

Department of Accounts Payroll Bulletin

Calendar Year 2010

May 7, 2010

Volume 2010-10

*In This Issue of
the Payroll
Bulletin.....*

- ✓ **HIRE Act**
- ✓ **ORP Rates for FY11**

The Payroll Bulletin is published periodically to provide CIPPS agencies guidance regarding Commonwealth payroll operations. If you have any questions about the bulletin, please call Cathy McGill at (804) 371-7800 or Email at cathy.mcgill@doa.virginia.gov

State Payroll Operations

Director Lora L. George
Assistant Director Cathy C. McGill

New "HIRE" Act Regulations for HIGHER EDUCATION ONLY

Hire Act

President Obama has signed into law the Hiring Incentives to Restore Employment (HIRE) Act, which is focused on accelerating the hiring of unemployed workers. For COVA agencies, this act applies only to Higher Educational Institutions (HEIs). All other state agencies are not subject to this new act.

This act includes a 6.2% Employer Social Security Tax exemption which applies to previously unemployed individuals hired on and after February 4, 2010 who have worked less than 40 hours during the 60-day period prior to employment. This exemption applies to their wages paid on and after March 19, 2010 and before January 1, 2011. The exemption is not permitted if a person is hired to replace another employee "unless such other employee separated from employment voluntarily or for cause."

New hires at HEIs must complete Form W-11 (or similar statement) to certify, under penalties of perjury, that he/she has not been employed for more than 40 hours during the 60-day period ending on the date such individual begins such employment. **HEIs are advised to start soliciting Form W-11 from their new hires back to February 4, 2010 and through the end of this year.** To ensure all eligible employees are identified, you may also choose to get negative confirmation from those new employees that do not qualify for the exemption. Form W-11 can be found at: <http://www.irs.gov/pub/irs-pdf/fw11.pdf> **HEIs will also need to determine the amount of wages paid for each new employee on and after March 19th.**

DOA is currently working with our software vendor to adapt CIPPS to eliminate the employer-paid component of the applicable FICA tax. The credit will become effective in the 2nd quarter of 2010 but will apply retroactively to wages paid on and after March 19th to eligible employees. Once the update to CIPPS has been fully tested, DOA will announce the new coding and procedures for this process in an upcoming Payroll Bulletin.

More information about the Hire Act can be found on the IRS web site: www.irs.gov.

ORP Rates for FY11

Optional Retirement Plans

Contribution rates for the Optional Retirement Plan programs for FY11 are listed below.

VRS is working on a process to help you verify work history and membership status for new employees so you will know whether to use the retirement code for Plan 1 or Plan 2. They expect to have this ready by late summer and we will let you know as soon as it is ready. Until such directions are available, newly hired ORP participants should be coded with a Plan 2 value. If prior service is subsequently validated, deduction refunds can be performed.

Retirement - Plan 1	Employee Paid	Deduction #	Employer Paid	Deduction # /Object	Total to ORP
Fidelity	N/A	N/A	10.40%	109 / 1118	10.40%
TIAA-CREF	N/A	N/A	10.40%	114 / 1118	10.40%
Political Appointee	N/A	N/A	10.40%	111 / 1119	10.40%

Retirement - Plan 2	Employee Paid	Deduction #	Employer Paid	Deduction # /Object	Total to ORP
Fidelity	5.00%	009	8.50%	109 / 1118	13.50%
TIAA-CREF	5.00%	014	8.50%	114 / 1118	13.50%
Political Appointee	5.00%	011	8.50%	111 / 1119	13.50%

	120 - 1114	Amt Reported to VRS	102 - 1114	Total Charged Agency
Group Life Insurance	0.28%	0.28%	0.74%	1.02%

	115 - 1116		105 - 1116	
Retiree Health Insurance Credit	0.10%	0.10%	0.89%	0.99%