Department of Accounts
Payroll Bulletin

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The Payroll Bulletin is published periodically to provide Cardinal HCM payroll agencies guidance regarding Commonwealth payroll operations. If you have any questions about the bulletin, please email payroll@doa.virginia.gov.

State Payroll Operations

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PAYROLL PROCESSING - FISCAL YEAR-END

Introduction

This Payroll Bulletin addresses payroll processing for Fiscal Year End 2024. FY 2025 Benefit Rates will be provided in a separate bulletin. Please provide a copy of this bulletin to all appropriate personnel within your agency**.**

Key Payroll Operations Dates for June 2024

- **June 10 –** Confirmation of VRS Snapshot for May due.
- **June 10 –** Semi-monthly salary confirmation for **PPE 6/9**.
- **June 10 –** Effective Date Classified Salary Eligible Employees Statewide Increase
- **June 11 –** Bi-weekly wage confirmation for **check date 6/14**.
- **June 13** – Semi-monthly Off Cycle confirmation for **check date 6/17**; paysheets for 6/10 – 6/24 pay period created.
- **June 14 -** Healthcare reconciliations and related ATAs due to DOA for the May coverage month.
- **June 17 –** Bi-weekly wage Off Cycle confirmation for **check date 6/18**; bi-weekly paysheets for pay date 6/28 created.
- **June 17** – Agency review and add/update Department and Position Default funding for FY25 (see DOA General Accounting 2024 YE Procedures Memo for details)
- **June 19 –** State Holiday: Juneteenth
- **June 25 –** Bi-weekly wage confirmation for **check date 6/30**. **Will be charged to FY 24**.
- **June 25 -** Semi-monthly salary confirmation for **PPE 6/24, check date 7/1**. **Will be charged to FY 25.** Agency updates to HCM FY 2025 Department and Position Default Funding must be complete.
- **June 25 –** Bi-weekly wage GL Integration (expenditures posted to GL).
- **June 25 - June 28 –** Semi-monthly Off Cycle confirmation for **check date 7/2**; paysheets for 6/25 – 7/9 pay period created.

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PAYROLL PROCESSING - FISCAL YEAR-END, continued

Payroll Expenditures

The final wage payroll for FY 2024 will be confirmed on June 25. Expenditures will post to Cardinal FIN on June 25 and will be charged to FY 2024 without exception. Please ensure remaining FY 2024 appropriation will cover the expenditures.

Salaried payroll expenditures for the June 10 - 24 pay period (July 1, 2024, payday) will be charged to FY 2025 without exception. Expenditures will post to Cardinal FIN on July 1. Please ensure that Department and Position default funding is reviewed and updated if necessary, and that valid FY 2025 budget combinations exist in Cardinal FIN before the first FY 2025 payroll GL integration is run on July 1.

Additional information is available in the FYE Memo available on the General Accounting webpage:

https://www.doa.virginia.gov/reference/generalAccounting/yearend.shtml

Suspense Account Reconciliations

Agencies are responsible for clearing suspense accounts prior to close of the fiscal year. Particular attention should be paid to the Due Agency and Garnishment suspense accounts. All suspense accounts should have zero balances at the end of the fiscal year except for amounts posted for payrolls processed at the end of June for July check dates. Benefits are posted to suspense accounts according to the pay period end date. These amounts will roll into the new fiscal year and should clear as soon as the July 1 payroll records post.

Default Coding

SPO continues to use default coding to process various transactions required to balance cash, etc. If you have changes to the default coding for FY 2025, please submit the GLI Default Coding form found under Miscellaneous Forms on the Payroll Forms webpage. Please ensure that the account has been properly established in Cardinal before submitting your change. Forms may be emailed to payroll@doa.virginia.gov.

Financial Reporting – Attachment HE-6

Each fiscal year, higher education institutions report employee and employer deduction amounts related to optional retirement plans (TIAA and the DC Plan) on Attachment HE-6, Optional Retirement Plans, as required by the Comptroller's Directive for higher education institutions. This information is available in Cardinal HCM, if needed.

A deduction history for the fiscal year can be obtained by running a data query. Navigator-Reporting Tools – Query – Query Viewer. Select the V_PY_DED_EXTRACT data query. Enter the check date range that is appropriate to capture the deductions made in the fiscal year, Employee Retirement DB as the Plan Type, and choose the appropriate deduction code for the ORP plan (or leave it blank and then filter on the ones you need).

Flexible Benefits for Plan Year 2024-2025

Flexible benefit deductions (FLXDCR, FLXMED, FLXFEE) for the new plan year 2024-2025 have already been added to HCM with an effective date of 6/25/2024. Navigator – Benefits – Enroll in Benefits – Spending Accounts.

Retroactive deductions/refunds for the prior plan year must be entered using general deduction codes: FLXDPY, FLXMPY, FLXFPY. Refunds through payroll can only be made for deductions taken in the current calendar year.

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PAYROLL PROCESSING - FISCAL YEAR-END, continued

Impact of Reversals on Flex Benefits by Plan Year

Reversals requested for pay period ending 6/9 or 6/24 for employees with Flex deductions will require a balance adjustment in addition to the reversal. Reversals are posted to the balance records according to the check date for the period in which the reversal is actually processed. For example, reversals related to ppe 6/9 will be processed during ppe 6/24 which has a check date of July 1. The balance records for July and third quarter will reflect the reversal. As a result, the balance in the flex account for plan year beginning July 1, 2024, will be reduced by the deduction in the reversed payment, even though that deduction applied to the prior flex plan year. This will cause a recalculation of the employee's flex deductions for the new plan year and may result in an incorrect deduction amount. To prevent the recalculation, a deduction balance adjustment must be submitted with the request for the stop payment/reversal to increase the amount in the current plan year deduction codes (FLXDCR, FLXMED, FLXFEE) and decrease the amount in the deduction codes for the prior plan year (FLXDPY, FLXMPY, FLXFPY).

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Refunds for Hybrid Forfeitures

If, for any reason, there is a change in an employee's Hybrid plan during the Plan Year, the employee's contribution is refunded immediately. However, the agency's portion/contribution/cash match is held in a Forfeiture Account by MissionSquare and returned to the agency at the end of the plan year (which happens to be the same as FYE). Any interest that accrues during that time (June through May) is also given to the agency. MissionSquare normally informs DOA of the amount in the forfeiture account for each agency around the first week in June. In turn, DOA offsets the agency's last contribution (cash match) for the fiscal year (ppe 6/9) by the amount in the forfeiture account. The detail per employee is usually sent later in the month.

Agencies with forfeiture balances will see a credit to the default payroll account in Cardinal within a week of the June 16 pay date. Copies of the journal vouchers and details regarding employees affected will be sent as soon as the detail information has been received from MissionSquare. Differences between the actual amounts per employee and the amount returned result from dividends earned during this time.

Please do not contact SPO to inquire if your agency is impacted. You will be notified as soon as possible. To reiterate, this is the employer amount only and no further action is needed on the employee record.

Operations Calendar

Reminder – Quarterly detailed HCM Operations Calendars are posted on the State Payroll Operations webpage under **Important Documents**:

https://www.doa.virginia.gov/reference/payroll/

Guidelines for June 10, 2024, Legislative Salary Increase

DHRM Policy and Guidance

The Department of Human Resource Management distributed a memorandum dated May 16, 2024, entitled FY25 Authorizations and Compensation Activities Memo. Within this document DHRM provided an explanation of the policies related to the June 10 salary increase.

https://www.dhrm.virginia.gov/docs/default-source/compensationdocuments/fy25-compensation-memo.pdf

Additional resources, including a FAQ, are available here:

https://www.dhrm.virginia.gov/hr-partners/compensation-and-classification/resources-for-june-10-2024-pay-increase

Guidelines for June 10, 2024, Legislative Salary Increase, continued

Imputed Life and Retirement Changes

Imputed life in HCM is calculated during the first pay period of each month. Mid-month changes do not trigger a recalculation of imputed income for the month and agencies are NOT required to manually calculate and enter.

Changes to retirement creditable comp in Cardinal will process through the VNAV interface from VRS and should be effective in the 6/25-7/9 pay period.

VRS Rate Separation

VRS Hybrid Retirement Plan Rate Separation

Effective July 1 the rates for the defined benefit and defined contribution employer-paid portions of the Hybrid Retirement Plan will no longer be based on a "blended" rate. A specific rate will apply to the defined benefit employer-paid contributions and will no longer be impacted by the amount of the employer match on the voluntary hybrid contributions. Given the significant number of employees in Cardinal who have the VRS Hybrid retirement plan, the Open Enrollment (OE) event provided an opportunity to terminate the hybrid "blended" contribution benefit plan (7V) for all existing employees as of 7/1/2024. A 07/01/2024 transaction to inactivate the deduction for the blended rate (HBDBER/HJDBER, 7V) will be added to the retirement records for all employees enrolled in the Hybrid Retirement Plan. The YTD amount will remain on the employees' earning notices until the end of calendar year 2024.

Both employee and employer defined contribution portions of the Hybrid Retirement plan (HYBVDC, 4W; HYBMDC, 7Z) will process according to the same rules that apply to the Optional Retirement Plans, i.e., contributions will begin as of the employee's hire date and will be based on actual creditable compensation paid to the employee each pay period. The Hybrid Retirement defined benefit contributions (HJRMDB/HVRMDB, 70) will continue to follow the same rules that apply to VRS Plan 1 and Plan 2 retirement plans, i.e., contributions will begin as of the first working day of the following month and are based on the employee's creditable compensation (usually the s/m rate established as VRS addl pay).

Additional information related to the retirement reports and automated reconciliation will be shared at a later time.

Transition Impact on Employees with Less Than 12-Month Contracts/24 pays

In the past, employees who were in contracts for less than 12 months were restricted to contributions made to retirement only over the actual contract months therefore all retirement deductions stopped during the off-contract period. While the defined benefit deductions will continue to process only for the duration of the actual contract based on the VRS addl pay, the defined contribution deductions will continue for as many pay periods as the employee receives creditable compensation.

The previous rules continue to apply to contracts in place for the 23-24 academic year including the off contract summer months of 2024. This means that 9/10/11 month employees paid over 24 pay periods should have no Hybrid Retirement plan deductions taken during this time. **Rate separation is effective for these employees as soon as the new contract period begins.** Effective 7/1 the Hybrid Retirement defined contribution deductions will begin to calculate based on creditable compensation paid to the employee (as opposed to the VRS addl pay). Because contract begin dates vary from agency to agency, and to ensure that contract employees do not miss any defined contribution deductions during the transition, the HYBVDC (4W) and HYBMDC (7Z) deductions will remain active over the summer. **Agencies will be required to do SPOT transactions to override the amount during the off contract months of summer 2024 to zero until the new 24-25 contract period begins.** Deductions taken in error can be reversed provided it is caught within 90 days.