# Mid-year Contract Change Instructions

Revised 10/2022

Processing>New Contract is designed to calculate and create new compensation information for employees. Anytime a Contract Amount changes because of a Unit Amount or Hours in Day, a new contract should be created. When activated, the new contract data will create a brand new compensation record. The data in the original compensation record will remain the same, and the original compensation will be archived after the new contract is activated.

Before doing a mid-year contract change, verify the following:

- Analyze and determine the New Compensation Start Date
    1. The change must begin on or prior to the period beginning date of a payroll.
    2. CANNOT be mid-year/mid-pay period contract change
        - Cannot have days in this pay period under old <u>and</u> new rates

- Verify information on the original compensation. If the original compensation is not correct, then the mid-year contract change will not calculate correctly.
    1. Compensation Start Date equals first work day
    2. If Stretch Pay, Compensation Stop Date equals day before next Compensation Start Date.
    3. Calendar Start Date must be equal or prior to the Compensation Start Date
    4. Contract Work Days must equal the work days on the calendar for the contract year
    5. Pays in Contract & Pays Paid are accurate
    6. Amount Paid must be correct (Pay Per Period x Pays Paid, less Amount Docked)
    7. Amount Earned must be correct (daily rate x Contract Days Worked)

- Decide on type of mid-year change
    1. **Mid-Contract with No Retro** – new rate takes effect next beginning payroll period
    2. **Mid-Contract with Retro Spread Over Remaining Pays** – new rate should have been paid prior to next beginning payroll period. The retro amount will be spread between remaining pays.
    3. **Mid-Contract with Lump Sum Retro** – new rate should have been paid prior to next beginning payroll period. The retro amount will be paid on the next pay date in a lump sum.

- If Mid-Year Changes are required for multiple employees, Processing>New Contract>(Import New Contracts tab) can be used to import a spreadsheet. See the ***USPS-R New Contract Instructions*** document for more information.

# Mid-Contract with No Retro

1. Go to Processing>New Contracts (New Contract Maintenance tab)
2. Click + Copy
3. Choose the Employee from the drop down list.  Type a few characters of the first or last name to filter.
4. Choose the current year Compensation from the drop down list.
5. Choose Mid-contract with no retro Contract Type
6. Type the Contract Start Date, which will be the day after the last pay period ending date
7. Click + Create
8. Type the new "Full" amount in the New Contract Amount field.  This is the new rate for the full year.
9. If Hours in Day changed, type in the New Hours In Day & New Retirement Hours.
10. Click Calculate
11. Verify that the New Pay Period and Unit Amount match what is expected and click Save.  If not what expected, see Calculations below.
12. To activate the contract, return to the New Contract Maintenance grid, check the box next to the new contract and click ▶ Activate

### Calculations for Contract Compensations with Stretch Pay

- New Contract Days Worked = Contract Days Worked from Original Compensation
- New Contract Work Days = Contract Work Days from Original Compensation
- New Pays In Contract = Pays In Contract from Original Compensation
- New Unit Amount (daily) = New Contract Amount / New Contract Work Days
- New Unit Amount (hourly) = New Contract Amount / New Contract Work Days / New Hours In Day
- New Contract Amount (daily) = New Unit Amount x New Contract Work Days
- New Contract Amount (hourly) = New Unit Amount x New Hours In Day x New Contract Work Days
- Remaining Contract Work Days = New Contract Work Days – New Contract Days Worked
- New Contract Obligation (daily) = (New Unit Amount x Remaining Contract Work Days) + New Amount Earned
- New Contract Obligation (hourly) = (New Unit Amount x New Hours in Day x Remaining Contract Work Days) + New Amount Earned
- Remaining Pays in Contract = New Pays In Contract – New Pays Paid
- New Pay Per Period = (New Contract Obligation – New Amount Paid – New Amount Docked) / Remaining Pays in Contract
- New Retro Next Pay = Not Applicable for Mid-contract with no retro Type

# Mid-Contract with Retro Spread Over Remaining Pays

1. Go to Processing>New Contracts (New Contract Maintenance tab)
2. Click + Copy
3. Choose the Employee from the drop down list.  Type a few characters of the first or last name to filter.
4. Choose the current year Compensation from the drop down list.
5. Choose Mid-contract with retro spread over remaining pays
6. Type the Contract Start Date, which will be the day after the last pay period ending date
7. Click + Create
8. Type the Raise Date (the date when the employee should have actually started receiving the new pay).
9. Type the new "Full" amount in the New Contract Amount field.  This is the new rate for the full year.
10. If Hours in Day changed, type in the New Hours In Day & New Retirement Hours.
11. Click Calculate
12. Verify that the New Pay Period and Unit Amount match what is expected and click Save.  If not what expected, see Calculations below.
13. To activate the contract, return to the New Contract Maintenance grid, check the box next to the new contract and click ▶ Activate

### Calculations for Contract Compensations with Stretch Pay

- New Contract Days Worked = Contract Days Worked from Original Compensation
- New Contract Work Days = Contract Work Days from Original Compensation
- New Pays In Contract = Pays In Contract from Original Compensation
- New Unit Amount (daily) = New Contract Amount / New Contract Work Days
- New Unit Amount (hourly) = New Contract Amount / New Contract Work Days / New Hours In Day
- New Contract Amount (daily) = New Unit Amount x New Contract Work Days
- New Contract Amount (hourly) = New Unit Amount x New Hours In Day x New Contract Work Days
- Remaining Contract Work Days = New Contract Work Days – New Contract Days Worked
- New Contract Obligation (daily) = (New Unit Amount x Remaining Contract Work Days) + New Amount Earned
- New Contract Obligation (hourly) = (New Unit Amount x New Hours in Day x Remaining Contract Work Days) + New Amount Earned
- Remaining Pays in Contract = New Pays In Contract – New Pays Paid
- New Pay Per Period = (New Contract Obligation – New Amount Paid – New Amount Docked) / Remaining Pays in Contract

- New Retro Next Pay = Not Applicable for Mid-contract with retro spread over remaining pays
- Days Since Raise = Contract Days Worked from Raise Date to Compensation Start Date
- New Amount Earned (daily) = (Old Unit Amount x Days Worked at Old Rate) + (New Unit Amount x Days Since Raise)
- New Amount Earned (hourly) = (Old Unit Amount x Old Hours In Day x Days Worked at Old Rate) + (New Unit Amount x Days Since Raise x New Hours In Day)
- New Accrued Wages = New Amount Earned – New Amount Paid – New Amount Docked

# Mid-Contract with Lump Sum Retro

1. Go to Processing>New Contracts (New Contract Maintenance tab)
2. Click + Copy
3. Choose the Employee from the drop down list. Type a few characters of the first or last name to filter.
4. Choose the current year Compensation from the drop down list.
5. Choose Mid-contract with lump sum retro
6. Type the Contract Start Date, which will be the day after the last pay period ending date
7. Click + Create
8. Type the Raise Date (the date when the employee should have actually started receiving the new pay).
9. Type the new "Full" amount in the New Contract Amount field. This is the new rate for the full year.
10. If Hours in Day changed, type in the New Hours In Day & New Retirement Hours.
11. Click Calculate
12. Verify that the New Pay Period and Unit Amount match what is expected and click Save. If not what expected, see Calculations below.
13. To activate the contract, return to the New Contract Maintenance grid, check the box next to the new contract and click ▶ Activate

### Calculations for Contract Compensations with Stretch Pay

- New Contract Days Worked = Contract Days Worked from Original Compensation
- New Contract Work Days = Contract Work Days from Original Compensation
- New Pays In Contract = Pays In Contract from Original Compensation
- New Unit Amount (daily) = New Contract Amount / New Contract Work Days
- New Unit Amount (hourly) = New Contract Amount / New Contract Work Days / New Hours In Day
- New Contract Amount (daily) = New Unit Amount x New Contract Work Days

- New Contract Amount (hourly) = New Unit Amount x New Hours In Day x New Contract Work Days
- Remaining Contract Work Days = New Contract Work Days – New Contract Days Worked
- Days Since Raise = Contract Days Worked from Raise Date to Compensation Start Date
- New Retro Next Pay (if Days Since Raise = New Contract Days Worked) = (New Pay Per Period – Original Compensation Pay Per Period) x Pays Paid
- New Retro Next Pay (if Semi-Monthly Pay Plan & Days Since Raise is less than New Contract Days Worked) = (New Pay Per Period – Original Compensation Pay Per Period) x Days Since Raise / 11
- New Retro Next Pay (if Biweekly Pay Plan & Days Since Raise is less than New Contract Days Worked) = (New Pay Per Period – Original Compensation Pay Per Period) x Days Since Raise / 10
- New Contract Obligation (daily) = (New Unit Amount x Remaining Contract Work Days) + New Amount Earned + New Retro Next Pay
- New Contract Obligation (hourly) = (New Unit Amount x New Hours in Day x Remaining Contract Work Days) + New Amount Earned + New Retro Next Pay
- Remaining Pays in Contract = New Pays In Contract – New Pays Paid
- New Pay Per Period = (New Contract Obligation – New Amount Paid – New Amount Docked – New Retro Next Pay) / Remaining Pays in Contract
- New Amount Earned (daily) = (Old Unit Amount x Days Worked at Old Rate) + (New Unit Amount x Days Since Raise) – New Retro Next Pay
- New Amount Earned (hourly) = (Old Unit Amount x Old Hours In Day x Days Worked at Old Rate) + (New Unit Amount x Days Since Raise x New Hours In Day) – New Retro Next Pay
- New Accrued Wages = New Amount Earned – New Amount Paid – New Amount Docked

# *Mid-year Mid-Pay Period Contract Change*

The ideal situation for a mid-year contract change is to make the effective date the period beginning date of a payroll. If a district must process a mid-pay period mid-year contract change, if possible, the district should pay one pay beyond the effective date and then retro pay the days on the following payroll. **For example:**

- New rate effective 8/29
- Payroll dates = 8/16 – 8/31 with a 8/31 pay date
- Complete the 8/31 payroll using the original compensation.
- Prior to the 9/15 payroll: In New Contract process the contract change with retro pay, with a Compensation Start Date of 9/1 and a Raise Date of 8/29, so that 3 Days Since Raise will be calculated.

If the district cannot delay the effective rate the additional payroll, they will have to manually enter the mid-year contract change directly in the employee's Compensation record, possibly using Compensation Adjustments.