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SR82463 Requirements
Prorate Derived Percent for Biweekly Employees on ERS Interface File

Objective:

The PPS (Payroll/Personnel System)/ERS (Effort Reporting System) interface file includes a Derived Percent Time field (PAR0343). For employees where earnings cross over from a biweekly cycle to a monthly cycle, the Derived Percent Time is inflated. The ERS functional workgroup would like to modify the Derived Percent Time calculation to more accurately calculate time for these biweekly cycles.

Project Type:

This project involves modifications to the ERS interface file produced from the PAR data in PPS.

Requested by:

Mike O'Neill, on behalf of the ERS requirements committee

Analyst:

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Due Date(s):

This change should be implemented by the end of March, 2009.

Background

The distribution shown in the Total Payroll % column in ERS is calculated based on all of the payments for the reporting period. In payroll, employees can be paid either monthly or biweekly. Calculations are based either on a monthly rate x percent of time; an hourly rate x the number of hours; or a biweekly rate x a percent of time. Because some payments use percent of time and some payments use hours it was necessary to provide a common basis for calculating effort. Derived Percent was created in PPS to provide a normalized basis for calculating the pay % for ERS.

- For monthly rated employees the derived percent is the same as the paid percent.
- For hourly rated employees the derived percent is calculated by dividing the number of hours paid by the number of working hours in that particular month.
- For biweekly employees paid with a biweekly rate and a percent the derived percent is the same as the paid percent.
- For biweekly employees paid at an hourly rate the derived percent is calculated by dividing the hours paid by 80 (the number of working hours in a two week period).

The first two calculations are based on a month and so the derived percent for one is equivalent to the derived percent for the other. The third and fourth calculations are based on a two week period and so the derived percent for one is equivalent to the derived percent for the other.

It is important to note that the derived percent for monthly is not equivalent to the derived percent for biweekly since the monthly is based on 160-184 hours and biweekly is based on 80 hours.

The problem arises when one effort report includes payments from both biweekly and monthly cycles. When that happens, the biweekly effort is overstated since it is based on an 80 hour period as compared to 160-184 hour period for monthly. Normally, an employee should not have a combination of monthly and biweekly pay at any given point in time but it is possible that an employee transitioning from one pay schedule to another would have a combination of monthly and biweekly in a given effort reporting period, which could span 3 to 12 months depending on the effort reporting schedule.

There is a desire to modify the derived percents provided in the interface file from PPS so that the time percentages can be more accurately stated in ERS.

This change should not be made in the actual stored PAR element Derived Percent Time (PAR0343), because other applications such as CPS are using this data and have already compensated for this issue.

Current Process:

Currently the ERN-DERIVED-PCT (Earnings Derived Percentage) for Biweekly employees is not prorated. This can result in overstating the total time percentage for an employee in a given month if the employee changes between biweekly and monthly pay schedules and the biweekly pay period crosses a monthly boundary.

Proposed Process:

The ERN-DERIVED-PCT (Earnings Derived Percentage) for employees paid on a biweekly cycle should be prorated, so that the total time percent is not overstated for employees with both biweekly and monthly earnings.

Change Requirements

The ERN-DERIVED-PCT (Earnings Derived Percentage) calculation for employees paid on a biweekly cycle should be modified as follows:

- For biweekly employees paid hourly, the number of hours paid should be divided by 174 (the average hours in a month) rather than 80.
- For biweekly employees paid by percent, the paid percent should be multiplied by .4598. (The .4598 is equal to $80/174$).

The ERS interface program should be modified to meet these requirements, rather than modifying the actual PPS source data.