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Background

A workgroup was created to develop a solution for reporting other payroll expenses (OPE). Currently, OPE reporting within *Banner Finance (FIS)* is limited to the following account codes:

- 10911 OPE Unclassified
- 10913 OPE Classified
- 10915 OPE Student
- 10916 OPE Grad Assist and Fellows

The above account codes allow for reporting of total OPE, but not reporting of OPE into its various components (e.g., retirement, health, FICA, etc.).

For FY2006, OUS current funds had over \$700 million in salaries and wages and an additional \$290 million in OPE. (Current funds include fund type 10 – unrestricted operating funds, fund type 20 – auxiliary enterprises, and fund type 30 – current restricted funds.) On average, for each \$ in salaries and wages, OUS pays an additional 41% in OPE. Current OPE reporting does not allow determination of which components make up the 41% OPE.

OPE rates continue to increase and OPE reporting has been considered a reporting weakness for some time. Appendix A provides a listing of participants in the OPE reporting workgroup.

Current OPE Reporting

At this time, break-out of OPE into its components requires use of the *Human Resources Information System (HRIS)*, which contains OPE data broken out by employee. Use of the *HRIS* system for OPE accounting and financial reporting has the following disadvantages:

- 1) Most accounting and finance employees do not have access to *HRIS*.
- 2) *HRIS* contains confidential information, such as employee choice of retirement program(s) and different types of employee deductions such as garnishments.
- 3) Large data tables in *HRIS* require extensive calculations for reporting OPE totals.
- 4) Size of *HRIS* data tables limits the number of years and months of OPE data.
- 5) Most accounting and finance employees are not familiar with the detailed workings of *HRIS*.
- 6) *HRIS* deductions tables include more than OPE deductions.
- 7) OPE per *HRIS* records may not agree to *Banner FIS* because *Banner FIS* includes other types of OPE not included in *HRIS*.

Listing of OPE Reporting Needs

The OPE reporting workgroup identified 25 OPE reporting needs, as shown in appendix B.. The reporting needs vary from departmental administrators; to institutional budget offices, business offices (including payroll), and human resource administrators; and to Chancellor's office functions including budgeting, accounting, financial analysis, payroll, internal audit,

human resources, and bargaining. OPE is a significant component of the OUS biennial budget, and is often communicated and discussed at the levels of the State Board and State of Oregon.

Generally speaking, all OPE reporting needs could be met by being able to break-out OPE into its components for any combination of chart, fund type or fund code, organization code, program code, and accounting period going back to the inception of *HRIS*.

Criteria for Developing OPE Reporting Solution(s)

The OPE reporting workgroup developed 12 criteria for which the OPE reporting solution(s) would have to meet, as listed in appendix C.

OPE Reporting Solution(s)

First Proposal (Not Approved by OPE Reporting Workgroup)

The first proposal was not agreed-upon by the OPE reporting workgroup:

The first proposal broke-out OPE into approximately ten different account codes. The proposed ten account codes along with the four current OPE summary account codes could have totaled 40 additional account codes. The proposal was rejected for the following reasons

- 1) As many as 40 additional account codes would significantly increase the number of accounting records. Most every department has payroll, and break out of OPE into ten account codes would add many rows of data which would bring about additional ramifications, including excessive paper, additional questions, further complexities in reconciliations, more detailed budgeting, etc.
- 2) OPE broken out in 40 additional account codes would not be summarized by OPE category. This would create difficulties in having to go through numerous records within the Banner screens. A possibility was to categorize OPE account codes into three summary account codes (e.g., retirement, health, and other) but *Banner FIS* is running out of levels in the account code hierarchy.
- 3) The additional ten account codes would separately identify ORP retirement from PERS retirement, which could result in confidentiality issues. Also, we would probably need other account codes to further break-out retirement.
- 4) Restricting the OPE reporting solution to account codes would result in necessity of adding more account codes in the future. It could be possible that we will never have enough account codes to provide for all OPE reporting needs.

Workgroup suggested that the proposal be revised to limit OPE reporting to three summary account codes:

- 1) Retirement
- 2) Health/Dental/Life
- 3) Other

The workgroup agreed that the first proposal of ten additional account codes would not work, but that the proposal revision of three additional account codes would not be sufficient to meet all reporting needs.

Second Proposal (Approved by OPE Reporting Workgroup)

The second proposal has been agreed-upon and endorsed by the OPE reporting workgroup.

The second proposal is two-fold: (1) Break-out OPE into three account codes AND (2) create an OPE button within the *Banner FIS* data warehouse.

Part 1 of Second Proposal – Break-out of OPE into Three Account Codes

The following first shows the current account codes and then shows the new account codes that will take effect on July 1, 2007:

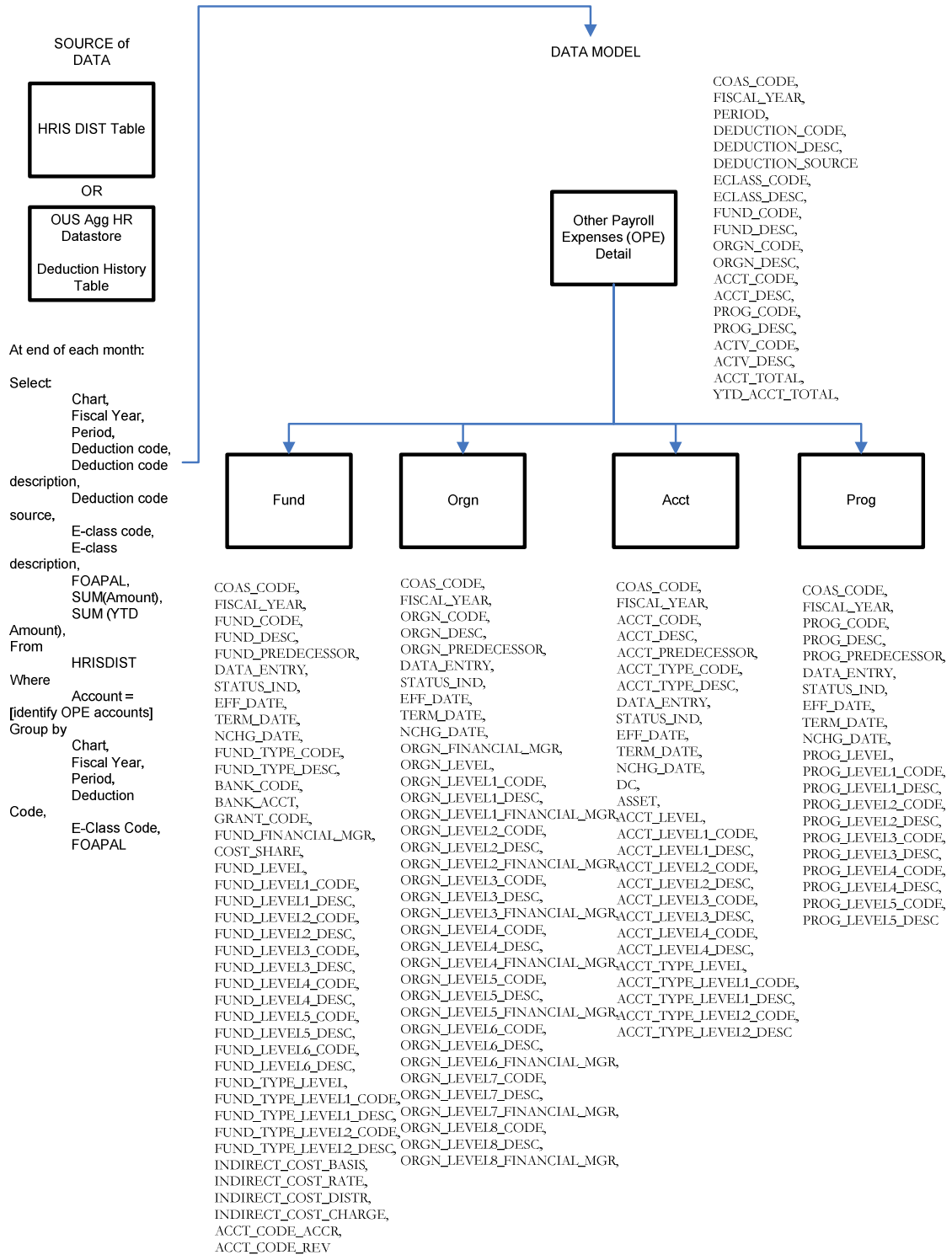
Acct. Unit	Acct. No.	Description	Data Entry	Comments
Current				
60		Labor		
69		Other Payroll Expenses		
	10900	Other Payroll Expenses (OPE)	B	
	10901	Other Payroll Expenses	B	
	10911	OPE Unclassified	Y	
	10913	OPE Classified	Y	
	10915	OPE Student	Y	
	10916	OPE Grad Assist and Fellows	Y	
	10909	OPE JV Adjustment	Y	
	10931	Accrued Vacation Leave	Y	
	10932	Accrued Sick Leave	Y	
	10933	Accrued Compensatory Leave	Y	
	10941	Grad Asst Health Insurance Benefit	Y	
	10951	Graduate Assistant Fee Remissions	Y	
	10952	Grad Assist Fee Remission Subsidy	Y	
	10953	Grad Asst Fee Remis Subsidy-Summer	Y	
Change Proposal				
60		Labor		
69		Other Payroll Expenses		
	10900	Other Payroll Expenses (OPE)	B	
	10901	Other Payroll Expenses	B	
	10960	OPE Unclassified	B	New rollup code
	10911	OPE Unclassified	Y	Push old code down and keep active for a year, then terminate
	10964	OPE Uncl Health/Life	Y	New code
	10967	OPE Uncl Retirement	Y	New code
	10968	OPE Uncl Other	Y	New code
	10970	OPE Classified	B	New rollup code
	10913	OPE Classified	Y	Push old code down and keep active for a year, then terminate
	10974	OPE Class Health/Life	Y	New code
	10977	OPE Class Retirement	Y	New code
	10978	OPE Class Other	Y	New code
	10980	OPE Student	B	New rollup code
	10915	OPE Student	Y	Push old code down and keep active for a year, then terminate
	10984	OPE Student Health/Life	Y	New code
	10987	OPE Student Retirement	Y	New code
	10988	OPE Student Other	Y	New code
	10990	OPE Grad Assist and Fellows	B	New rollup code
	10916	OPE Grad Assist and Fellows	Y	Push old code down and keep active for a year, then terminate
	10994	OPE Grad Assist Health/Life	Y	New code
	10997	OPE Grad Assist Retirement	Y	New code
	10998	OPE Grad Assist Other	Y	New code
	10903	OPE JV Adjustments	B	New rollup code
	10904	OPE JV Adj Health/Life	Y	New code
	10907	OPE JV Adj Retirement	Y	New code
	10908	OPE JV Adj Other	Y	New code
	10909	OPE JV Adjustment	Y	Push old code down and then terminate effective July 1, 2007
	10930	OPE Accruals	B	New rollup code
	10931	Accrued Vacation Leave	Y	Push down a level and roll to new acct
	10932	Accrued Sick Leave	Y	Push down a level and roll to new acct
	10933	Accrued Compensatory Leave	Y	Push down a level and roll to new acct
	10950	OPE Grad Remission/Benefit/Subsidy	B	New rollup code
	10941	Grad Asst Health Insurance Benefit	Y	Push down a level and roll to new acct - To aid in reconciling between HRIS and FIS: Keep this account active for as long as Institutions are processing via FIS - Institutions processing through HRIS would use account 10904 for this activity.
	10951	Graduate Assistant Fee Remissions	Y	Push down a level and roll to new acct
	10952	Grad Assist Fee Remission Subsidy	Y	Push down a level and roll to new acct
	10953	Grad Asst Fee Remis Subsidy-Summe	Y	Push down a level and roll to new acct

Part 2 of Second Proposal – OPE Button in *Banner FIS* Data Warehouse

Within the *FIS* data warehouse, the proposal would be to create a button under the "Payroll Ledger" called "Other Payroll Expenses (OPE) Detail."

General Ledger
Operating Ledger
Transaction Ledger
Payroll Ledger
Other Payroll Expenses (OPE) Detail
Approvals
Fixed Assets
Validation Tables

Clicking on the button would result in the model on the attached page.



The advantages of this model would be as follows:

- 1) Three levels of OPE analysis
 - a) Departmental Users: OPE broken out in *Banner FIS* by "Retirement," "Health," and "Other."
 - b) Finance Users: Ability to further report and analyze OPE by detailed OPE component, in any form of chart, fund, org, account, or program grouping, but without getting into the detail of OPE by employee.
 - c) HR/Payroll Users: Ability to review OPE broken out by employee.
- 2) Data could be grouped by fund, org, and/or program.
- 3) Data would be limited to deduction codes that are tied to OPE account codes. This would reduce size of table and would help ensure speedy results from queries.
- 4) Data would go back to beginning of *HRIS* – (which could not be done with a prospective application of additional OPE account codes).
- 5) Would allow finance users to analyze OPE down to a departmental (FOAP) level, but not down to the level of each individual employee.
- 6) Data would be accessible to all *FIS* users of the *FIS* warehouse.
- 7) Detail of OPE could be found in same source (*FIS* data warehouse) as other finance data.

The disadvantages of this model would be as follows:

- 1) Data will not necessarily agree in total to *FIS*. This would require that one create a reconciliation worksheet. In a review of total OPE data for FY2006 for Chart K, we found some but not significant differences between total OPE per the Deduction History Table and the OPE account codes within *Banner FIS*.
- 2) *FIS* users would have to become familiar with the concept of deduction codes and employee class codes.
- 3) Deduction codes are not combined into different components of OPE. One would have to know which deduction codes make up each OPE component. The titles to the deduction codes are self-explanatory. Also, the additional break out of OPE account codes into "retirement," "health," and "other" would allow one to see which deduction codes make up those three account codes.
- 4) Data would not be available to OSU, PSU, or UO. Presumption is that OSU, PSU, and UO could replicate the same model in their *FIS* data warehouses.
- 5) Automated monthly reporting to State Accounting and Reporting (SARS) would be limited to reporting OPE as it is broken out in *Banner FIS* -- in categories of "Retirement," "Health," and "Other." Hopefully, SARS would not require additional break-outs.

Additional Work

We would need to obtain approval of the OUS *FIS* data warehouse committee for the implementation of part 2 of proposal #2.

Implementation Timeline

Implementation timelines would be as follows:

Part 1 of Second Proposal – Break-out of OPE into Three Account Codes

The three additional OPE account codes would be implemented as of July 1, 2007

Part 2 of Second Proposal – OPE Button in *Banner FIS* Data Warehouse

According to Carla Simonson, OSU ETS (5th Site IT) could begin creation of the above model in mid-April. Model would be available and implemented by July 1, 2007.

Appendices

A - Members of OPE Workgroup

Institution	Name
EOU	Angie Scott
OIT	Haldane Harris
OSU	Karen Meador
OSU	Nancy Heiligman
OSU	Steve Nash
OSU ETS	Catherine Williams
PSU	Alan Kolibaba
SOU	Steve Larvick
UO	Cynthea McIntosh
UO	Joan Walker (HR Representative)
UO	Mark McCulloch
CO	Glen Nelson
CO	John Craven
CO	Ken Mayfield (OUS Budgets Representative)
CO	Mike Corbitt
CO	Nick Miller
CO	Paul Bartlett

B – Listing of OPE Reporting Needs

1. Forecasting the OPE for each employee
2. Forecasting the OPE for a group of employees or a department
3. Departmental comparison of actual OPE to budgeted OPE
4. Assigning responsibility for managing and monitoring OPE costs for BUDGETED OPERATIONS
5. Assuming responsibility for managing and monitoring OPE costs for AUXILIARY ENTERPRISES and other self-support units.

6. Determining the make-up of total actual OPE reported in institution's *Banner FIS*:
For example, could the institution tell us the total amounts paid for the year for:
 - a. FICA
 - b. Health Insurance Premiums
 - c. Debt Service Installment for PERS etc....
7. Estimating impact of a % increase to an OPE element with a substantial fixed cost component (e.g., health insurance premiums). For example, what would be the additional cost of a 9% increase in health insurance premiums?
8. Break-out of total OPE costs within a department
 - a. For example -- a department with 120 employees in one unit
9. Break-out of total OPE by fixed and variable costs to obtain a better understanding of what is included in OPE
This would help university departments project OPE costs; otherwise, without knowing this information, one is just guessing. Some departments have high levels of fixed cost OPE charges -- other departments have higher levels of variable cost OPE charges.
Auxiliary enterprises need to know what is driving the OPE costs
10. Break-out of total OPE costs by pay type
11. Break-out of total OPE costs by employee type
12. Reporting actual OPE amounts broken out by OPE component for biennial budgeting purposes
13. Providing monthly break-out of OPE by OPE component for eventual monthly reporting to DAS.
14. Reporting the break out of total OPE for OUS by OPE component.
This is needed for being able to respond to general questions and to review veracity of comments we hear regarding OUS OPE costs.
15. Reporting of OPE for annual financial statements
16. Sufficient tools for department business manager to be able to analyze OPE costs.
17. Sufficient tools for University central administration to be able to extract, analyze, and track university-wide OPE costs.
18. Sufficient information for academic departments to budget and monitor the OPE for adjunct faculty.
19. Break out of retirement OPE among Tier 1, Tier 2, ORP, etc.
20. Determination of university cost in funding the debt service of the PERS bond
21. Have sufficient OPE data for University Institutional Research reporting of faculty compensation
22. Have sufficient OPE data for bargaining negotiations
23. Determination of OPE rate and comparisons of OUS OPE rates to other universities.
24. Assurance that total of OPE components actually remitted and reported on payroll tax reports reconciles to amount of OPE recorded in *Banner FIS*
25. Other

C - Criteria for Developing OPE Reporting Solution(s)

- 1 We would not want a huge detailed break out of all the OPE components, further broken out by employee type. This detailed information is already available from *HRIS*.
OPE expenses should be grouped into major categories..
- 2 Break-out of actual OPE should be automated as much as possible.
Break-out of OPE must not result in additional data entry, manual processes.
Also, ideally, break-out of OPE should not result in the need to performed detailed data extracts and analyses..
- 3 Accept that for most institutions, OPE budgeting and monitoring is primarily a central budget office responsibility..
In this case, we would not want to provide additional detail for departments if the additional detail would only confuse rather than assist departments..
- 4 However, also agree that OPE break-out information needs to be readily available to departments/administrators who need the information..
- 5 Recognize that total OPE has a variable and fixed component..
- 6 We have to be concerned about payroll redistributions and payroll corrections that would be required depending on the reporting solution(s) if any..
- 7 We have to be concerned about confidentiality of records.
Taken to an extreme, we would NOT want a department to make a hiring decision based on the OPE costs currently applicable to an applicant..
- 8 Review of OPE reporting requirements needs to be done once and for all, and not be repeated year after year. .
- 9 Likely solution(s), if any, must be technically feasible.
- 10 Likely solution(s), if any, must not break the current reporting functionality.
- 11 Likely solution(s), if any, must be truly value added and consider the cost/benefit of providing additional information .
- 12 Likely solution(s), if any, must be implemented by July 1, 2007