

THE TEXAS A&M UNIVERSITY SYSTEM

Best Practices for the APS011 Benefits Proportional by Fund Beginning in Fiscal Year 2014

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This document was developed in order to provide additional instructions to the Texas A&M members. Due to the increased focus on this calculation, it is important to review our academic institutions and agencies and be more consistent with our reporting.

A workgroup was established to define current processes and discuss outstanding items. We have compiled the best practices from several members' instructions.

The General Appropriations Act (GAA), [Article IX, Section 6.08](#), requires that payment for benefits be proportional to a state agency's or institution of higher education's funding from appropriated funds and receipts unless another legal provision prohibits proportionality.

Updated Legislation, SB 87, Article III, page 46, paragraph 8, Benefits Proportionality Audit Requirement

- a) Each institution of higher education, excluding Public Community/Junior Colleges, shall conduct an internal audit of benefits proportional by fund and submit a copy of the internal audit to the Legislative Budget Board, Comptroller of Public Accounts, and State Auditor's Office no later than **August 31, 2022**. The audit must examine fiscal years **2019, 2020, and 2021**, and must be conducted using a methodology approved by the State Auditor's Office.
- b) If the internal audit conducted by an institution identifies any instances in which an institution has not been compliant with the proportionality requirements provided by Article IX, Sec. 6.08, Benefits Paid Proportional by Fund in the prior three fiscal years defined in subsection (a) and received excess General Revenue as a result of this noncompliance, the institution shall submit a reimbursement payment to the Comptroller of Public Accounts within two years from the conclusion of the institution's audit. The Comptroller of Public Accounts shall notify the Legislative Budget Board and State Auditor's Office of all reimbursement payments submitted by an institution of higher education.
- c) If an institution has previously conducted an internal audit of benefits proportional by fund for the fiscal years included in subsection (a) using a methodology determined to be acceptable by the State Auditor's Office, the State Auditor's Office may waive the requirement that the institution conduct an additional internal audit. The State Auditor's Office shall notify the Legislative Budget Board and Comptroller of Public Accounts of any institutions who receive such a waiver. Any institution that receives a



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waiver from the audit requirement from the State Auditor's Office is still subject to the provisions of subsection (b) for any instances of noncompliance that were identified.

- d) For fiscal years 2022 and 2023, institutions of higher education shall also consider audits of benefits proportional when developing their annual internal audit plans.
- e) It is the intent of the Legislature that the State Auditor's Office audit at least two institutions of higher education for compliance with benefits proportional provisions during the 2022-23 biennium.

Resources Needed

- Accounting Policy Statement 011 Benefits Proportional by Fund Instructions & applicable form, from the Comptroller's Office located at the FMX website
 - Each member must submit the APS011 Calculation on one of the required Comptroller's Office forms or submit a Letter to the Comptroller's Office if the A&M member is funded with a single appropriated fund
- Method of Finance in the General Appropriations Act
- USAS/FAMIS Reconciliation by Bank (Appropriation & AY) and object code for the benefit expenses
- APS011 Check USAS Query-from Appropriation Control Officer (ACO) at the Comptroller's Office, this report includes the USAS expenses by benefit and appropriation and should tie to the USAS/FAMIS Reconciliation. Also called USAS Benefits Proportional by Fund Verification (July, 2014 a request was sent to the Comptroller's Office to add this report as a FMQuery Report-the technical team was unable to design this query in FMQuery, thus, we must continue to ask for this report to be run by our ACO.)
- Business Objects Query
 - Under TAMUS Shared/AFR Reports/APS011 Benefits Proportional folders there is a Proportionality FBAR237 Benefits query that has been developed to report the benefit costs
 - Each member will need to develop a Business Objects query or use FAMIS screens for the revenue stream, the revenue streams were too different to develop a query for all members to use
- Legal Cites and/or explanations for exclusions for revenues or expenses
- A workpaper will be submitted to the System Office with the APS011 Form



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- A Benefit Proportional Workpaper is available from the System Office. This form was developed by Janet Guillory's team at TAMU.
- If the System Workpaper is not used, then the member's workpaper needs to at least contain similar sections to ensure the reviews can be completed timely. One of the key elements is to tie benefit expenses by object code to USAS appropriations/funds and FAMIS banks.
- **Need to review the bad debt documentation to ensure none is related to third party receivables (Receivable from a City or County). We want to ensure the bad debt is related to statutory tuition vs. bad debt related to other types of receivables. We are now reporting Tuition from the IV-Fund Operating Statement, this is net of bad debt. When the net tuition number is used, do not reduce the bad debt expense again and we do not need to provide an explanation on the form, since we are not listing this amount as an exclusion.**

General Guidelines

The General Appropriations Act (GAA), Article IX, Section 6.08, FY 2020-2021 Biennium requires that payment for benefits be proportional to a state agency's or institution of higher education's funding from appropriated funds unless another legal provision prohibits proportionality.

The use of general revenue (GR) for paying the benefits associated with salaries paid from other funding sources is specifically prohibited. If the revenue is listed in the MOF, then the revenue must be listed in the APS011 Form; however the totals could be excluded in Column 3 if appropriate.

Text box added to the Comptroller's Instructions: This policy does not apply to institutional funds held outside the State Treasury as those salaries are not eligible to be paid from State Treasury funds. The System Office has clarified if these funds are considered appropriated receipts and are held outside the State Treasury and are in the MOF, they must still be reported on the APS011 Form.

Benefit adjustments are not allowed to increase General Revenue Fund expense if the original salary or wage was paid from a source other than the General Revenue Fund. Benefit expenses



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must follow the payment of the salaries. For GR, the benefit expenses are in a different appropriation but still charged to GR.

Eligible Employees

Per Article III of the GAA, Sec 6.8 a-b, Page 262, eligible employees are defined as those whose activities are within the following purposes: Instruction; Research; Public Service; Academic Support; Student Services; Institutional Support; Operation and Maintenance of Plant; Scholarships; Staff Benefits; Organized Activities; and Patient Care. (b) No educational and general funds appropriated to any institution or agency named in this article may be expended on auxiliary enterprises unless specifically authorized in this Act. When the employee is working and their salaries are charged to an auxiliary account, the benefits must follow the salary expense. These costs cannot be charged to State funds. When an auxiliary employee retires, they need to be paid from auxiliary funds. When the employee retires group insurance cost for federally sponsored/grant employees are allowed to be charged to State Funds, as there is no other funding source.

If there is not a line item in the MOF for a particular program (or expense) then employees' salaries should not be charged to GR.

Payroll Corrections

Each member's management has a different view on payroll corrections. If payroll corrections are allowed on prior AY state funds, then this calculation will change over time. Each member must determine if the payroll correction is deemed material. If deemed material the APS011 calculation will need to be recalculated and submitted to the System Office and to the Comptroller's Office. ~~Immaterial adjustments are allowed on this calculation and historically the ACO does not require immaterial adjustments to force the recalculation.~~

The ACO's have changed their interpretation for payroll corrections. The ACO's are requiring all payroll corrections be recorded in the APS011 calculation. Each member will need to review the calculation periodically to ensure it is still accurate. The System Office is recommending the calculation be reviewed prior to September of the following year. September is the last month the prior AY can be impacted by payroll cost transfers. See APS011 Instructions in Section II. Higher education institutions are advised to periodically review benefit payments for



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proportionality and make corrections as needed throughout the year. When GR *overpays* benefits for salaries paid from OE&G funds, a check for the overpayment must be drawn from the institution's local bank account and deposited as a refund of expenditure to the institution's appropriate benefit account. Use T-code 180, with the applicable COBJ (e.g., 7043 for Social Security state employer match). If GR *underpaid* benefit expenditures, a reimbursement should be processed to produce a warrant that can then be deposited to the institution's local bank account. Use T-codes 246 and 903 or T-codes 247 and 904.

Forms

The APS011 calculation has two sections, Section I contains the proportion of funding for each appropriated fund or receipt. Section II, contains the percentages calculated in Section I multiplied by the benefit expenses to determine the proportional benefit expenses by fund or receipt type.

Normally, a Benefit Proportional Workpaper will be completed first, this will calculate the values needed to insert into the Comptroller's Office APS011 form. There are two forms, one for Institutions of Higher Education and one for State Agencies. If the State Agencies form is used then in Section II-Benefit Expenses, in I1c mark through the ERS and replace with TRS and in I1d mark through the Benefit Replacement Pay (BRP) title and replace with Optional Retirement Program (ORP). Higher education agencies do not receive appropriations for BRP.

BPP Accounting Analysis Table

The Accounting Analysis table in FAMIS is a key element to ensure the calculation for benefits is correct. Normally, benefit expenses are charged to the same funding source as the salaries are paid. Since benefit appropriations are unique appropriation numbers in USAS, separate banks are required in FAMIS. In order to ensure the correct appropriation is impacted, we need to ensure the bank is correct on the accounting analysis table. Each member must analyze this table annually and ensure benefits are being charged accurately.

Manual Process for Correcting Bi-Weekly Employees

~~When adjusting a bi-weekly employee the Employer Group Insurance is charged in only the first bi-weekly payment, this matches the process at the System Office to pay the health care~~



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~~providers. We need to implement a manual process, if material, to ensure if someone is paid from the General Revenue Fund and the funding source is changed, the appropriate amount is reimbursed to GR. For FY 2013, the System Office provided the internal audit team with a query to analyze these values. A similar report was generated for 2012 and FY 2014. Internal audit analyzed these balances and determined they were not material; however, this is an issue, we worked with the Workday team to ensure this will be corrected with the new payroll system. In the meantime, we are asking members to be aware of this issue and correct the insurance manually. When implementing Workday, it was determined by the benefits team, insurance charges are due at the beginning of the month for the employer payment; thus, where the employee is funded from at the beginning of the month is appropriate. This item is no longer an issue.~~

Section I – Funding Proportionality Calculation

Below is a list of Items that should be listed in the APS011 Section I for Funding. In recent years, the ACOs have redesigned this section and the placement of the revenue in the correct section has been emphasized.

- General Revenue Section
 - General Revenue-Fund 0001
 - General Revenue Riders
 - Other Sources-Fund 0036 (agency form only)
- General Revenue Dedicated Section
 - GRD Fund 02xx Statutory Tuition (exclusions can be listed for Exemptions, Waivers, TPEG)
 - GRD Funds 5064, 5066, etc.
 - GR-D Riders (TAMU lists local funds, TDEM has GR Riders)
 - Other
- Federal Funds Section
 - Federal Funds are not required to be reported for institutions
 - Most agencies have federal funds listed in the MOF, thus it must be reported
 - Fund 7999 Local funds is normally used, TDEM does have federal funds in the State Treasury (use 0092 and 0325)
 - List the Federal Funds received in column 2 and exclude in column 3



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- Legal cite to exclude Article IX section 13.01
- Other Funds Section
 - Other list the fund and the amount
 - We have been notified for AY 2021 License Plate Revenue Fund 0802-License Plate Trust Fund is treated the same for both academic institutions and agencies
 - ACO's have requested we include Fund 0802-License Plate Trust Fund plus any Interest Revenue earned (COBJ 3851-Interest State Treasury) in the **Other Funds** section, column 2 and then exclude in column 3...we need to list the Legal Cite for the exclusion Transportation Code, Sec. 504.615(b) or 504.632
 - **Appropriated Receipts**
 - Local Funds 7999 could be listed instead
 - TFS nursery receipts
 - TDEM Conference funds
 - Interagency Receipts
 - Hazelwood, Fund 0210, is listed under Interagency Receipts in column 2 and excluded in column 3
- Do not List on the APS011 Form
 - Non-cash gifts should not be included
 - Unrealized Gain/Loss should not be included
 - THECB pass-through grants-ACOs have decided the benefits are included in pass-through grants, so the salaries and wages plus the benefits should be charged to this revenue stream, thus not listed in this calculation

Appropriation Transfers

Appropriation transfers should be used when the transfer of GR includes mostly (at least 50%) salaries for a particular program. When appropriation transfers are used this will allow the agency receiving the GR funds to access the GR Benefit Appropriations. Appropriation Transfers are reflected as a decrease (enter as positive due to the formulas in the form) in Column 3 for the transferring out agency and an increase (enter as a negative due to the formulas in the form) in Column 3 for the transferring in agency. Appropriation (budget) transfers are processed in USAS as t-codes 012/018 t-codes.



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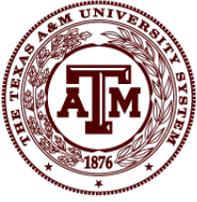
Additional Notes for Section I: General Revenue (Fund 0001 & Fund 0036, current AY only)

- On the Benefit Proportional Workpaper insert the General Revenue Fund (GR-Fund 0001 & Other Sources 0036-GR-Texas Department of Insurance-Operating) revenues that will be updated in the Comptroller's form for Section I, for the current appropriation year only
- On the Comptroller's form, enter an amount in column 2 of the General Revenue (GR) section equal to or reconcilable to the General Appropriations Act (GAA) appropriation line item for Fund 0001
 - Include any Salary Mandates as an increase to the revenue in Column 2- Financing Sources
 - Place a description in the Legal Cite and Documentation section
- GR Riders are included in the last row, if applicable, list the rider as the legal cite
- GR Revenue Exclusions include the list below. A legal cite or explanation must be listed.
 - AY 2021 5% GR Reduction-Legal Cite must be listed HB2, Reg. Session, 87th Legislature
 - Since this reduction is defined by a statute, the ACOs are recommending we place the 5% GR Reduction in the exclusion column
 - This reduction will be recorded with USAS original budget tcodes (001 and/or 003) vs. lapse tcodes (036 or 039) (AY 2020 was a committed lapse entry for GR and was defined by a Letter from the Governor's Office vs. statute, the ACOs required we leave in the funding for the 2020 APS011 calculation)
 - We wanted to point this out, since this reduction is treated differently for the two AYs
 - For the GR budget reductions use FAMIS object code 0005-State Appn-GR vs. object code 0008 Budget Reduction-State Appropriations (rolls to State Appn-Other budget pattern)
 - This will ensure the budget pattern remains accurate for the budget team
 - TRB Debt Service Appropriations-Legal Cite HB, 86th Leg, RS, Article III-262, Section 6 (9) (per Comptroller's Office Instructions)
 - Ensure the ACO lapses any TRB residual funds



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- Use the number from the GAA that includes the lapsed funds since 100% of these funds cannot be used on salaries and must be used on debt
- Any additional debt authorization enacted by the legislation- Legal Cite SB, 86th Leg, RS, Article III-243, Section 5
 - May need to consider if a two-thirds majority vote of the appropriation bill is required. Occasionally, the debt funding will have an additional stipulation that the debt funding must be approved by a two-thirds majority, if not then the funds are appropriated to operations and cannot be used for debt service (e.g. HSC Round Rock debt service and TEES Infrastructure Renewal).
- Statutorily restricted funds that restrict or limit the use of funds to certain programs-Legal Cite will be the bill and an explanation (per Comptroller's Office Instructions)
 - Centers-often the salaries and benefits are included in these centers (e.g. Vegetable & Fruit Improvement Center)
 - Rider Exclusion-Specific Fund 5071 Texas Emissions Reduction Plan
- GR amounts that offset local funds used for ORP employer contributions between 6.58% and 7.31%-List the legal cite
- Appropriations with salary restrictions-Legal Cite will be the bill or an explanation (per Comptroller's Office Instructions)
- Deficiency grant appropriations-Legal Cite will be the bill and an explanation (per Comptroller's Office Instructions)
- Emergency appropriations-Wildfire, Hurricane appropriations, etc.-Legal Cite will be the bill and an explanation (per Comptroller's Office Instructions)
- Others-deemed by System Office management to be excluded
 - Scholarship appropriations given to the System Office and sent locally to the A&M members-since these are sent locally and they are only used for scholarships they will be excluded-Legal Cite SB1, 86th Leg, RS, Article III-95
 - Endangered Species Taskforce Appropriations given to the System Office and sent to AgriLife Extension Service (In 2015, recommend moving the funds with budget transfer t-codes 012/018)



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Additional Notes for Section I GR-Dedicated

- On the Benefit Proportional Workpaper insert the General Revenue Dedicated Funds (i.e. Fund 02xx Tuition & Fees, 0151 Clean Air, 5064 Volunteer Fire Dept Assistance, 5066 Rural Fire Dept Ins, [Fund 5029](#) etc.) revenues that will be updated in the Comptroller's form for Section I
 - [For Fund 0151 Clean Air the salaries are paid from this fund but the benefits are paid from local funds; the Comptroller's Office is requesting the revenue be recorded in the Revenue section in column 2 and excluded in column 3; however, they do not recommend listing any benefit expenses since these costs are charged to local funds. Reference Government Code Section 382.220 is used for the exclusion of this revenue.](#)
- During the 2012-2014 audit review it was determined we are not treating tuition consistently on whether it is reported in E&G and deposited into the State Treasury. Tuition Classification guidance:
 - If the statutory authority comes from any section other than 54.0513-Designated Tuition then it should be deposited into the State Treasury and recorded in E&G (examples include Education Code 54.051 Tuition Rates or 54.008 Tuition Rate Set by Governing Board; a.k.a. Board Authorized Tuition).
 - If the statutory authority comes from 54.0513 Designated Tuition then these are deposited into Designated Funds and NOT deposited into the State Treasury.
 - For Excess Credit Hours the statutory authority is 54.014-Tuition for Repeated (object code 0035) or Excessive Undergraduate Hours (object code 0121) and should be deposited into the State Treasury and recorded in E&G.
- Include the Fund Number used in USAS (i.e. Fund 02xx Tuition & Fees, 0151 Clean Air, 5064 Volunteer Fire Dept Assistance, 5066 Rural Fire Dept Ins, etc.). Do not use the LAR fund number, if it is held locally use 7999 for the Appropriated fund.
 - Interest Income for each fund should be included with the original Fund number, do not list separately
- GR-Dedicated Revenue Exclusions include the list below. A legal cite or explanation must be listed.
 - Tuition and/or Fee Waivers/Exemptions-Legal Cite Education Code 51.009 (a) & (c) (per Comptroller's Office Instructions)



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- TPEG and Emergency Tuition Loans-Legal Cite **HB1, 86th Leg, RS, Article III-263, Sec 11** (per Comptroller's Office Instructions)
- Doctoral Incentive Loan Repayment Set Aside-Legal Cite list the Bill
- Unrealized Gain/Losses-No Legal Cite, do not list these on the form
- In 2019, not required to be listed since we are reporting a Net Tuition total: Bad Debt (ensure this amount is adjusted each year, do not use a flat percentage rate) -No Legal Cite, provide an explanation (**ensure the bad debt is not related to third party receivables**). We are now reporting Tuition from the IV-Fund Operating Statement, this is net of bad debt. When the net tuition number is used, do not reduce the bad debt expense again and we do not need to provide an explanation on the form, since we are not listing this amount as an exclusion.

The totals in this section should tie or be reconcilable to the AFR. The amounts in the GAA are not used since these were estimates.

If GR-D Funds were excluded from Section 1, the benefit expenses should be excluded in Section 2.

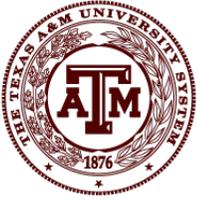
Local Funds Adjustment (institutions only)

Local Funds Adjustment only applies to the Academic Institutions. The local funds adjustment is calculated by multiplying the percentage of calculated GR-D Funds by the total benefits paid from all funds less exclusions. The Comptroller's Form will derive an amount and place it on Column 3 as reduction of the GR-Dedicated total. **The local funds adjustment is required to ensure GR and Fund 02xx are placed on the same basis. GR Funding excludes benefits, because they are provided in different appropriations. For Fund 02xx funds these amounts include salary and benefit costs. The local funds adjustment is needed to provide a more accurate revenue comparison.**

Section 1: Federal Funds (only agencies; not institutions of higher ed)

Federal funds are listed as a valid exclusion for APS011; if the funds are listed in the MOF, we recommend placing Federal funds in Column 2 and excluding in Column 3 for State Agencies.

Federal Funds are listed in the GAA as an estimate for State agencies (not institutions of higher ed). Federal Funds are identified by querying Business Objects for the federal and federal pass-through revenue object codes. This total should be reconcilable to the federal and federal pass-through revenue on the AFR.



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- On the Benefit Proportional Workpaper insert the Federal Fund (**normally** 7999, **0092 Federal Disaster fund**) revenues that will be updated in the Comptroller's form for Section I
- Include the Fund Number used in USAS (i.e. Fund 7999). Do not use the LAR fund number, if it is held locally use 7999 for the Appropriated fund.
- Federal Funds Revenue Exclusions-**100% must be excluded**...Add a sentence after each legislative site stating these federal grants/appropriations/contracts are restricted for specific purposes per the sponsored agreement. The agency pays salaries/wages and benefit expenses from these federal grants for employees who work on the grants.
 - Federal grants are required to be used on federal programs-Legal Cite **HB 1, 86th Leg, RS, Article IX-63, Section 13.01** (per federal guidelines, 100% of federal revenue should be excluded)
 - Federal appropriations that are required to be used on federal programs-Legal **HB 1, 86th Leg, RS, Article IX-63, Section 13.01** (per federal guidelines, 100% of federal revenue should be excluded)
 - Federal contracts prohibit the use of federal funds for non-contract expenses-Legal Cite **HB 1, 86th Leg, RS, Article IX-63, Section 13.01** (per federal guidelines, 100% of federal revenue should be excluded)

If the Federal Funds were excluded from Section 1, the benefit expenses should be excluded in Section 2.

Section 1: Other Funds

Other funds will include **other funds (Fund 0802-License Plate), appropriated receipts,** interagency receipts (Fund 7999, **0210-Hazelwood**), Indirect Cost Recovery, Patient Income, **Fund 0047-AUF** and State Highway (Fund 0006). If these revenue streams are listed in the MOF, then they must be listed in this section. ~~Academic agencies do not normally include any funds in this section, except for TAMU, which records appropriated receipts in this section.~~

- Other Funds
 - **License Plate Fund 0802 recorded in 'other'; the ACOs have recommended we place these in other vs. 'appropriated receipts'**
- Appropriated receipts contain various revenue streams including sale of goods/services, grant activity, research contract revenue, etc. This amount is identified by querying Business Objects for all other revenue object codes. This total should be reconcilable to



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the revenue on the AFR, define these revenue streams in the workpaper so they can be tied back to the AFR.

- This is a clarification we have received for AY 2021, License Plate Fund 0802 should be recorded in 'other' not in 'appropriated receipts'
- Interagency Receipts—Legal Cite will be a description of the type of contract
 - Some receipts will be excluded based upon the contract. If the contract will pay for salaries/wages and benefits, then exclude receipts in column 3.
 - Some will not be excluded based upon the usage. If the funding can be used to pay for additional benefit expenses, then do not exclude these receipts.
 - If interagency receipts are listed in the GAA, MOF, then include state pass-throughs plus other contract/grant line items. Provide these details on the workpaper and tie to the AFR. If the totals do not match, document the adjustment (timing difference).
 - The legal cite of 'APS011 Instructions' can be used if there is no other legal cite available.
- Other-E&G Patient Income
- Other Local funds Adjustment (not used)
- Other Funds Riders
- Other funds Appropriated Outside of GAA
 - Ag Extension Service has County Funds recorded here for Fund 0001, included in column 2 and excluded in column 3 based upon GAA III-234 Rider 4
- Indirect Cost Recovery-100% should be excluded-Legal Cite Education Code 51.009 classifies IDC as institutional funds (agencies only)
- Specific Funds or Centers that are statutorily restricted because they are charged salaries and benefits directly-Legal Cite Bill (per Comptroller's Office Instructions)

The totals in this section should tie or be reconcilable to the AFR. The amounts in the GAA are not used since these were estimates.

If the Other Funds were excluded from Section 1, the benefit expenses should be excluded in Section 2.



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Section II Benefits Worksheet

A business objects query is run to report the Benefits expense by subcode, SL and bank for the fiscal year. This report is used in conjunction with the APS011 Check Query and the USAS screen prints of screen 46 for the appropriate AY for each appropriation. The APS011_Check report **must** be requested from the ACO, this will list all AY activity for each benefit expense in USAS. **If there are AY 2020 expenses in the FY 2021, then an accrual entry should be posted in USAS by using a 420 t-code. Payroll costs for AY 2020 activity should be reported in FY 2020.**

Ensure the FAMIS and USAS balances match and reconciling items have been corrected. Accrual entries may need to be recorded in USAS or FAMIS depending on the reconciling items. The amounts should be made to equal before the proportional adjustments can be posted. Be sure and keep the original reports before entries are posted.

After the amounts are determined then entries to move expenses between funds should be posted in USAS and FAMIS. The USAS document numbers must be listed under Column 6; these are usually T-codes 467-468 Accrued Expenditure Transfer Vouchers. In FAMIS, corrections are made by using the 12/13 screens with the correct bank. ~~or using the journal entry screen 14 and bank transfers screen 16.~~ The screen 16 for bank transfers is no longer allowed, posting with screens 12 and 13 with the correct bank will allow for the business objects query to be run by bank and expense to report.

If the Federal Funds were excluded from Section 1, the benefit expenses should be excluded in Section 2.

OASI

Update the Benefit Proportional Workpaper for Section II for the OASI expenses by fund. This activity is reported in USAS Appropriation 91142/AYXX (XX represents the just closed AY). The local funds total is represented by FAMIS object code 1920/Specific Bank on the business objects query. USAS object code is 7043.

The amounts in the spreadsheet are used to populate the OASI section of the APS011 form.

Group Insurance (GIP)

Totals for GIP are added to the Benefit Proportional Workpaper. This activity is reported in USAS Appropriation 95002/AYXX (XX represents the just closed AY). The local fund amount is



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calculated by adding totals for FAMIS object code 1910-Employee GIP and 1909-Retiree GIP from the business objects query. USAS object code is 7041.

If the member is entitled to additional GIP, add a note on Column 5 stating that these funds will be requested from the System Office. For the AFR, the member can only record the revenue up to the amount that was appropriated in the GAA. Residual GIP appropriations are re-distributed after the Comptroller's Office ACO has reviewed or approved the APS011 Calculations. These funds will be transferred to the member before the year end of the following fiscal year.

The amounts in the spreadsheet are used to populate the GIP section of the APS011 form.

~~There are two ineligible GR object codes that should not be charged to the General Revenue Fund 1907-Employee Insurance Payments GIP Part-time ACA and 1908-Employee Insurance Payments GIP-ACA. These two object codes are required per the Federal Affordable Care Act, but the State has not changed their rules to allow these charges to the General Revenue Fund. In 2018, these codes will not be needed as the state law was changed to mirror the federal law. BPP Translation table will be modified by September, 2017. This is no longer an issue for FY 2018.~~

GIP Expenses Charged to the Main Appropriation

A new issue was discussed in December, 2020. The ACOs questioned whether GIP expenses can be charged to the main appropriation for GR, Fund 0001. Since these expenses are posted to a 3991 program code, they do not load into the ABEST system, but this has been allowed in the past since an agency has discretion on the spending of the main appropriation GR funding. Billy Hamilton submitted a letter to the Comptroller's Office on December 10, 2020 and the ACO supervisor, Lou Moreno sent a response on January 8, 2021, they are allowing our agencies to record the additional GIP expenses in the main appropriation for 2019 and 2020 vs. the GIP appropriation since this has been allowed in the past. The A&M agencies who reach the GIP maximum do not have another funding source to charge the GR paid employee's GIP expenses, thus when they run out of Appropriation 95002 GIP budget, they switch to pay for the costs out of Appropriation 10xxx, the main appropriation.

This issue was corrected in the GAA for 2022-2023 [Conference Committee Report SB1 General Appropriations Bill \(state.tx.us\)](#), HiEd Employees Group Insurance Contributions Page III-44.



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'In addition to funds appropriated above, the Texas A&M System Agencies are authorized to use funds appropriated elsewhere in this Act to pay for higher education employees' group insurance contributions.'

Since this legislation was passed, we are recommending A&M agencies continue the existing established process of recording additional 2021 GIP expenses for GR funded employees to the main appropriation when their 95002 GIP appropriation is depleted.

Retiree GIP

The retiree GIP amount (object code 1909-Retiree GIP) is entered into the box on the Comptroller's Office Form below the GIP section in the most appropriate row, if paid from GR, GR-Dedicated, Federal or Other. The only portion that is reported to the State on the APS011 form is the amount that should be charged to State funds. Any employees that were paid from an Auxiliary fund, the retiree GIP needs to be allocated to the Auxiliary funds and excluded from the totals. One method of recouping this cost is to establish a rate per FTE and charge current Auxiliaries for this cost and place this revenue in a separate account so the current retiree Group Insurance cost can be paid from this account. We need to ensure we do not charge the State for retiree GIP that is applicable to Auxiliary Enterprises.

The benefits proportionality concepts also apply to retiree group insurance. Per the Comptroller's Office instructions, the equitable way to allocate the retiree insurance cost is to base it on an agency's current salaries and benefits calculation and not simply on the last fund from which a retiring employee was paid. If an employee was paid from grant funds, when they retire, we can no longer charge grant funds for the retiree group insurance cost; we are allowed to charge these costs to the General Revenue and/or other State funds.

We require all members to begin using 1909-Retiree GIP to help us analyze balances.

~~When analyzing BPP reports, it is our understanding that a BPP program updates fields based upon the current funding of the retiree. The funding is reported on BPP Screen 118. The values on this screen are reported on the BPP Report BP8563-N Funds Due from System Members by Insurance Type. These retirees need to be marked accurately in the payroll system in order for the fiscal office to rely upon these reports.~~

Each member must define a methodology for Retiree GIP to ensure retirees who were funded by Auxiliaries are not charged to State funds.



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TRS

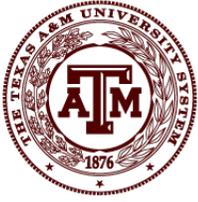
Totals for TRS are added to the Benefit Proportional Workpaper. Fund 0001 totals are taken from the report provided by System Office for AFR reporting. Some members are using a report generated by their Payroll Office. Verify this report only includes Fund 0001 not a mixture of funds. Some members are posting revenue and expenses in FAMIS monthly. This is good, but the numbers must be verified back to the Payroll Reports where we can prove these contributions are associated with Fund 0001 only.

The only object code that can be charged to the TRS appropriation is 1960-TRS Matching Contribution, since TRS no longer contributes for employees within the first 90 days. The other TRS object code 1961-TRS New Member Contribution-first 90 days (**considered an ineligible object code**) can be charged to the main appropriation for GR, 02xx Funds (or other GR-Dedicated funds), AUF or local funds. The workpaper can be used to reconcile both object codes. When object codes 1960 & 1961 feed to USAS they are both recorded on object code 7909.

Object code 1961-TRS New Member Contribution (**considered an ineligible object code**) cannot be charged to the TRS appropriation because it is no longer a benefit to employees who are paid from General Revenue. [Per Senate Bill 1691, 79th Legislature it states the employer shall pay the first 90 days of the new member retiree benefit and in the GAA TRS was never given budget for the new member retiree benefit.](#) If a Fund 0001 employee starts, we must [pay this cost from the Main appropriation, and General Revenue fund or another funding source](#) to fund those initial 90 days. However, when we calculate Benefits Proportional, we must exclude 1961 from our expenses from GR main appropriation and Fund 02xx and Local Funds. Otherwise the calculation will not be comparing totals with the same types of expenses.

~~[For 2017, a unique USAS object code 7915-TRS Reimbursement-90 Day Wait Supplement was established, which will help isolate these costs. The APS011 Check Report might exclude these for us. In 2018, this code will not be needed as the state law was changed to mirror the federal law. BPP Translation table will be modified by September, 2017.](#)~~

[There are also two additional object codes for TRS 1962-Care Surcharge and 1963-TRS Working Retiree Surcharge. These object codes cannot be charged to GR benefit appropriation but can be charged to the main appropriation for GR, 02xx Funds \(or other GR-Dedicated funds\), AUF or local funds.](#)



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TRS Credit Process

All Reporting Entities were notified on May 27, 2015 that due to IRS regulations refunds to TRS' reporting entities are no longer allowed. As a result, the FY 2015 proportionality credit due from TRS will need to be taken as a credit on the appropriate report through the TRAQS system. The final total will be confirmed through the Texas Comptroller's Office.

The TRS Coach must approve each member's credit by contacting the Comptroller's Office individually. Once this occurs, the member is asked for the contribution type which is 'Education/General-Local-Funds Amount Due-TRS 553'. This is a field in the TRS system. They will also require the member to back into the salary amount by dividing by the current TRS contribution percentage. The Salary and Contribution amounts will be entered as negatives in the Prior Month/Adjustment fields of the signature page. The current month should still match the current month reports.

In 2020, the ACOs are now requiring any Fund 02xx statutory tuition TRS appropriation be corrected at the time the APS011 is submitted vs. waiting on the TRS credit to impact the cash. If Fund 02xx contains a higher TRS expense and there is a need for a reduction in expenses. The institutions will need to post a 'd' document in USAS to reduce the expenses. The offset will be placed in a clearing account and then the institution works with the TRS Coach to take the credit against the next available payment to TRS. Then the clearing account can be cleared out.

ORP

Totals for ORP are added to the Benefit Proportional Workpaper. This activity is reported in USAS Appropriation 97646/AYXX (XX represents the just closed AY).

The only two object codes that can be charged to the ORP appropriation is 1955-ORP Base and for some members 1958-ORP (limited use). **AgriLife Extension and PVAMU are allowed to charge 1958 to the benefit appropriation for GR.** Other ORP object codes (1956-ORP Supplement & 1957-ORP Differential) can be charged to the main appropriation for GR, or 02xx Funds or local funds. The workpaper can be used to reconcile all object codes. These totals appear on the business objects query to be tagged with a state appropriation bank due to the way the associated salaries are recorded in FAMIS. USAS object code is 7086.

When we calculate Benefits Proportional, we must exclude 1956-ORP Supplement and 1957-ORP Differential (considered ineligible object codes) from our expenses from GR main appropriation and Fund 02xx and Local Funds. Otherwise the calculation will not be comparing



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totals with the same types of expenses. For 2017, a unique USAS object code 7087-ORP State Match Supplement was established, which will help isolate these costs. The APS011 Check Report might exclude these for us.

The amounts in the spreadsheet are used to populate the ORP section of the APS011 form.

Member Review

Compare the current year's calculation with the prior year's calculation to determine if there is consistency between the years. Review the revenue percentage split, these should be similar between years. Below are a few examples for AY 2013.

- TAMU Revenue Split-GR 73.38% and GR-D 26.62%
- TAMUC Revenue Split-GR 76.92% and GR-D 23.08%
- TEES Revenue Split-GR 100%, Other 0%
- AgriLife Extension Service Split-GR 100%, Fed Funds & License plate net to 0%

The APS011 form is submitted to management for review. A signature is gathered by the most appropriate person, CFO or Designee. Depending on when the desk reviews are completed by the System Office, a signature could be gathered after the System Office has reviewed the calculation or before.

The APS011 form and workpaper is submitted as part of the AFR reporting package to the System Office of Budgets and Accounting where it is reviewed as part of the AFR desk review process.

Workpapers submitted to the System Office must include the items below.

- APS011 Comptroller's Office Form
 - Two forms allowed, do not use older form provided by ACO...must use the forms on the Comptroller's Office website
 - Institutions of Higher Education (includes local funds adjustment)
 - State Agencies
 - In Section II Change the IIc Retirement (ERS) change to (TRS)
 - In Section II Change the IId Benefit Replacement Pay (BRP) to Optional Retirement Plan (ORP)



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- Insert Institution/Agency Name and Agency Number
- The form may not be signed yet, when submitted to the System Office
- Type in the Fund number in Column 1, where applicable
- Legal cite must be listed for exclusions taken in Column 3
- Beside the legal cite list the dollar amounts
- TRS for GR expenses must match to System Office's Workpaper 'TRS Contributions Paid Directly by the State'
- Revenue Worksheet
 - Highlight Revenue rows on the IV-Fund E&G column
 - Highlight Exemption rows on the TANDF-TD schedule
 - Spreadsheet explaining totaling the revenue and the exemptions
 - Tie the GR State Appropriation line to the GAA
 - Do not include THECB Pass-throughs
 - Include Investment Income
 - Allowed to remove Bad Debt, if applicable We are now reporting Tuition from the IV-Fund Operating Statement, this is net of bad debt. When the net tuition number is used, do not reduce the bad debt expense again and we do not need to provide an explanation on the form, since we are not listing this amount as an exclusion.
 - Exclude GR Appropriation from GAA for Tuition Revenue Bond
 - Exclude Tuition & Fee Waivers
 - Exclude TPEG
 - Exclude Set Asides
- APS011 Check (Query run by our ACO) which is the USAS expenses make sure these values tie to the Expense Worksheet
 - Ensure AY 2020 Expenses in the 'FY 2020 Activity' column nets to zero for Benefit Appropriations 95002-GIP, 91142-OASI, 97646-ORP and 99323-TRS Fund 02xx. This will ensure all the AY expenses are recorded as revenue; these are recorded with a 420 accrued expense t-code and the benefit object code.
- Expense Worksheet
 - List the USAS and FAMIS expenses
 - Proves they match or explains reconciling items
- Business Objects Query for FAMIS expenses by bank and object code
 - Should tie or reconcile to APS011 form and Expense Worksheet

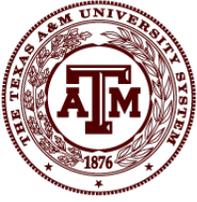


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- Remove ineligible object codes (~~1907, 1908~~, 1961, 1962, 1963, 1956 and 1957) (these object codes are rolling to the same object code in USAS, will only be able to identify them in FAMIS). We have asked for new object codes in FY 2017.
 - If they were charged to GR and the Benefit Appropriation remove in USAS and charge to the main appropriation and GR Fund
 - If they were charged to the main appropriation and GR Fund, leave recorded in USAS but remove from the APS011 calculation
- ~~○ Ensure ineligible object codes 1907 Employee Insurance Payments GIP Part-time ACA and 1908 Employee Insurance Payments GIP ACA are not charged to GR; they could be paid from another State fund, ensure these object codes are removed from the APS011 Calculation. In 2018, these coded will not be needed as the state law was changed to mirror the federal law. BPP Translation table will be modified by September, 2017. No longer an issue for FY 2018.~~

System Office will verify the following items. These items will be tied to the Comptroller's Office form and/or the workpapers that the member provides to the System Office along with the AFR.

- General Revenue Appropriations match to the GAA
- Ensure the Local Funds adjustment is taken for the academic members only
- Revenue Exclusions tie to the GAA
 - TRB (include amount in GAA, do not reduce by the lapse)
 - Other Debt Appropriations
- For institutions of higher ed, Tuition Revenue must be reconcilable to the AFR, not just the USAS 49a Cash Basis screen balances
- Benefit Expenses tie to FAMIS by bank and USAS (provided on the workpaper)
 - Submit the APS011 Check Report from the Comptroller's Office
 - TRS Benefit Appropriation should only be charged to the 1960 Object code, the State Benefit Appropriation does not pay for 1961-First 90 days (considered an ineligible object code), these costs must be funded from GR Main appropriation or locally
 - ORP Benefit appropriation should be charged 1955 or 1958, the State Benefit Appropriation does not pay for the 1956-Supplement or 1957-Differential



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(considered ineligible object codes) these costs must be funded from GR Main appropriation or locally

- Legal Cites and/or explanations are listed
- Additional Revenue Items For Agencies
 - Federal Revenue is Reconcilable to the AFR and 100% has been excluded
 - Interagency Receipts is Reconcilable to the AFR, **some will be excluded based upon the use of the funds**
 - Indirect Cost Revenue is Reconcilable to the AFR and 100% has been excluded

Submission & Revisions

Once the AFR review is complete and all points are cleared/period 13 is closed, the APS011 form is signed and submitted to the Appropriation Control Officer (ACO) at the State Comptroller's Office, the Legislative Budget Board (LBB) and the State Auditor's Office (SAO) by November 19th. The adjusting USAS entries are posted by November 19th as well.

In 2021, SAO notified us if there any revisions to the original APS011 calculation; we need to send the updated version to all of the oversight agencies, Comptroller's Office, LBB and SAO.

ACO Review

The ACO will review the APS011 Calculations between November 19th and **August**. If there are any adjustments, they will be posted in the current FY for the prior AY. Sometimes, payroll corrections are posted. ~~Historically, if the amount is immaterial it will be documented and no adjustments will be necessary.~~

System Office Re-Allocates Residual GIP

The System Office is allowed to re-allocate the GIP appropriations to the members once all the totals have been analyzed. After the ACO has reviewed the forms, budget entries are posted to move appropriations from the members back to the System Office. The System Office will analyze the residual balance and transfer the additional GIP appropriations out to the members. This amount will be recorded in the new fiscal year with the old AY.