| *In This Issue of the Payroll Bulletin…….* | ✓ **Batch Process for May Furlough Day**
 ✓ **IRS Lock-In Letters** | 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 |

Batch Process for May Furlough Day

Automated Batch Process

In order to facilitate the upcoming furlough day during the May 25- June 9, 2010 pay period, DOA is providing a one-time automated docking batch for CIPPS agencies that request it. This automated batch process will use a newly identified "special pay" that reduces the amount of regular pay disbursed but **retains full VRS-Administered benefit amounts** thus eliminating the need for deduction overrides. Special Pay 075 (Dock & Ben) has been established Statewide for this purpose. DOA will create a 975 transaction for each employee who is active, salaried, in pay frequency 70-89, with a Time Card Status of automatic and Date of Last Pay Change less than or equal to 05/25/2010. (Any pay changes effective after 05/25/2010 must be prorated and therefore require manual calculation and data entry by the agency). This automated process will divide the hours found in the Standard Hours 1 field on H0BID by twelve (12-day work period) and enter the result in the number of hours field on the 975 transaction. The result will be a pay reduction of one-twelfth of the regular salary on the H0BID screen.   For example, for an employee with 86.67 Standard Hours, the automated process will enter 7.22 hours to be docked (86.67/12). As hours are used instead of an amount, CIPPS will correctly calculate the amount docked even if a 5/25/2010 (or earlier) change is made to the salary at any time prior to certification.

Please note that this process will use the Standard Hours 1 field. Therefore, it is important to ensure that **Standard Hours are correct** before the 975 transactions are generated.

DOA plans to run this process on or about June 1st. If your agency would like to be included, please complete the form at the end of this bulletin and return to State Payroll Operations by 3 pm on May 25th.

Batch Process for May Furlough Day, continued

Automated Batch Process, continued	Even if your agency has had to or will have to furlough some employees prior to the 5/25 – 6/9 pay period, you may still be able to take advantage of this batch process. If the majority of your employees will be docked this period, allow the automated process to generate the special pay transactions for all employees and delete those created for previously furloughed employees using HSBFM. **All edit reports should be carefully reviewed to ensure the process is working for your employees as expected; particularly if your agency has employees that do not meet a standard employee profile.**
Manual Keying of Furlough Dock Transaction	If your agency has a need to employ the use of the new special pay process for employees furloughed prior to the 5/25 – 6/9 pay period, or prefers to manually enter all 975 transactions, the HUE01 screen can be used for this purpose. Enter Pay No 075, ZEROES in the tax, check and ded fields, and 7.22* in the hours field. Alternatively, the dollar amount of the pay dock can be entered in lieu of the hours. * - If Standard Hours 1 is other than 86.67, contact Shannon Gulasky at Shannon.Gulasky@DOA.virginia.gov for assistance. Note: A future payroll bulletin will be distributed to discuss how this special pay can be used for alternative payroll processing in other situations.
HUE01	Example of manual data entry.
Modification to Calc for Group Insurance and Long-Term Disability Deductions	Previously the deductions for Group Life Insurance and Long-Term Disability often needed deduction overrides during special processing, such as VSDP payments, to prevent excessive deduction amounts from being calculated. Effective 4/1/2010, the calculation routine used for these deductions has been modified to eliminate the need for deduction overrides *provided the salary on H0BID remains in tact*.

IRS Lock-In Letters

H0BES
IRS Lock- In
Letter Processing

As mentioned in previous Payroll Bulletins, the IRS has developed a new process to more effectively identify workers with withholding compliance problems. In cases where problems have been identified, the employer will receive a written notice (called a lock-in letter) from the IRS with specific instructions for withholding on the affected employee. After the lock-in letter takes effect, the employee is not allowed to change their filing status or the number of allowances in a manner that will cause less tax to be withheld.

CIPPS has a feature to help employers stay in compliance with the lock-in letters. First, verify that the marital status and number of exemptions on H0BAD match what is allowed in the Lock-In Letter. Then, at the bottom of the H0BES screen are two fields called "FIT LOCK-MS" and "FIT LOCK – EXMPTS". Key in the Married Status and Number of Exemptions allowed in the Lock-In Letter on H0BES. CIPPS will then produce an online fatal error message if you attempt to change the H0BAD FIT Status to Exempt (FIT Status = "A" or "1"). It will also produce a fatal message if the Married Status, Exemptions and/or Additional Amount fields are updated to values that would result in less withholding as prescribed in the Lock-In Letter.

These fields are particularly useful when multiple people work on one payroll.
For more information about Lock-In Letters and what to do if an employee submits a new W-4 for an amount less than allowed please consult IRS Tax Topic 753 at http://www.irs.gov/taxtopics/tc753.html.

Request for Automated Batch Process for
Furlough Day May 25-June 9, 2010

I certify that I have reviewed Payroll Bulletin 2010-08 regarding the automated batch process for the furlough day and request this process be run for the following agency:

Agency Name:_____

Agency Number(s):   _____   _____   _____

                                        _____   _____   _____

                                        _____   _____   _____

                                        _____   _____   _____

                                        _____   _____   _____

Agency Fiscal Officer Signature:_____

Printed Name:_____

Date:_____

Phone #:_____

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Please fax to (804) 225-3499 or (804) 786-9201
By 3 pm May 25, 2010

Attention: State Payroll Operations

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