HIRE Act / FICA Rebate

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FINANCIAL UNIT LIAISON MEETING
JUNE 16, 2010

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JUNE 18, 2010

HIRE Act

- Hiring Incentives to Restore Employment (HIRE)
  - Signed March 2010
  - Relevant to:
    - New hires between 2/4/10 and 12/31/10
    - Wages between 3/19/10 and 12/31/10
  - Individuals must have:
    - Been unemployed for at least 60 days before U-M hire date
    - Worked less than 40 hours during the 60 days
    - Voluntarily signed Form W-11
  - No incentive or negative impact for employees
    - Social Security wage history not affected
## HIRE Act

- **U-M savings from Social Security tax “holiday”**
  - 6.2% of salary to a maximum $106,800
  - Potential $1,000/person business tax credit for 2011 if remains employed for 52 weeks

## HIRE Act Timeline

- **May 17, 2010:**
  - Targeted emails sent to department managers and “catch-up” population of new hires
- **May 24:**
  - Distribution of Form W-11 at New Employee Orientation began
- **June 1:**
  - First targeted email for new hire transactions from previous calendar week
- **As of June 10:**
  - Payroll has received 101 forms.
- **July, October, and January:**
  - Departmental refunds made quarterly via Journal Entry.
HIRE Act Refunds: What to Look for

- **Original charge to departmental Shortcode on “PY” GL transaction on the Statement of Activity**
  - Summarized at the Chartfield combination level
  - GL Account Value = 592500

- **Refund done quarterly via journal upload process**
  - Journal upload has one entry per UMID and includes the following info:
    - Journal Reference = 8-digit UMID
    - Journal Description = FICA HIRE Act Ref “Employee Name”
    - Source Code = PRO
  - Journal upload processed in July, October, and January

- **If paycheck is reversed in a quarter after the refund JE has been processed, refund is reversed in next quarterly JE**