



**Council of the University of Idaho Business Officers
Summary Notes
May 8, 2014**

Payment Process Moving Forward: Dan Stephens, Controller

An email went out on May 7 that establishes a process to use right now in terms of processing payment going forward. We are trying to get a better handle on the IRS compliance matter of paying individuals for work done at the University. Please keep in mind that this is still a working document. The goal is supposed to help make this process as efficiently as possible while staying in compliance. As we transition to education campus and make decisions, this form is designed to help get through this process as quickly as we can. We are working with our tax partner, Tracy Paglia, to help make sure that as scenarios come up, we can make sure they get proper payment as a 1098, 1099, or W2.

The list of questions will evolve over time. We hope to expand these questions regarding research. Our goal is to have a set of questionnaires online specifically targeting scenarios like Jazz Festival, Student Temp Help, and Independent Contractors instead of having one large document trying to be all inclusive. Hopefully, these online questionnaires will give you an immediate answer after answering all the questions.

The email was designed to control communication in an efficient way. Using the phone would just result in chaos. A small team has been put together consisting of Brandi Terwilliger and Amber Wilson from Human Resources, Linda Keeney from Accounts Payable, Cretia Bunney from Payroll, Kim Salisbury from Business Processes, and other individuals from various locations on campus. This allows the University to look at these scenarios from an HR background, a fiscal background, a process development background, and others to give the best options available. Lana's role listed in the email is to be the contact regarding the process. She is not meant to answer questions regarding the decision of a scenarios.

This will take some time, but we must get into compliance as quickly as we can. Regarding research, Heather Nelson said it might be most important at the proposal stage to get this information. Our tax partner recently discovered that some of our scenarios regarding student research, should have been processed through Student Accounts.

If someone needs to pay someone the goal of the group is to get back or start asking questions within two days or so. We do not want to make quick decision just to get an employee paid because we need to stay in compliance. However, we want these individuals to be paid as quickly as we can. We cannot circumvent the system. It is known compliance with the IRS and our fiduciary duty is to remain in compliance.

Other questions have surfaced regarding background checks and searches for some of these positions. A separate team is working on the big picture of this. This task force team is only looking at the payments specifically.

Historically we may have treated some student scenarios as stipends. Now it is being regarded as employment. Now they must follow FSLA rules. This results in the need to change more than just the payment of these scenarios, but also the process of hiring and what the University can offer as an hourly wage. More information will be given throughout this difficult process.

Linda Keeney said that this is already a very busy time of year. AP is needing to investigate more information on some payments, so please be patient as they work through your submitted claim vouchers.

Susanne Aaron asked what she should do with student payments regarding the second half of an outstanding stipend. Linda answered that they may need to look at the first payment to see if it was taxed and correct the taxability of the second payment. Dan responded that they will still be looked at case by case to correct the past. We may need to evaluate the risk associated with difference scenarios. There is not blanket decision that can be made for everyone but we must try to be as compliant as we can.

Comp Time Update: Dan Stephens, Controller

There has been a scenario that has been approved as compliant from our tax partner. It satisfies a budget need yet gives enough flexibility to meet the wants of the employees.

Please keep in mind these numbers are tentative:

Keep the 240 hours in place. Introduce a minimum carry forward such as 100 hours. We pick one time per year and at that date, anything over 100 will be an automatic payout of the difference.

By having an involuntary payout and a cutoff date, it satisfies the IRS requirement of Constructive Receipt. The problem was the employee's dictated when they were taxed on the time accrued. Now the University dictates when that happens.

Management and staff must be able to reach a decision that works for both parties. The key is to determine that the University has control. That is where we can remain in compliance. The task force will receive input on the number of hours and the payout date. We need to find the greatest chance for use by all departments from a budget perspective and give the employees an opportunity to take the time off before the payout.

A separate group within the task force is meeting May 9 to discuss grants. It still needs to remain in compliance, but we want to keep what is earned on the grant to charge to that grant before the grant runs out.

Mary George suggested to establish a pool where the comp time from grants is paid as it is earned. When the employee uses comp time, it is paid out from that pool. Derek said that it would still hit the employee's current labor distribution because Banner is not able to dictate where that person is paid from unless it is manually changed.

The arbitrary cap is established to satisfy both sides: the side who want to be paid for their overtime, and the side that wants to take time off. The minimum is meant to leave time for time-off regardless of the time of year. The fiscal side wants employees to take it as time off, not an additional payout on top of salary. The date when the payout happens is difficult to establish that is beneficial for all departments. Currently it looks like April-July will be best for most departments and budget perspectives.

Some units will never reach the 100 hours, but others will easily go over. That is the difficulty with establishing a one size fits all policy. The committee has been designed to seek input on the number of hours. If it is too low for budgets with a large number of comp time accruing employees, the managers will need to limit work and comp time accrual because their budgets cannot support it. The only way to accommodate a cash-out request is the automatic payment of the difference of the cap on a certain day of the year.

Currently, when an employee changes departments, a money transfer happens charging the budget earned on and crediting the budget moving to. Some college require the employee to use up the comp time.

Cheryl Sordorf from College of Agriculture requested a 100 hours cap to be paid on May 1 (May Day).

Department Updates

Science Building

We are bonding the Science Building. By keeping it tax exempt, the University is able to save nearly \$300,000 each year. Only public research will be allowed to use the building. This is a big enough savings that we want to protect the exempt status. Private uses may need to be funded by the savings for a different area of campus.

Budget Office, Trina Mahoney

Student fees have been set. The UI requested a 4.7% increase undergraduate student tuition- the SBOE approved a 4.0% increase. This is about a \$360,000 reduction in estimated revenue. However, we also finalized the Financial Aid package that resulted in a wash. We will continue going forward with a 2.0% base CEC salary increase. Thank you to everyone for getting in your proposals and memos.

An email will go out after everyone's permanent changes have been made so that the departments can run FY15 budget reports.

The fringe benefit rate is not set yet. Before we told people to use 90100 for health and 20.5% for the rest. Continue using this for now, but the rates may go down in the future.

After the second day of the April Board meeting, we received the rest of our state appropriation. We received \$1.1 million for benefits, about \$1.2 million for CEC salary increases, a little over \$300,000 for Advanced Energy Studies in Idaho Falls, and about \$1.4 million in additional capital outlay. Not a bad budget year. This is better than it has been for several years.

A communication will go to the units the week of May 12 with a template to merge the information regarding the CEC increases. The signed return date is June 6. If an employee from your unit is leaving before that, please determine a way to get their signature. If you are aware of an employee without a performance evaluation on file, please make sure they are in.

Our leadership team is not waiting on the State anymore. They seem to be more proactive in providing raises more often now.

The budget office is looking at encumbering salaries. They will be inviting individuals to participate in pre-production on salary savings. Grants will also be included.

Funds will be released from position turnover once the EPAF has processed. It will need to be documented as accurately as possible.

Revenue generating budgets are due on May 15 so get your information in.

OSP, Heather Nelson

There is a report that runs monthly expenses for grants on Vandalweb. We hope to move toward quarterly reports. The grand director will approve all charges or request any changes to be made. Changes go to OSP and the grantor.

Purchasing, Julia McIlroy

The payment issue will affect Purchasing because of Service Agreements of the independent contractors vs. employees problem.

Circular guidance of \$300,000 micro-limit of purchases on grants will be discussed with OSP.

Julia is the new Director of Purchasing. Her previous position, Sr. Buyer, is open until June 6th and is only available to UI employees. If you have the qualifications for this position, she encourages you to apply.

Accounts Payable, Linda Keeney

There are only three more Pcard downloads. If you have purchases for this fiscal year, spend now.

Athletics, John Wallace

The football team is currently on probation. No post season for football due to academic penalties. The bigger penalty is that practice times have been cut by four hours each week. This is a one year penalty and will be reassessed next year. Report on recruiting indicates positive selections for this season.