ET HANDBOOK NO. 410, 4th EDITION
APPENDIX G

SPLITTING OF TIME CHARGES

The RJM is designed to calculate each state's need for 10 functional activity codes. States that have time codes that do not correspond with the functional activity codes that are used in the RJM will need to align their codes with those in the RJM. The states are the best source of distributing these charges between the functional activity codes that have been established for the RJM.

States are encouraged to modify the time charge codes to gather this data to at least the level of the 10 functional activity codes established for the RJM. Those states that currently gather data at a more detailed level should continue. It is much easier to add codes together than to split codes.

There are two basic methods that states can use to allocate time charges, positions, personal service dollars and personnel benefit dollars to the RJM functional activity codes. If a state determines that one of these two methods does not present an accurate allocation of the time and costs, they may develop another method to allocate the time charges and document their procedures. The one basic concept that must be followed in the allocation of charges is that the sum of the charges distributed to the RJM functional activity codes must equal the total. Once the time has been distributed between the appropriate RJM functional activity codes, those totals will be exported to the appropriate RJM-1 and RJM-4 forms.

Once the positions have been allocated to the functional activity codes, the corresponding percent of PS and PB dollars will be assigned using the corresponding ratio.

Once the time has been distributed, states are encouraged to test their data by calculating the MPU that will be derived for all activities using the formula: **Hours * 60 / workload = MPU**

Step 1

Determine the total amount of time\positions in the specific state time code that is to be distributed.

Step 2

Determine to which RJM functional activity this block of time\positions should be distributed.

Step 3

Determine which method best demonstrates the state's cost for the activity.

- Percent method
- Specific allocation method
- State defined methodology

PERCENT METHOD:

Step 4

Assign a specific percentage of time to each of the activity codes that were determined in Step 2. This percent can be derived from a state study, a percent that has historically been funded, or a state's best estimate.

Step 5

Apply these percents to the total time\positions in Step 1.

Example:

Time Code 210200 Claims Taking:

Total Hours Paid	Total PS $	Total PB $	Total Hours Worked
300,000	$4,100,000	$1,100,000	255,000

Distribute 70% to Initial Claims and 30% to Weeks Claimed (historical experience)

SPECIFIC ALLOCATION METHOD:

Step 4

Assign a specific MPU to the functional activity code. States might have conducted a special study when they converted to a new system and know the MPU for a specific activity.

Step 5

Multiply the MPU value times the workload for that functional activity and divide by 60 to calculate number of hours used.

Formula:

Hours * 60 / workload = MPU

Step 6

Subtract the number of hours calculated in Step 4 from the total hours in Step 1.

Example:

Time Code 210200 Claims Taking:

Total Hours Paid	Total PS $	Total PB $	Total Hours Worked
300,000	$4,100,000	$1,100,000	255,000

Total Positions = Total Hours Paid/Total Hours for PY = 300,000/2,096 = 143.13

Total Hrs Worked per Position = Total Hrs Worked/Total Positions = 255,000/143.13 = 1,781.60

Total PS Cost per Position = Total PS $/Total Positions = $4,100,000/143.13 = $28,645.29

Total PB Cost per Position = Total PB $/Total Positions = $1,100,000/143.13 = $7,685.32

Initial Claims:	Weeks Claimed:
MPU = 38.54 **Workload = 280,200** Hours Worked = 179,982 (38.54*280,200/60) Positions = 101.02 (38.54*280200/1781.60*60) Hours Paid = 211,743 (101.02*2,096) PS $ = $2,893,747 (101.02*$28,645.29) PB $ = $776,371 (101.02*$7,685.32)	**MPU = 2.7** **Workload = 1,667,070** Hours Worked = 75,018 (2.7*1,667,070/60) Positions = 42.11 (2.7*1,667,070/1781.60*60) Hours Paid =88,257 (42.11*2,096) PS $ = $1,206,253 (42.11*$28,645.29) PB $ = $323,629 (42.11*$7,685.32)