

Department of Accounts Payroll Bulletin

Calendar Year 2012

June 11, 2012

Volume 2012-09

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

- ✓ **Important Garnishment Fee Processing Change Effective June 13th**
- ✓ **Processing Child Support and Garnishment Fees**
- ✓ **New Report Writer Report 907 – Missing Child Support Fees**
- ✓ **Wage Assignments From Payday Lenders**
- ✓ **Group Life Processing When Employees Retire During the Severance Benefit Period**

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

Important Garnishment Fee Processing Change Effective June 13th

Change to Deduction 019

A “1” must be placed in position 18 of the utility field on H0ZDC in lieu of position 8 due to a systematic change that will become effective on June 13th to decrement the goal for Garnishment Fees (Deduction 019). This system modification will enable CIPPS to correctly account for the garnishment fee when determining the maximum collection amount permitted. State Payroll Operations will send a listing to those agencies with employees who have an active Garnishment Fee (Deduction 019) and a “1” in the 8th position of the utility field. **It is imperative that agencies review this listing and modify the utility field for those records on or after June 13th.**

BEFORE JUNE 13th – USE “1” IN 8th POSITION TO DECREMENT THE GOAL OF DEDUCTION 019 – GARNISHMENT FEES

ON OR AFTER JUNE 13th – USE “1” IN 18th POSITION TO DECREMENT THE GOAL OF DEDUCTION 019 – GARNISHMENT FEES

Call State Payroll Operations at (804) 225-3065 if you have any questions.

Updated Deduction Matrix

The Deduction Matrix has been updated to reflect the changes to Garnishment Fee Deduction 019 that are effective June 13th.

The Deduction Matrix is available on our website at:

http://www.doa.virginia.gov/Payroll/Forms/CIPPS_Deduction_Information.pdf

Processing Child Support and Garnishment Fees

Collection Fees for Child Support Payments Subject to a Maximum Limit of Disposable Earnings Currently, a collection (garnishment) fee of \$5 per remittance of a Child Support Deduction is authorized by the Code of Virginia. (§ 63.1-256). The combined support amount and fee may not exceed the maximum limit applied to disposable earnings as established by Code of Virginia (§ 34-29) and the Federal Consumer Credit Protection Act (CCPA) (15 U.S.C. 1673(b)). However, as noted in CAPP Topic 50405, if the employee's disposable income is not sufficient to deduct the garnishment fee for a child support payment during a pay period, the fee is waived and should not be collected in a future period.

Effective June 13th Garnishment Fees (Deduction 019) processing will be updated to allow users to include the \$5 fee in the maximum limitation on disposable earnings. The examples that follow demonstrate how to use the new features.

Collection Fees for Garnishments and Tax Liens NOT Subject to a Maximum Limit of Disposable Earnings CAPP Topic 50405 states that collection fees are also to be imposed on employees for garnishments (\$10 one-time only) and tax liens (\$20 one-time only). Collection fees imposed for garnishment summons and tax liens **are not subject to** a maximum limit of disposable earnings. (Therefore positions 7-10 of the Utility Field should be left zeros.)

Garnishment Fees (Deduction 019) will continue to handle this type of collection fee after June 13th. These fees are imposed only once per summons or tax lien. To alleviate the need to deactivate the deduction the following pay period the total fee amount can be entered into the goal field and using the utility field that goal can be decremented to cease withholding the deduction. Effective June 13th a value of '1' entered into position 18 of the utility field on H0ZDC will decrement the goal.

If Collection Fees for garnishments and tax liens are not available in the period they are imposed they must be collected in a later period when funds become available.

Continued on next page

Processing Child Support and Garnishment Fees, continued

Example A: To ensure that the garnishment fee is included in determining the maximum withholding allowed for the support payment:

Establishing the Child Support Collection Fee

1. Establish the Child Support Payment (Deduction 001 or Deduction 002) on H0ZDC as shown in [Payroll Bulletin 2012-05, Example A](#).
2. Establish the \$5 Garnishment Fee (Deduction 019) on H0ZDC. Do not enter a goal since the fee should be deducted each pay period. In the Utility Field enter a "1" in Position 5 and a "1" in Position 6. Enter the same maximum percentage that was used for the Child Support Payment (Deduction 001 or Deduction 002) in Positions 7-10 of the Utility Field.

The combination of the child support payment and the \$5 garnishment fee will not exceed the specified percentage (e.g., 55%) of the employee's disposable earnings. If the employee's disposable earnings are not sufficient to cover the garnishment fee, the fee is waived for that pay period and should not be collected in a future period. Using the method described above will also eliminate the garnishment fee from recycling when it cannot be withheld thereby eliminating any required batch file maintenance to remove a transaction from pending.

> GU 230,00009999900 ON H0ZDC

-----EMPLOYEE DEDUCTIONS-----

COMPANY--> 00230 EMPLOYEE NUMBER---> 00009999900
 NAME-----> CHILD SUPPORT ORDER 55%

NO	NAME	AMT/PCT	GOAL	UTILITY				
CALC	GN FR	PRTY	START DATE	END DATE	DED	MTD	DED	YTD
__ 1	DCSE-SUP	250.00	.00	000011550000000000				
	95 2 09 000	00/00/0000	00/00/0000		.00		.00	
__ 19	GARN FEE	5.00	.00	000011550000000000				
	95 2 09 000	00/00/0000	00/00/0000		.00		.00	

Continued on next page

Processing Child Support and Garnishment Fees, continued

Example B: To ensure that the garnishment fee is only taken one time for a garnishment or tax lien:

Establishing a One-Time Garnishment Fee

1. Establish the Garnishment (Deduction 003, 004, or 005) on H0ZDC as shown in [Payroll Bulletin 2012-05 Example B or C](#) (whichever applies).
2. Establish the Garnishment Fee (Deduction 019) on H0ZDC. Because this fee is deducted one time, enter a goal amount. In the Utility Field, enter a "1" in Position 18 to decrement the goal amount entered. Note: It is optional to decrement the goal, but establishing the deduction this way ensures that the garnishment fee will only be deducted once. *Note: Do not enter the percentage in positions 7-10 of the utility as the fee related to collection of garnishments or tax liens is NOT to be taken into account in determining the maximum withholding amount.*

If the employee's disposable earnings are not sufficient to cover the garnishment fee related to a Garnishment or Tax Lien, the fee **should** be collected as soon as the funds become available. If you establish your deductions as shown, CIPPS **will** recycle the garnishment fee so that it is taken from a future payment.

> GUH 230,00009999900 ON H0ZDC

-----EMPLOYEE DEDUCTIONS-----

COMPANY--> 00230 EMPLOYEE NUMBER---> 00009999900
 NAME-----> STANDARD PERCENTAGE GARNISHMENT

NO	NAME	AMT/PCT	GOAL	UTILITY	CALC GN FR	PRTY	START DATE	END DATE	DED MTD	DED YTD
3	GARNISH1	.25000	1000.00	200011250000062911						
95	2 09 000	00/00/0000	00/00/0000	.00 .00						
19	GARN FEE	10.00	10.00	00000000000000000001						
95	2 09 000	00/00/0000	00/00/0000	.00 .00						

Continued on next page

Processing Child Support and Garnishment Fees, continued

Example C: Collection of a garnishment fee that includes both a fee for child support and a fee for a garnishment must be handled using a deduction override:

**Establishing
Garnishment
Fees for
Garnishment
or Tax Lien
with an
existing Child
Support Fee**

1. Ensure that the Child Support Deduction (001 or 002) and the Garnishment Deduction (003, 004 or 005) are established on H0ZDC as shown in [Payroll Bulletin 2012-05 Example D](#).
2. Ensure that the Garnishment Fee (Deduction 019) on H0ZDC is already established as shown in Example A above. The \$5 per pay period garnishment fee for Child Support should already be established.
3. Key a deduction override for Garnishment Fee 019 on HUD01 as shown below. Key the amount of the one-time fee that is due with a “+” sign in the adjustment indicator.

> GUH 230 ON HUD01

-----DEDUCTION OVERRIDE-----

_ COMPANY--> 00230 BATCH NUMBER--> 0001 PAGE NUMBER--> 00001

EMPLOYEE C NUMBER	D	TRN	NO	LOCAL	STATE GOAL	DEDUCTION GOAL	DEDUCTION AMOUNT	DATE FROM	DATE TO	ADJ
0000999990	0	8	XX	019	000000	000000000000	1000	00000000	00000000	+

On the following day review the edit Report 10 for this employee. The garnishment fee deduction has been established in a way that will prevent the uncollected fee from recycling. The deduction override to collect the additional fee amount related to the garnishment will not process nor will it be recycled should the maximum limit of disposable earnings be exceeded when the support payment and the five dollar fee are combined.

Example D below provides a method to collect the garnishment related fee in such instances.

Continued on next page

Processing Child Support and Garnishment Fees, continued

Example D: Deduction 010, DUE AGENCY, should be used to collect the fee amount when a garnishment fee related to a garnishment cannot be withheld due to a concurrent fee for child support that exceeds the maximum limit of disposable earnings. The third party check that is created should then be sent to State Payroll Operations for deposit to the appropriate general ledger account.

Collecting Fees for Garnishments and Tax Liens when Disposable Earnings are Insufficient to Collect the Child Support Fee

1. Deduction 019 (Garnishment Fee) should be established as shown in Example A so that the \$5 per period child support fee will resume in the next pay period.
2. On screen H0901 establish a name number record as shown below:

> GUH 230 ON H0901

--DEDUCTION PAYMENT NAME & ADDRESS--

__ COMPANY--> 00230 EMPLOYEE NUMBER--> 00009999900 NAME NUMBER--> 1
 NAME> JOE A JONES

PAYEE NAME-----> GARNISHMENT FEES
 ADDRESS 2-----> BENEFITS SUPERVISOR / PAYOPS
 ADDRESS 3-----> DEPARTMENT OF ACCOUNTS
 ADDRESS 4-----> POST OFFICE BOX 1971
 ADDRESS 5-----> RICHMOND, VA 23219

3. Establish Deduction 010 (Due Agency) as shown below. Enter a "1" in Position #8 of the Utility Field to decrement the goal. Enter the applicable name number used on H0901 in Position #17 of the Utility Field (In this example, we used name number "1").

> GU 230,00009999900,019 ON H0ZDC

-----EMPLOYEE DEDUCTIONS-----

COMPANY--> 00230 EMPLOYEE NUMBER--> 00009999900
 NAME-----> STANDARD PERCENTAGE GARNISHMENT

NO	NAME	AMT/PCT	GOAL	UTILITY
CALC	GN FR PRTY	START DATE	END DATE	DED MTD DED YTD
__ 10	DUE AGY	10.00	10.00	000000010000000010
76	2 09 000	00/00/0000	00/00/0000	.00 .00
__ 19	GARN FEE	5.00	.00	000011550000000000
95	2 09 000	00/00/0000	00/00/0000	.00 .00

New Report Writer Report 907, Missing Child Support Fees

Report 907, Missing Child Support Fees

Child Support Collection Fees are due with every remittance of a Child Support Payment. Therefore, when there is an active Deduction 001, DCSE-SUPPORT or Deduction 002, SUPPORT 2 there should always be an active Deduction 019, Garnishment Fee present.

Report 907, "Missing Child Support Fees" can be requested during your edit processing on screen HSRUT to help ensure that the \$5 fee is withheld each time a Child Support Payment is made.

The report will print an exception when an employee has an active Deduction 001, DCSE-SUPPORT or Deduction 002, SUPPORT 2 and there is no active Deduction 019, Garnishment Fee.

In addition, it is inappropriate to establish or decrement a goal for Child Support Fees which are payable with each remittance. Report 907 will print an exception if a "1" is present in Position #18 and Deduction 001,DCSE-SUPPORT or Deduction 002, SUPPORT 2 is active. Please remove the "1" in those cases to allow the collection fee to process.

NOTE: THIS REPORT WILL BE AVAILABLE JUNE 13th

Wage Assignments from Payday Lenders

Wage Assignments from Payday Lenders

DOA has communicated with the Office of the Attorney General regarding whether or not agencies are obligated to honor Wage Assignments that come directly from Payday Lenders (those not authorized by a court). The Commonwealth, as an employer, is not obliged to establish payroll deductions to remit payments to the vendor regardless of the agreement between the employee and the vendor. Additionally, it is strongly suggested that such assignment requests not be honored by agencies even if the employee confirms intent for such payroll deductions to occur.

Group Life Processing when Employees Retire During the Severance Benefit Period

Cease Group Life and Imputed Life Calculations when Employees Retire During the Severance Benefit Period

Workforce Transition Act (WTA) employees receive 12 months of Group Insurance coverage after their separation date. Typically these employees are established as shown in [Payroll Bulletin 2008 – 21](#) to allow the Group Insurance and the Imputed Life amounts to continue calculating even after the severance payments cease.

However, if an employee on WTA retires during the 12-month severance-period the employee is then put into the retiree group-life population and VRS is responsible for continuing coverage and Imputed Income reporting. At the time of retirement be sure to deactivate the Group Life and Imputed Income calculations. **(Note: Healthcare coverage continues for the duration of the 12 month period under the active-employee group.)**
