01	Berkeley
	02	San Francisco
	03	Davis
	04	Los Angeles
	05	Riverside
	06	San Diego
	07	Santa Cruz
	08	Santa Barbara
	09	Irvine
	94	Lawrence Berkeley Laboratory (LBL)
	95	Lawrence Livermore National Laboratory (LLNL)
	96	Los Alamos National Laboratory (LANL)
	97	ASUCLA
	98	Hastings College of the Law

## **II. Modifications to the PPS Direct Deposit (Surepay) Process**

An outline of 5 PPS changes being requested follow:

### **A. New Gross-to-Net Number**

Payroll Coordination has assigned Gross To Net (GTN) number 600 for Scholarshare deductions.

This will be established as a miscellaneous deduction. No effective date will be required. A year-to-date balance should be accumulated. This GTN deduction should be displayed on the IDED and IGTN screens. It should be available for update on the EGTN screen.

A Code Table Translation (CTT) entry should be provided to identify the GTN 600 entry as: ScholarShare.

### **B. New Data Element for Scholarshare Account Number**

The employee's 17-digit Scholarshare account number must be stored on the Employee Data Base (EDB) so that it can be included on the ACH deduction file along with the deduction amount. During preliminary discussions with the technical staff, it has been suggested that this data element could be stored in a DB2 table associated with the corresponding GTN number from the employee's DBL table. This would allow PPS to store account numbers associated with other employee deductions if required. The exact mechanism will be decided and defined more completely in the design phase of the project.

In the long run, there is need to provide both inquiry and update to the GTN Surepay table such that locations are able to set up in this process deductions involving credit unions and such without the need for such agencies to submit input files. While requirements for providing this expanded feature in a future release are in discussion, a rollout of the ScholarShare deduction without the expanded inquiry and update feature should be possible since TIAA-CREF will be submitting the input file.

C. EDB Periodic Maintenance – Daily Transactions from IVR/Web

EDB Daily Maintenance processes transactions from the Web/IVR applications and performs limited edits on the transaction data. The following additional transactions must be accepted by the process:

- X1 transaction for 6600G, the Scholarshare deduction amount
- X1 transaction for the new data element for the employee's Scholarshare account number

The following edit is needed:

The existing edit associated with message 13-055 EMPLOYEE ID NOT ON EDB, ALL WEB AND IVR ACTIVITY REJECTED, should reject the Scholarshare data transactions as well. The transaction format should be displayed on the error report along with any other rejected transactions for the employee.

The Scholarshare deduction is not subject to any eligibility criteria, so no eligibility edits are needed. The employee may change the amount of the Scholarshare deduction at any time, so no edits are needed to determine prior enrollment in the plan.

D. EDB Explicit Maintenance

The employee establishes a ScholarShare deduction amount with TIAA-CREF, and TIAA-CREF supplies a file to the university so that the deduction can be established on the employee's EDB record and deducted from his/her pay in the compute cycle. Therefore, most updates to the Scholarshare deduction occur in the nightly update process. The deduction amount may be also updated on the EGTN screen for certain exceptional situations, such as to meet payroll deadlines when the employee requests a reduction in the amount because of an emergency or error.

An edit should be provided such that a Scholarshare deduction cannot be established unless there is a Scholarshare account number on the EDB. If a deduction is set up for GTN 600 and there is no corresponding account number, the update should be blocked and the message "Deduction Not Allowed – No Account Number

Present” should be issued. The message should have a severity level of Data Override.

Functional (payroll) offices should be able to process cancellation/changes outside of the ScholarShare input file from TIAA-CREF by updating the G balance.

E. ACH (Surepay Direct Deposit Process)

Assumptions

Although the implementation of the programming changes addressed in these requirements is expected to fulfill the immediate need of the Scholarshare program, the modifications should accommodate other organizations, including financial institutions such as credit unions, banks, etc. requesting similar deduction ACH arrangements.

These requirements include the following additional assumptions:

- No negative ScholarShare deductions amounts will be passed to TIAA-CREF.
- Locations should have the optional ability to process employee requests to cancel their ScholarShare deductions after the cutoff dates for submitting their cancellation requests to TIAA-CREF.
- Since TIAA-CREF provides electronic ScholarShare files consisting of initial deductions/changes/cancellations, the pre-note process will not be required as part of the process to establish TIAA-CREF ScholarShare deductions.

**Current Process**

The University transmits direct deposits of GTN deductions using a single ACH transaction for a lump sum amount consisting of multiple employee deductions.

**Proposed Process**

The ACH direct deposit (surepay) process requires modifications so that it can direct individual GTN deductions through multiple ACH transactions to the appropriate financial institution of an organization.

## **Required Modifications**

While there is a preliminary suggestion to adding a new indicator to the GTN Table to signify when the payroll compute process will create a direct deposit transaction for the deduction, the exact approach will be defined in the design phase. The alternative, in terms of the ACH process, is to continue with the use of the CPWSXNGO copymember to identify GTNs that are sent via the direct deposit process and the rules applied to those transmissions.

## **ScholarShare NACHA Data Requirements**

In order to construct NACHA file transactions to transmit ScholarShare deductions to TIAA-CREF, PPS will need to have access to the following data:

Transit Routing (ABA) Number:	011000028
Bank Account Number:	99054462XXXXXXXXXX
UC Location Code	(e.g., '01' for Berkeley, '02' for SF)

## **ScholarShare Gross-to-Net Data**

In order to process deductions related to ScholarShare, a new GTN number must be established.

The entry will be a miscellaneous deduction because the employee contributions are to be taken from post-tax earnings.

ScholarShare deductions are to be handled as fixed dollar items (GTN Usage Code = F).

While employees may sign up for and contribute to up to five different investment options under their ScholarShare accounts, TIAA-CREF will transmit the payroll deduction as one aggregate total amount for each employee.

The following Gross-to-Net Number and associated liability account have been assigned (see Exhibit 1, attached) to the ScholarShare deduction:

**GTN Number**

**600**

**Liability Account Number**

**115052**

**Compute/Post-Compute Processing**

No change is anticipated.

**NACHA File Creation**

From the Payroll Audit Record, the NACHA File Creation Process must perform the following task(s):

- Identify those GTN items (i.e., GTN 600) which represent ScholarShare activity and build NACHA file transactions for them;
- Increment or decrement the amount of the NACHA File which debits the University's payroll account at the transmitting bank (Mellon Bank) by the amount of the ScholarShare activity.

**ScholarShare NACHA File Transactions**

The NACHA file layout for ScholarShare deductions should include data that reflects the relevant standard requirements for such files.

**General Ledger Interface**

The system should generate new transactions to debit the appropriate liability account for ScholarShare (115052) and to credit that amount to Salary and Wages Payable (115010).

## **Reporting**

### Bank Disbursement Request Report -- PPP4207

With the addition of TIAA-CREF ScholarShare as a new GTN Surepay organization, the system should provide a separate total of activity on PPP4207. Please see sample report, Exhibit 2.

### NACHA File Image Report – PPP4303

ScholarShare activity should be included for display on the PPP4303 report which reports the contents of the NACHA File. Please see sample report, Exhibit 3.

### New Deduction Report

A mechanism should be provided to enable generation of regular or ad hoc reports of employee participation/statistics in ScholarShare deductions.

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Payroll Coordination  
March 27, 2003



PPP4207/PPP420/022090  
RETN: SEE RPTS DISP SCHEDULE/DIST.  
PAY PERIOD END DATE 06/30/81 MO

UNIVERSITY OF CALIFORNIA-SYSTEMWIDE  
PAYROLL PROCESSING  
BANK DISBURSEMENT REQUEST

PAGE NO. 0001  
RUN DATE 03/01/91  
CHECK DATE 07/01/81

	RECS ISSUED	NET PAY
VOIDS	5	0.00
CANCELLATIONS	1	1,301.65-
HANDDRAWN CKS	0	0.00
CURRENT PAYMT	36	37,868.57
SUREPAY	2	5,223.81
GTN SUREPAY	11	2,410.67
NET PAY TOTAL	55	44,201.40

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	GTN SUREPAY	
ORGANIZATION	GTN AMOUNT	ORG. AMOUNT
<i>SCHOLARSHIPS</i>	2,410.67	
<i>GTN #600</i>		2,410.67
GTN SP TOTAL		2,410.67

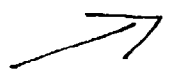


EXHIBIT 2

PPP4303/PPP430 /070186  
RETN: SEE RPTS DISP SCHEDULE/DIST.  
PAY PERIOD END DATE 11/11/89 B1

UNIVERSITY OF CALIFORNIA-SYSTEMWIDE  
PAYROLL PROCESSING  
SUREPAY BANK ACTIVITY

PAGE NO. 0003  
RUN DATE 02/15/90  
CHECK DATE 11/22/89

*SCHOLARSHARE* ACTIVITY

ID NUMBER EMPLOYEE NAME  
000004300 SMITH, JACLYN  
002265961 FAXX, SEYMOUR  
008245446 JAYE-KETTRE, LEAVITT

TRANS RTE	EMPL. ACCOUNT NO.	C/S	TC	TRACE NUMBER
011000028	99031585999000002	C	22	000000000000002
011000028	99031585999000002	C	27	000000000000005
011000028	99031585999000002	C	22	000000000000010

AMOUNT	CROSS REFERENCE
98.00	000000000000001
163.55-	000000000000004
55.55	C908Q70
10.00-	

GRAND TOTAL OF *TIAA-CREF* ACTIVITY

*SCHOLARSHARE*

*Surepay Org. # \**

EXHIBIT 3