

CU-Boulder Accounting & Budget Services (ABS) Policy and Procedure

Title: FTE Policy: Definition, Calculations, Examples, and System Usage Information for HRMS and GL Budget Purposes

Date: February 2, 2004
Original: x
Approved By: Jud Hurd, Controller

1. Introduction

Employee Full Time Equivalent (FTE) is important management information for the CU-Boulder. This information is used for:

1. Resource management, including daily operations, planning, and allocations;
2. Performance assessment;
3. Internal and external reporting, such as Task Force reports, Colorado Commission on Higher Education (CCHHE) annual requests, and Federal personnel reports;
4. Rate of pay verification.

Since consistent FTE information is a necessary component of good management, the CU-Boulder provides the following policy guidelines for defining, calculating, and using FTE information within the PeopleSoft modules of Human Resources Management Systems (HRMS) and General Ledger (GL).

It is recommended that FTE data be required in HRMS, but optional in GL.

2. Full-Time Equivalent (FTE) Definitions

FTE is defined as the equivalent of one position, continuously filled, full-time for the entire fiscal year and which may be comprised of any combination of part-time and full-time positions. It provides an estimate of the total full-time employment by converting part-time employees to a full-time derived statistic. This general definition of FTE is

adjusted, however, for academic year appointments, as described below for regular faculty, faculty administrative stipends, and student faculty.

When using FTE data, they can be described as:

1. HRMS position FTE,
 2. GL budgeted FTE, or
 3. GL actual FTE.
1. The HRMS position FTE must reflect the amount that has been officially approved by the state and/or the campus approving authority on a permanent basis. Only permanent changes are recorded in HRMS at the position management level.
 2. When opting for position budgeting in the GL, the permanent HRMS position FTE is always equal to the continuing, GL budgeted FTE. It may be necessary to estimate general ledger FTE for pooled budgets based on an average compensation rate for each employee group. Temporary adjustments to the GL budgeted FTE are warranted, if the position is not continuously filled.
 3. The GL actual FTE will be determined either post facto from actual payroll detail in the general ledger, or projected from current payroll information. Temporary budgets in the GL should be adjusted along with FTE based on these actual or projected salary savings, when position budgeting is maintained. These variances between continuing budget and actual expenses help us to analyze future needs and allocations. Forcing total budget to be equal to actual expenses ensures that unit managers do not over-spend or under-spend their budget authority.

3. Full-Time Equivalent Calculations (Refer to Appendix A, on page 9, for Tables)

Comprehension of percent of time is crucial in calculating FTE. Percent of time is the ratio of actual effort to the full-time effort. The standard full-time work week is typically 40 hours. Workload and percent of time should be specified in the employment letter of offer, where applicable. Use the following definitions to calculate the FTE for PeopleSoft HRMS and GL, at either the position level or the general budget pool level.

3.1 Regular Faculty--Appointed for the Academic Year (195 Days, Mid-August through Mid-May)

➔ 1.00 FTE = 100% time, 9 months = 165 days = 9/9ths

Faculty FTE is negotiated workload and is stated and approved in the “letter of offer,” submitted through Faculty Affairs. Workload is agreed upon in advance between the faculty and the appointing authority, usually the chair or dean. The default is 1.0 FTE unless otherwise stated. Part-time faculty FTE is also negotiated workload and is calculated based

on percent time appointment multiplied by the number of months employed, then divided by 9.

3.2 Regular Faculty - Appointed for Summer Research (65 Days, Mid-May through Mid-August)

→ 0.33 FTE = 100% time, 3 months summer = 65 days = 3/9ths

Each summer month is equivalent to 1/9 of the academic year salary. June salary is paid using the prior AY monthly rate, and July and August salary is paid using the following academic year monthly rate as a base amount. Faculty may not earn more than 3/9ths during the summer from all sources of support, including administrative stipend payments.

Summer research jobs do not require a unique letter of offer. Workload is agreed upon in advance between the faculty and the chair. The default for full-time summer research is 0.33 FTE unless otherwise stated.

3.3 Regular Faculty - Appointed for Summer Instruction (65 Days, Mid-May through Mid-August)

The faculty salary schedule for general fund, summer instruction is published annually by each school or college. The rate of pay is determined by the number of credit hours taught rather than the individual's actual academic year base. Refer to the guidelines released by the Office of the Associate Vice Chancellor for Summer Session for instructional appointments against program values 28888 or 28889.

The compensation received for summer instruction is included in the total earnings of the faculty member, and may not exceed the 3/9ths rule.

3.4 Chair and Other Faculty Administrative Stipends

Stipends are separate HRMS jobs at 0% time and 0.0 FTE. The additional stipend is for higher-level duties and responsibilities, but still within 1.0 FTE for the academic year and within 0.33 FTE for the summer session. Stipends dollars are included in the calculation of the 3/9ths maximum compensation rule. Letters of offer through Faculty Affairs are required for administrative stipend jobs.

3.5 Research and Other Fiscal Year Faculty

→ 1.00 FTE = 100% time, 12 months = 260 days = 12/12ths

Research and other fiscal year faculty FTE is negotiated workload and is stated in the "letter of offer." Workload is agreed upon in advance between the faculty member and the appointing authority, usually the chair or dean. The default is 1.00 FTE unless otherwise stated. Part-time faculty FTE is also negotiated workload and is calculated based on percent time appointment multiplied by the number of months employed, then divided by 12.

3.6 Student Faculty (Research and Instructional)

Define and calculate FTE for Student Faculty in the same manner as for Regular Faculty. Students may not, however, work greater than 50% time during the academic year without specific Graduate School approval. In addition to the annual summer session manual, refer

to the Graduate Student Appointment Manual published on the Graduate School Web site. Caution: summer session instructional values for FTE and % of time are not the same values to be entered on the 4W2 screens for authorizing tuition remission during the summer. Please refer to the Summer Session Memorandum for these values.

3.7 All Other Employee Groups

→ 1.00 FTE = 100% time, 12 months = 260 days * 8 hours = 2,080 hours = 12/12ths

3.8 Pooled Positions

Some of the campus workforce are considered temporary employees and may not have unique budget positions in the GL. User options for identifying the pooled budget position number may be established by the unit. Pooled budgets in the GL for the different employee groups may use a common average salary to determine the FTE. The HRMS FTE will be based upon the percent of time appointment times the total number of months worked, or the total number of hours worked divided by 2,080 hours.

4. Examples of FTE Calculations

Calculations may use months, days, or hours for units of measure. Each fiscal year contains a total of 260 working days, 195 days academic year and 65 days summer. Each year also contains 2,080 working hours.

4.1 Example 1: Classified or Professional Exempt Staff

A staff position is established with a plan to be filled at 60% time for 2 months, 75% time for 6 months, and 60% time for the remaining 4 months of the year. See FTE Definition for All Other Employee Groups described in 3.7 above. The HRMS and GL budgeted FTE for this position is **0.68** (rounded to two decimals).

$$\begin{aligned}60\% \times 2 \text{ mos}/12 &= 0.10 \\75\% \times 6 \text{ MOS}/12 &= 0.375 \\60\% \times 4 \text{ mos}/12 &= 0.20 \\ \text{FTE} &= 0.675\end{aligned}$$

Enter this FTE number, using only two decimals, in both HRMS and GL.

However, the position was not be filled for the first 3 months of the fiscal year. The GL actual FTE for this position is **0.62**.

$$\begin{aligned}75\% \times 5 \text{ MOS}/12 &= 0.42 \\60\% \times 4 \text{ mos}/12 &= 0.20 \\ \text{FTE} &= 0.62\end{aligned}$$

Because the position has been permanently approved at 0.68 FTE, do not adjust the HRMS position FTE, but do reduce the budgeted FTE and dollars in GL on a temporary basis, if position budgeting is maintained.

4.2 Example 2: Regular Faculty

An Associate Professor is granted sabbatical leave for the academic year. The negotiated workload permits compensation for 50% of the academic year. The department retains budget for the full academic year. The HRMS position FTE will remain 1.00, since it is only a temporary leave. The GL continuing budget FTE is 1.00, and the actual expense is 0.50 FTE. Therefore, temporary adjustments of .50 FTE and .50 of the salary dollars should be entered only in the GL for this position.

4.3 Example 3: Student Hourly

An hourly student is hired for 12 hours per week, for 10 weeks. See FTE definition for All Other Employee Groups above. The formula for calculating this FTE is $12 \text{ hrs.} \times 10 \text{ weeks} = 120 \text{ hours}$, divided by $2,080 \text{ hours} = 0.06 \text{ FTE}$. If this position is expected to be filled annually in this manner, then enter .06 FTE in HRMS. Appropriate GL entries should also be entered when position budgeting is used.

4.4 Example 4: Regular Faculty with Multiple Appointments

A faculty member is paid from one unit, but holds tenure in another. The tenure appointment has neither salary nor budget associated with it. Both appointments are entered in HRMS to show affiliation, but the tenure-only appointment is recorded as 0.00 FTE using action reason TBE (tenured budgeted elsewhere).

4.5 Example 5: Regular Faculty with Summer Research and Summer Instruction Appointments

A faculty member receives 100% time, 2 summer months from an NSF grant. In addition, the faculty member agrees to teach a 3 credit hour course for Summer Session. These are two distinct jobs in HRMS. Summer research is paid monthly, and summer instruction is paid as a contract value based on the credit hours taught. Since 3/9ths summer is defined as .33 FTE, then 2/9ths summer salary is .22 FTE. Using the tables in Appendix A, the summer teaching job is recorded as .06 FTE. Thus, the total summer compensation is .28 FTE and has not exceeded the 3/9ths rule.

4.6 Example 6: Student Faculty Summer Instruction

A Teaching Assistant is appointed for 40% time during Maymester, a 3-week summer session and is rehired for 25% time for Term C, which is 8 weeks in duration. Since a full-time appointment during the summer is equivalent to 65 days and .33 FTE, the actual FTE can be calculated as follows:

For Maymester, $40\% \times (3 \text{ wks} \times 5 \text{ days}) = 6 \text{ full-time days}$
For Term C $25\% \times (8 \text{ wks} \times 5 \text{ days}) = 10 \text{ full-time days}$
For a total summer = $(16/65 \times .33 \text{ FTE}) = .08 \text{ FTE}$

5. PeopleSoft Usage

The primary goal is to ensure that the FTE in HRMS is populated completely, accurately, and consistently. A secondary goal is to maintain consistent FTE across HRMS into GL, when position budgeting is utilized.

5.1 PeopleSoft HRMS

FTE is a free form field in HRMS. In other words, the percent of time can and often will deviate from the FTE. FTE appears on two PeopleSoft HRMS windows.

1. **Develop Workforce**>Manage Positions >Use>Position Data>Job Information.
On this window you will be required to enter the permanently planned FTE for the position, regardless of source of funds. *This is the only point of FTE entry into HRMS.* It will be the unit's responsibility to ensure that either continuing or temporary budget is always available for the position in the GL.
2. **Administer Workforce**>Administer Workforce (GBL)>Use>Job Data>Job Information. The FTE defaults from the Manage Positions window.

The screenshot displays the 'Position Data' window in Microsoft Internet Explorer. The browser address bar shows the URL: <https://btan.cusys.edu/hr8prod/clientervlet/hr8prod/?cmd=start>. The window title is 'Position Data - Microsoft Internet Explorer'. The breadcrumb navigation is: Home > Develop Workforce > Manage Positions > Use > Position Data. The main content area shows the following information:

Position Number: 00150204 **Director-Exmpt Prof**
Headcount Status: Filled **Current Head Count:** 1 out of 1

Effective Date: 06/25/2000 **Status:** Active **Approved:** 06/25/2000 **Comments:**

Job Code: 2119 **Director-Exmpt Prof**
Reg/Temp: Regular
Full/Part Time: >= 50% **Wkrs Comp:** College/Prof/Teach/Clerical
Regular Shift: Not Applicable

| | | | | | | |
|------------------------------|---------------------------------|-------------------|--------------------------------|------------|------------|------------|
| FTE: 1.00 | Salary Plan: 210 | Grade: 000 | Percent of Time: 100.00 | | | |
| Standard Hours: 40.00 | Work Period: W Weekly | | | | | |
| Mon | Tue | Wed | Thu | Fri | Sat | Sun |
| 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | | |

Required HIPAA Access:

| | | |
|------------------------------------|-------------------------------------|-----------------------------------|
| <input type="checkbox"/> PHI | <input type="checkbox"/> Payment | <input type="checkbox"/> Research |
| <input type="checkbox"/> Treatment | <input type="checkbox"/> Operations | |

The window also includes navigation buttons: Save, Return to Search, Next in List, Previous in List, Refresh, Update/Display, and Include History. The bottom status bar shows the system time as 12:53 PM.

The permanent FTE for each position number shall be entered on the **Develop Workforce**>Manage Positions >Use>Position Data>Job Information window.

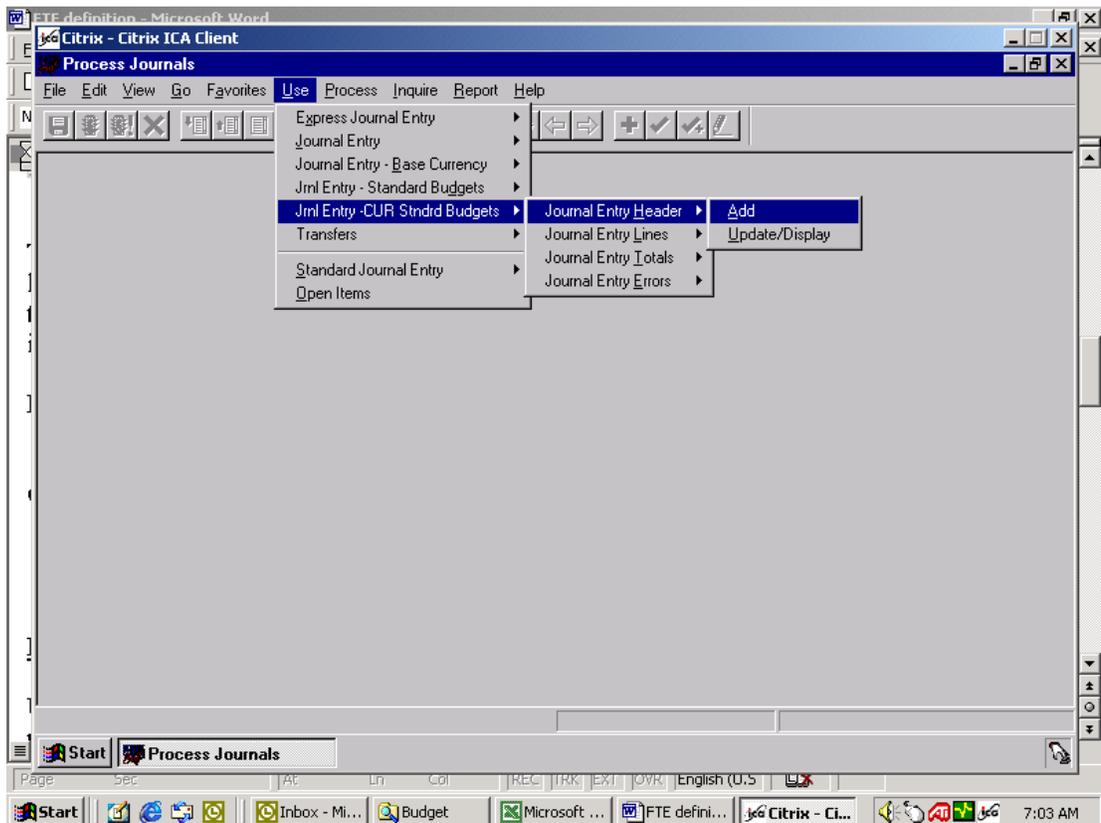
As previously mentioned, the FTE entered into HRMS may also be used for position budgeting in the general ledger. However, the HRMS position FTE must be prorated for GL use by the percentage of funding distribution that pays the position. For example, the full-time, 12-month classified staff position 00150204 is paid 75% from FOP 10 10519 16634 and 25% from FOP 10 10520 16639.

- HRMS entry:
Position number 00150204 shows 1.00 FTE.

- General Fund General Ledger budget entry is prorated as follows:
FOP 10 10519 16634 – continuing budget shows 0.75 FTE.
FOP 10 10520 16639 – continuing budget shows 0.25 FTE.

5.2 PeopleSoft General Ledger

For General Ledger budgeting, navigate to as follows: **FIN Production** > Process Journals> Use> Jnl Entry-CUR Stndrd Budgets> Journal Entry Header> Add

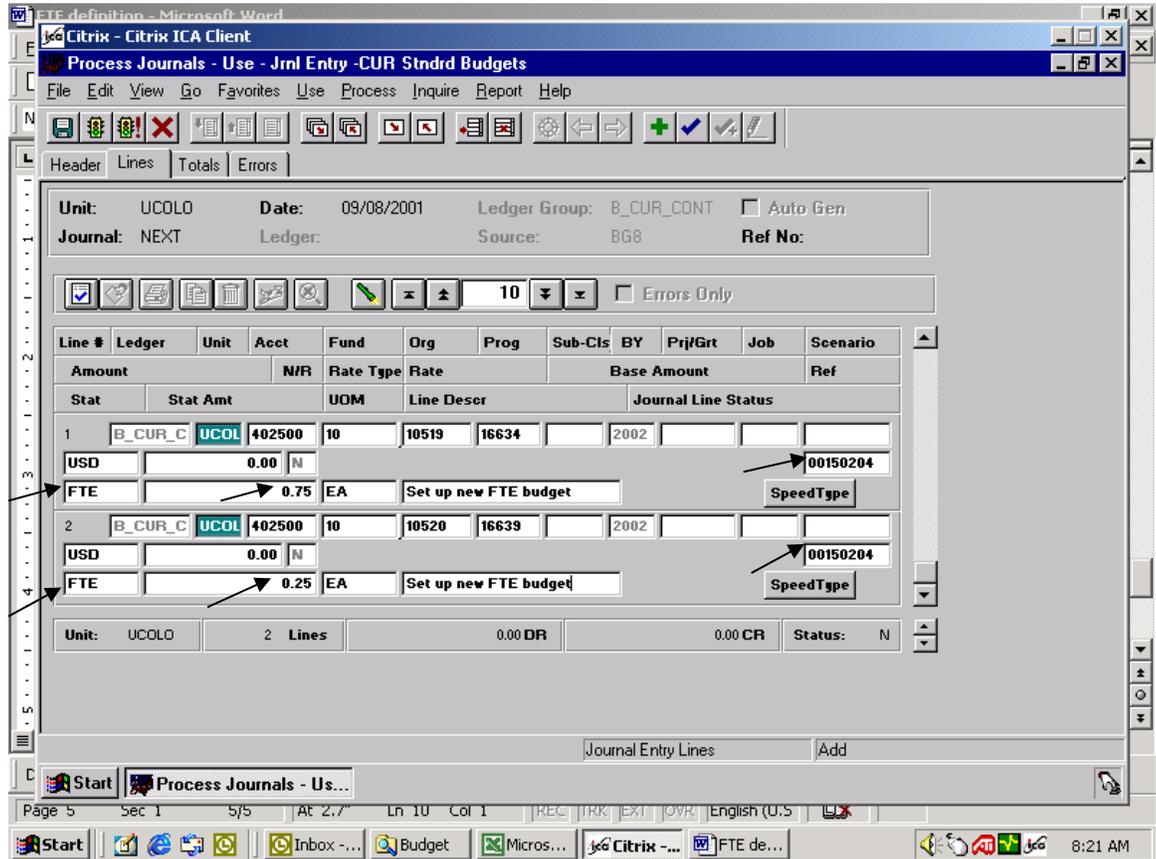


On the Budget Journal Entry Header Panel, select either the continuing or temporary budget ledger, as appropriate, from the Ledger Source drop-down field.

Proceed to the Lines Panel, and enter the following information:

- Position number in the Reference field
- FTE in the Stat field
- FTE amount in the Stat Amt field; use two decimals.

FTE information can be entered into the general ledger on a zero dollar transaction, as, for example, the tenured budgeted elsewhere faculty described in Example 4.



6. Appendix A: FTE Calculations

6.1 Calculating FTE based on Percent of Time

The percent of time appointment refers to the number of hours worked on a continuous basis during a standard work week of 40 hours.

| HRS/WEEK | % TIME APPT | FTE AY | FTE SEM | FTE SUMMER | FTE FY |
|----------|-------------|--------|---------|------------|--------|
| 5 | 12.5% | 0.13 | 0.06 | 0.04 | 0.13 |
| 10 | 25.0% | 0.25 | 0.13 | 0.08 | 0.25 |
| 15 | 37.5% | 0.38 | 0.19 | 0.12 | 0.38 |
| 20 | 50.0% | 0.50 | 0.25 | 0.17 | 0.50 |
| 25 | 62.5% | 0.63 | 0.31 | 0.21 | 0.63 |
| 30 | 75.0% | 0.75 | 0.38 | 0.25 | 0.75 |
| 40 | 100.0% | 1.00 | 0.50 | 0.33 | 1.00 |

6.2 Calculating FTE on a Per Course Basis

Many instructors and lecturers are paid on a per course basis during the academic year. All instructional faculty, including student faculty, are paid on a per course basis for summer session, regardless of the term length. In order to provide a consistent framework for all instructional appointments, we offer the following solution.

Assumptions: All classes of instructional faculty spend roughly equivalent effort for the same number of credit hours taught. The normal teaching load in most units for tenure-track faculty is 9 credit hours per academic year (AY), with a differentiated workload of 40% teaching, 40% research, and 20% service. For non-tenure track, permanent appointments teaching 9 credit hours per semester, the differentiated workload consists of 80% teaching and 20% service. Temporary appointments are not expected to perform additional service duties.

If 9 credit hours per academic year is equivalent to 40% time, then:

| Credit Hrs Taught | % Time AY | % Time Sem | % Time Summer |
|-------------------|-----------|------------|---------------|
| 1 | 4.4% | 8.9% | 5.9% |
| 2 | 8.9% | 17.8% | 11.9% |
| 3 | 13.3% | 26.7% | 17.8% |
| 4 | 17.8% | 35.6% | 23.7% |
| 5 | 22.2% | 44.4% | 29.6% |
| 6 | 26.7% | 53.3% | 35.6% |
| 7 | 31.1% | 62.2% | 41.5% |
| 8 | 35.6% | 71.1% | 47.4% |
| 9 | 40.0% | 80.0% | 53.3% |

The percent of time appointment can then be easily translated into FTE such that:

- 100% time, 9 mos. AY = 1.0 FTE
- 100% time, 4.5 mos. AY = .50 FTE
- 100% time, 3 mos. summer = 3/9ths or .33 FTE

| Credit Hrs Taught | FTE AY | FTE SEM | FTE SUMMER |
|-------------------|--------|---------|------------|
| 1 | 0.04 | 0.04 | 0.02 |
| 2 | 0.09 | 0.09 | 0.04 |
| 3 | 0.13 | 0.13 | 0.06 |
| 4 | 0.18 | 0.18 | 0.08 |
| 5 | 0.22 | 0.22 | 0.10 |
| 6 | 0.27 | 0.27 | 0.12 |
| 7 | 0.31 | 0.31 | 0.14 |
| 8 | 0.36 | 0.36 | 0.16 |
| 9 | 0.40 | 0.40 | 0.18 |