OVERVIEW OF COSTING ALLOCATIONS IN WORKDAY

INTRODUCING COSTING ALLOCATIONS

Costing allocations represent a major change to how the UW managed costing elements in the past. The three major changes are:

- **FTE percentages are separate from costing allocation percentages in Workday**, meaning that distributions are split from FTE and pay in Workday. FTE is used to calculate how much someone is paid, and the distributions (costing) apply that pay to different budgets or cost centers. In Workday, a Costing Allocations Coordinator can edit the costing or distributions and they can view FTE and compensation. If they are also responsible for changing compensation and FTE for employees then they will need an additional role, HCM Initiate2.

- **An employee will be paid even if a costing allocation is missing or expires**. The Default Cost Center associated with an employee in Workday is used as the cost center/budget to charge salary/benefits for an employee when there is an expired or missing costing allocation.

- **Costing allocations must equal 100% at all times.** Workday needs to know how to allocate 100% of an employees pay, therefore all of the costing instructions for a given time period need to total 100%.

- Costing allocations can be assigned for all earnings for a position or for specific earnings paid on a position.

Workday uses the term "cost center" instead of the term "budget number." At Workday go-live, the state appointing department budget number was used to populate the default Cost Center on an employee's position.

UNDERSTANDING COST CENTER HIERARCHY

Cost Center Hierarchy is one of the three hierarchies included in Workday. It is a separate hierarchy from Supervisory Organizations or Academic Hierarchies, and the Cost Center Hierarchy does not directly align with the organization code of the unit to which it is applied. Employees are members of a Cost Center based on the default assigned to their Position.

The Cost Center Hierarchy has four levels (see Fig. 1 for more detail):

Major Organization
Major Unit or Office
Unit
Cost Center

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HRP Fiscal Management Strategy
COST CENTER HIERACHY FOR HRP GO-LIVE

	Enterprise Definition	Examples
Top Level Node UW		
Major Organization	Major organizational areas usually headed by an officer reporting to the President or Provost (Colleges, Schools, VPs, Campuses)	UW Bothell, UW IT, Educational Outreach, School of Medicine, College of Arts & Sciences, Medical Centers
Major Unit or Office	Programmatic or organizational grouping of major organizational units such as an Office, Medical Center, Department or Division depending on Major Org	Department of Medicine in School of Medicine, Arts in College of Arts and Sciences, Harborview Medical Center in Medical Centers
Unit	Academic sub disciplines or sub-specialties contained within a department or division and functional or organizational divisions of large administrative or service units.	Division of Cardiology in the Department of Medicine in the School of Medicine, Plastic/Burn Unit in Harborview Medical Center in Medical Centers
Cost Center	UW Budget # 10-digit org code is an attribute	

Figure 1: Cost Center Hierarchy

Workday requires that all levels of the Cost Center Hierarchy be populated. As Fig.1 shows, cost center is the lowest node in the hierarchy. The Workday unit is assigned as a 5-digit field in FAS for each cost center/budget number that is open to salary spend. For most units, it has been pre-populated with a "0" added to the front of the current 4-digit PUC unit code. Note that Payroll Unit Code (PUC) is not found in Workday.

Cost Center Hierarchy is not meant to replace the Financial Organization Code structure. Financial Organization Codes are not used in Workday, but exist as an attribute of the Cost Center so that it may be used for reporting. Organization codes continue to be used in FAS, MYFinancial.Desktop, EDW and other systems.

ADDITIONAL INFORMATION

Cost Centers are the actual budgets to which payroll is allocated. The numerical code used to represent Cost Centers in Workday are the FAS Budget Numbers (which are created in and sourced from FAS). Costing may be completed at one of three levels:

- Changing Organizational Assignments for Cost Center on an employee's position, which updates their default Cost Center,
- Submitting a Costing Allocations for Earnings or Positions, or
- Entering a Cost Center on a time block when entering hours worked in Time.

Default cost center and costing allocations will impact projected distributions, encumbrances and reporting.

- Default cost center should not be a grant budget.
- Encumbrances will change in Workday, in terms of how they're planned for future spending.

IN OPUS:

Start Date	End Date	Budget	Distribution
7/1/16	6/30/17	651234 Grant 1	.40
		650123 Grant 2	.40

Total Distribution = .80

IN WORKDAY:

Start Date	End Date	Cost Center	Allocation Percentage
7/1/16	6/30/17	651234 Grant 1	50%
		650123 Grant 2	50%

Total Costing Allocations Must = 100%

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SIMPLE EXAMPLE OF PART–TIME FTE

Sally is an 80% FTE paid equally on two grants.

- In OPUS, the distribution percentage sets her FTE percentage, totaling 80%.
- In Workday, Sally's 80% FTE percentage is set on her position (scheduled weekly hours divided by default weekly hours determines an employee's FTE percentage), and her costing allocations total 100% distribution of her pay.

Now let's assume that Sally's grants have different end dates, so that Budget 1 ends 12/31/2017, and Budget 2 ends 6/30/2018. In this case, because we must have 100% full distributions for her salary, we must add a new set of instructions that start on 1/1/2018 because after 1/1/2018 she is no longer split between grant 1 &2. In Workday we would copy the set of instructions and adjust the end date for Budget 2 to 6/30/2018 and because she is only funded 50% for Budget 2, the other 50% of her salary must be reassigned to her default cost center or another budget. Her costing allocation would appear as:

Cost Center	End Date
Budget 1	12/31/2017
Budget 2	6/30/2018

Costing Allocation	Cost Center	Start Date	End Date	How Sally is Paid
1	Budget 1	2/16/2017	12/31/2017	50%
	Budget 2	2/16/2017	12/31/2017	50%
2	Budget 2	1/1/2018	6/30/2018	50%
	Default Cost Center	1/1/2018	6/30/2018	50%
3	Default Cost Center	7/1/2018		100%

*The Default Cost Center will be applied to 100% of Sally's salary if no other costing is assigned

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