Department of Accounts
Payroll Bulletin

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Imputed Life Calculations

How to Calculate Imputed Life

As explained in Payroll Bulletin 2011-21, Imputed Life calculations in CIPPS have been modified to include a prorated amount when employees receive their annual salary over less than 12 months. The PMIS to CIPPS interface and online CIPPS processing will use a factor based on the number of pays. To calculate the appropriate amount for Special Pay 14 (Imputed Life) on H10AS:

1. Salary/Rate Amount X Number of Pays = Employee's Annual Salary *
2. Divide the Employee's Annual Salary by 1,000. If the result is not a whole number, round the Employee's Annual Salary up to the nearest thousand.
3. Divide the amount from Step 2 by 100
4. Double the amount from Step 3
5. Subtract 500 from the amount in Step 4
6. Multiply the amount in Step 5 by the factor from the table below according to the Number of Pays the employee receives.
7. Round the amount in Step 6 up to nearest whole number
8. Add 500 to the amount in Step 6

Number of Pays	Factor
09 or 18	1.3333
10 or 20	1.2
11 or 22	1.0909
12 or 24	1

* Note: CIPPS automatically calculates the Annual Salary amount on H0BID according to the number of pays assigned to the employee's frequency. Therefore, the Annual Salary amount on H0BID may not be accurate for those employees who are paid less than 12 months in a calendar year.

Imputed Life Calculations, continued

Imputed Life Calculation Examples

Example A: Salary Rate on H0BID 1,205.17 with Number of Pays 24

1. 1,205.17 X 24 = 28,924.08
2. 28,924.08 divided by 1,000 = 28.92 (not a whole number) Round Up to 29,000
3. 29,000 divided by 100 = 290
4. 290 X 2 = 580
5. 580 – 500 = 80
6. 80 X 1 (Factor of 1 for 24 pays) = 80
7. 80 already rounded to nearest whole number
8. 80 + 500 = 580 to enter on H10AS as amount for Special Pay 14 (Imputed Life)

Example B: Salary Rate on H0BID 2,500 with Number of Pays 11

1. 2,500 X 11 = 27,500
2. 27,500 divided by 1,000 = 27.50 (not a whole number) Round Up to 28,000
3. 28,000 divided by 100 = 280
4. 280 X 2 = 560
5. 560 – 500 = 60
6. 60 X 1.0909 (Factor of 1.0909 for 11 pays) = 65.45
7. Round 65.45 to nearest whole number = 65
8. 65 + 500 = 565

Example C: Salary Rate on H0BID 2,500 with Number of Pays 18

1. 2,500 X 18 = 45,000
2. 45,000 divided by 1,000 = 45 (a whole number). No rounding required.
3. 45,000 divided by 100 = 450
4. 450 X 2 = 900
5. 900 – 500 = 400
6. 400 X 1.3333 (Factor of 1.3333 for 18 pays) = 533.32
7. Round 533.32 to nearest whole number = 533
8. 533 + 500 = 1033

Report 852 Updated

Report 852 was modified to consider the new Imputed Life calculations shown above.

In addition, those employees with an annual salary (Hourly Salary Rate on H0BID multiplied by Number of Pays on H0BUO) less than or equal to $25,000 will be excluded from this report.

Report 852 should be requested and reviewed on a regular basis to ensure that Imputed Life amounts are correct.

Automated Update of Imputed Life Values

If you have employees that work less than 12 months in a year, there is no need to correct their records manually.

The Imputed Life values on H10AS were corrected for all employees during the first week of January.

Calculations for Standard Hours

How to Calculate Standard Hours

The Standard Hours field on H0BID is used by CIPPS to calculate the annualized hourly rate for salaried employees when overtime is paid. (Salary/Rate on H0BID divided by Standard Hours on H0BID). If the Standard Hours on H0BID are not accurate, CIPPS cannot compute the correct hourly rate for employees who work less than 12 months or are employed at less than 100% FTE.

The calculation method for Standard Hours is as follows:

1. 173.33 Monthly Work Hours multiplied by Contract Length on H0BUO (40 hours for 52 weeks in a year = 2080 work year hours divided by 12 months = 173.33 Monthly Work Hours)
2. Amount calculated in Step 1 divided by the Number of Pays on H0BUO
3. Amount calculated in Step 2 multiplied by the Employees FTE Percentage

Standard Hours Calculation Examples

Example A: 80% FTE Employee with a 12 month contract period, paid over 24 pay periods with a semi-monthly salary of $2000.

1. 173.33 X 12 = 2080
2. 2080 divided by 24 = 86.67
3. 86.67 X 80% = 69.33 Standard Hours

Salary Check: $2000 X 24 = $48000 divided by 1664 Work Year Hours (2080 multiplied by 80%) Equals Annualized Hourly Rate of $28.84. Likewise, $2000 divided by 69.33 Standard Hours equals $28.84 Annualized Hourly Rate.

Example B: 100% FTE Employee with a 10 month contract period, paid over 24 pay periods with a semi-monthly salary of $2000.

4. 173.33 X 10 = 1733.30
5. 1733.30 divided by 24 = 72.22
6. 72.22 X 100% = 72.22 Standard Hours

Salary Check: $2000 X 24 = $48000 divided by 1733.30 Work Year Hours (173.33 X 10 Months) Equals Annualized Hourly Rate of $27.69. Likewise, $2000 divided by 72.22 Standard Hours equals $27.69 Annualized Hourly Rate.

Example C: 100% FTE Employee with a 10 month contract period, paid over 20 pay periods with a semi-monthly salary of $2000.

7. 173.33 X 10 = 1733.30
8. 1733.30 divided by 20 = 86.67
9. 86.67 X 100% = 86.67 Standard Hours

Salary Check: $2000 X 20 = $40000 divided by 1733.30 Work Year Hours (173.33 X 10 Months) Equals Annualized Hourly Rate of $23.07. Likewise, $2000 divided by 86.67 Standard Hours equals $23.07 Annualized Hourly Rate.

H0BUO Required Fields – Contract Length and Number of Pays

Contract Length and Number of Pays Required

Many calculations in CIPPS are dependent upon the proper values for Contract Length and Number of Pays. Contract Length and Number of Pays are required to calculate Imputed Life, Standard Hours and other important fields that are critical in correctly calculating an employee's pay.

H0BUO has been modified to help users keep these critical fields up to date upon initial data entry on the screen, e.g., adding new hire information. If Contract Length and Number of Pays are blank at the time that H0BUO is updated, a warning message will be displayed. Pressing enter a second time will populate the fields with the default values of "12" (for Contract Length) and "24" (for Number of Pays).

Since the default values will be populated with H0BUO entry, the overnight updates of default values for new hires have been removed. Values entered on H0BUO during the new hire data entry will not be overwritten.

PMIS to CIPPS Interface Update

PMIS to CIPPS Interface Updates

The PMIS to CIPPS Interface has been updated to include the following additions/changes:

o   Contract Length will be populated with the value from PMIS. If the PMIS value is not a whole number, the Contract Length in CIPPS will be rounded to the nearest whole number. The upcoming VRS modifications stipulate that VRS no longer accommodates partial months of service and the Contract Length will be populated likewise.
o   Standard Hours – The calculation for Standard Hours matches the method explained in this Bulletin.
o   Imputed Life – The calculation for Imputed Life matches the method explained in this Bulletin.

Daily Review

Review reports U082 and U080 on a daily basis to ensure that no problems exist in CIPPS because of the PMIS to CIPPS Interface. Proper review prevents surprises and errors on payroll.

Notify HR immediately when errors are detected to have the problem corrected in PMIS and then CIPPS through the interface process. Uncorrected errors could cause problems in a future payroll if not attended to immediately.

Use Pay Type "3" for Non-Benefited Flat Rate Employees

When to use Pay Type "3"   In order to facilitate automated processing and reporting for salaried, benefited employees it is assumed that employees assigned to Pay Type "2" should receive benefits. However, some agencies have a need to pay a flat rate on a recurring basis to non-benefited employees. Examples of this include Adjunct Faculty and Board Members. We suggest that agencies use Pay Type "3" if there is a need to pay a non-benefited employee a flat rate on a recurring basis.

Reserve Pay Type "2" specifically for salaried, benefited employees to maximize the effectiveness of the automated edits and reports provided. Additionally, agencies that use Pay Type "2" to pay recurring flat rates for Adjunct Faculty, etc. increase the risk of possible errors and exceptions on valuable audit reports.

For example, CIPPS automatically creates Special Pay 014 (Imputed Life) on H10AS when there is a change to Salary/Rate on H0BID for Pay Type "2" employees. In addition, Report 852 will print an exception for any Pay Type "2" employee that does not have Special Pay 014 (Imputed Life) correctly established on H10AS.

Quarterly Control Totals Available in PAT

New Feature: [CAPP Topic 50905- Monthly Reconciliations (Page 3)](#) details the requirement for
Quarterly   line agencies to keep up to date Quarterly Control Totals either manually or on a
Control Totals   spreadsheet. Effective with Calendar Year 2012 PAT includes an automated version of the Quarterly Control Totals. This new feature includes automatic cumulative totals for each calendar year and the ability to enter manual adjustments as necessary.

Users who already have access to PAT Payroll Reports will see a selection called "Report 33 – Quarterly Control Totals" in the Payroll Audit Reports section of the PAT Menu. After clicking on the link, select the agency and click "View Options view" to see the options for this report. Select the "As of" date that you wish to run the report for and click "Run".

To view this report, users must have one of the following PAT Security Levels:
   2. Payroll Audit Reports
   3. Payroll Audit Reports and Update Ded./Spec. Pay Tables
   5. Payroll and Leave Audit Reports and Queries
   6. Payroll and Leave Audit Reports and Queries and Update Ded./Spec. Pay Tables.
Only users with PAT Security Levels 3 or 6 can add, delete or edit adjustments.

The Payline Security Authorization Form can be found at:
http://www.doa.virginia.gov/Payroll/Forms/PaylineSecurityForm.doc
If you have questions about the Quarterly Control Totals, please call Shannon Gulasky at (804) 225-3065.

Review Online Pending File

H1K01, H1K02, H1K03

The CIPPS pending file holds future-dated, recycled, and other transactions waiting to be processed through an edit or payrun. There are three screens associated with the online pending file:

H1K01 - shows employee number, entry date, sequence number, and trans code

H1K02 - shows by employee name and number the entry date, sequence number, and trans code

H1k03 - shows by employee name and number the entry date, sequence number, trans code and the entire transaction

Please use these screens to review your pending file. Transactions on the pending file that should not be processed during the current period being edited or paid should be deleted using Batch File Maintenance; however, remember that manual paysets which are also visible on these screens should never be deleted. Please contact J.R. Rodgers at 804-225-3079 if you have any questions.

Deceased Pay, Special Pay Code 054

SUI Taxable

Effective January 1, 2012, Special Pay 054 (Deceased Pay - Current) has been updated to be SUI taxable in accordance with VEC guidelines. In addition, the calculation for SUI taxable on reports U092 and U093 has been updated accordingly.

Maryland State and Local Tax Payments

Electronic Payments

Many states now require electronic payment for withholding taxes deducted from employee's paychecks. In an effort to enable agencies to meet this requirement, DOA has developed a process that will allow payroll taxes withheld for states other than Virginia to be paid electronically in much the same manner that employee/employer taxes are paid to the IRS.

Effective with payroll certifications after January 1, 2012 paper checks for withholding state and local taxes for **Maryland** will no longer be produced. Those agencies currently withholding employer taxes for Maryland have already been contacted. If you remit employer withholding taxes to the state of Maryland and you did not receive a notice from DOA, please contact Cathy McGill at 804-371-7800 immediately. Also, please contact us if you find that you need to withhold Maryland taxes in the future. Other states may be added to this process at a later time.

Agencies are still required to reconcile and file periodic reports mandated by Maryland. Agencies will also continue to be responsible for sending copies of W-2s to Maryland as DOA is only responsible for sending the tax payments.