

FY2020: 2080 vs. 2096 Hours Impacts to Biweekly Payroll

Why do we have this question?

There are 2096 potential bi-weekly working hours in the FY20 fiscal year, which is due to leap year and how the weekends fall. However, the standard 2080 working hours in the year is still used in some calculations.

Where is 2080 used?

- Use 2080 for calculating the hourly compensation rate from a full-time annual rate
- Hourly rate is used in annual leave payouts, paycheck calculations, etc.
- OneUSG Connect uses 2080 to calculate encumbrances
- Budget Planning and Salary Setting (BPSS) used 2080 to set budgets (not annual compensation)

Where is 2096 used?

- Total estimated workable hours for biweekly employees in FY20: 2096
- Total estimated payroll costs for entire year = 2096 * hourly rate
- Units need to “hold back” additional budget equal to the difference between the BPSS budget and actuals to cover payroll costs
 - .769% is the amount of the difference per individual
- NOTE: 2096 hours is used to plan expenses for the fiscal year and any variation will impact the actual expense. If an employee works more or less than 2096 hours during FY20, the actual expense will be contingent on the number of calculated hours worked.

Impacts to Budget Management:

- Remember that the Budget Salary Setting (BPSS) calculations were processed on 2080 hours, not the 2096 that will be worked in FY20.
- The biweekly account code (522100) budget was therefore 0.769% less than total compensation.
- Units were advised to budget this variance in a line-item position expense chartstring (e.g. casual labor) and to plan to hold it there until the end of the fiscal year.
- This information is located in the [FY2020 Budget Development Salary Increase Calculations](#) that are located in the BPSS portion of the [University Budget Office Quicklinks](#) webpage.
- A BPSS system enhancement is being developed that will utilize the 2080 for salary amounts and the total workable hours in a fiscal year for the budget amount.

Impacts to Encumbrances:

- Weekly encumbrance process includes all the estimated pay periods remaining in the year.
- For the biweekly pay groups that we encumber, the encumbrance calculation takes the employee's hourly rate (which is calculated based on 2080 hours) times their standard hours (from Job Data) times the remaining pay periods in the fiscal year.
 - $\text{hourly rate} * \text{standard hours} * \text{remaining pay periods in FY} = \text{encumbrance}$
 - Commitment Accounting suggests using the *Position Funding Cube* query since it pulls *budget data from Finance* and *encumbrances from HCM*

Impacts to Biweekly Payroll:

- If biweekly employees work this full fiscal year they will be paid for 2096 hours, this equals 262 working days.
- $\text{Actual payroll costs} = \text{hourly compensation rate} * 2096$
- Vacation payouts are paid at the hourly compensation rate * number of hours in the vacation balance.
- Hourly compensation rate is based on 2080 hours

Impacts to Compensation/Hiring:

For hiring proposals, compensation rate changes, etc.:

- To calculate the hourly rate from an annual rate, please use 2080 as the standard:
 - $\text{Annual rate} / 2080 = \text{Hourly Compensation Rate}$
 - HR will review and return HPs for correction if this calculation is not accurate
 - This is based on 52 calendar weeks, 40 hours per week.
 - Using 2080 each year ensures that hourly compensation rate calculations remain consistent, no matter the number of working days in any particular year.
- Note: Because bi-weekly employees are compensated for the actual hours worked, the full amount they are compensated varies per year due to changes number of working days. While 2080 is standard, some years have 2088, and FY20 has 2096. Employees that work the 2096 hours in FY2020 will be compensated for 2096 hours at the hourly rate calculated above.