

# Department of Accounts

## Payroll Bulletin

Calendar Year 2020

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Bulletin.....*

- **Temporary Workforce Reduction (TWFR) Payroll Guidelines**

The Payroll Bulletin is published periodically to provide CIPPS agencies guidance regarding Commonwealth payroll operations. If you have any questions about the bulletin, please send an email to [payroll@doa.virginia.gov](mailto:payroll@doa.virginia.gov).

State Payroll Operations

**Director** **Cathy McGill**

Assistant Director Carmelita Holmes

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### Temporary Workforce Reduction Guidelines

#### **General Policies**

Agencies beginning to implement temporary workforce reductions should first consult the policies and information available on the DHRM website to ensure that plans meet the necessary requirements.

Those policies are available here: <https://www.dhrm.virginia.gov/covid-19>

In general, furlough periods may not exceed 690 hours reduced over a period of 365 days. The maximum number of hours is proportionate to employee FTE. Reductions may be continuous or intermittent. Employees may not use personal leave to replace furlough hours. Holiday pay is awarded only for days when work hours would normally be scheduled and should be prorated accordingly. For example, someone scheduled to work for 6 hours a day would receive 6 hours of holiday pay if the holiday falls on a scheduled work day; if an employee is scheduled to work only on Tuesdays and Thursdays, there would be no holiday pay for a Monday holiday.

#### **Change in TWFR Retirement Benefit Policy**

Effective June 1, 2020, the contribution basis used for calculation of retirement contributions will be adjusted to reflect decreases in compensation resulting from temporary workforce reductions lasting a month or longer.

- In accordance with VRS rules, if the period of furlough begins on or before the first day of the month, the contribution basis is reduced.
  - If the period of furlough begins after the first business day of the month, the creditable compensation change is effective in the following month.
  - If an employee on TWFR has no earnings during a month, the employee is placed in a LWOP status in VNAV for that month and no retirement contributions are taken.
  - Changes are prospective, not retroactive. The compensation basis for employees placed in a TWFR status beginning in May should be adjusted for June through the end of the furlough period.
  - No adjustments are required to contributions already processed if the employee is removed from the temporary workforce reduction status before the end of the furlough period for any reason.
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## Temporary Workforce Reduction Guidelines, continued

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### PMIS

FTE and salary rates are not changed in PMIS when employees are placed in a furlough status. The PMIS transaction code used to indicate that an employee has been furloughed changes the Time Card Status in CIPPS to non-auto. Leave accruals and compensation must be manually adjusted each pay period.

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### Calculate Reduction in Pay

Regardless of the furlough period identified or the number of hours required during the furlough period, the method of calculating the effect on employee pay is the same as it is when calculating regular docked pay. The hourly rate for each pay period is calculated by dividing the semi-monthly rate by the actual number of work hours in the pay period. The number of furloughed hours in the pay period is multiplied by that rate to determine the reduction in pay for that pay period. Each pay period must be analyzed individually.

DOA has a spreadsheet that may be used to calculate the amount of pay due to employees subject to a reduction in hours. This spreadsheet is found in the Payroll Forms section of the DOA website (<https://www.doa.virginia.gov/forms.shtml#payroll>) and is called "Partial Pay Calculations".

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### New Special Pay Code

Agencies that wish to track number of hours and amount of docked pay should use the new special pay code that has been established statewide: Special Pay 075, Furlough.

These transactions should be entered on the HUE01 screen. The tax, check and deduction indicators should all be zeros and a flat amount (the amount that is being reduced, two decimal places) must be entered in the amount field. DO NOT key a minus "-" in the adjustment indicator. This special pay is a reductions, not a payment.

The employee must be established on HOBID with a timecard status of "1" (automatic) in order for Special Pay 075 to work.

If you wish to track the number of hours, include them in the transaction. These hours will not affect the EPR or 1500 Hours Report. They will be included in PAT reports.

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### Calculate Temporary Contbase for Retirement Deductions

Business needs of each agency vary widely and the structure of a furlough may also vary widely from agency to agency. In addition, compensation from pay period to pay period may vary based on how the furlough is implemented and the actual number of work hours in each pay period.

The monthly contribution basis in VNAV and the Contbase in CIPPS will require manual changes to reflect the reduced amount. This change is not retroactive and applies only to employees with reduced earnings resulting from placement in a temporary workforce reduction status.

To apply some consistency and simplify processing and tracking the change in compensation from pay period to pay period, the impact of the lost wages resulting from furlough will be averaged across the duration of the furlough based on some assumptions that will be applied universally.

- Possible work hours for the furlough period are totaled based on Monday through Friday workdays falling within the furlough period.
  - Possible work hours includes holidays.
  - Assumes eight hour days for 100% FTE
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## Temporary Workforce Reduction Guidelines, continued

### New Spreadsheet to Calculate Temporary Contbase

DOA has created a new spreadsheet to assist agencies in calculating the appropriate amount of temporary creditable comp that should be applied to months of furlough activity. The spreadsheet is based on the number of work weeks during the furlough period and the percentage of undocked hours to total number of possible work hours (assumes a Monday-Friday work week; based on FTE) during the furlough period. That percentage is applied to the pre-furlough contribution basis to obtain the reduced amount applied during the full furlough period. This spreadsheet can be found in the Payroll Forms section of DOA's website.

### Example 1

Department of Helpseveryone has established a furlough plan that requires all employees to take one furlough day per week from May 25 through July 9. Pre-furlough Contbase for this particular employee was 2000.00

Furlough period: 05/25 through 07/09.

Work Days (Monday-Friday) in the furlough period: 34

Total possible work hours in furlough period:  $8 * 34 = 272$

Furlough Days: 7

Furlough hours: 56

Percentage of time furloughed:  $56/272 = .205882$

Percentage applied to pre-furlough Contbase:  $1.0 - .205882 = .794118$

Contbase for June and July:  $2000.00 * .794118 = 1588.24$

### Example 2

Department of Gofigure has established a furlough plan that requires all employees to take one furlough day per pay period from May 25 through July 09. Pre-furlough Contbase for this particular employee was 2000.00

Furlough period: 05/25 through 07/09.

Work Days (Monday-Friday) in the furlough period: 34

Total possible work hours in furlough period:  $8 * 34 = 272$

Furlough Days: 3

Furlough hours: 24

Percentage of time furloughed:  $24/272 = .088235$

Percentage applied to pre-furlough Contbase:  $1.0 - .088235 = .911765$

Contbase for June and July:  $2000.00 * .911765 = 1823.53$

### Example 3

Bureau of Goodpeople has established a furlough plan that requires all employees to take two furlough days per month from June 1 through July 31. Pre-furlough Contbase for this particular employee was 2000.00

Furlough period: 06/01 through 07/31.

Work Days (Monday-Friday) in the furlough period: 45

Total possible work hours in furlough period:  $8 * 34 = 360$

Furlough Days: 4

Furlough hours: 32

Percentage of time furloughed:  $32/360 = .088888$

Percentage applied to pre-furlough Contbase:  $1.0 - .088888 = .911112$

Contbase for June and July:  $2000.00 * .911112 = 1822.24$