



Employer Payroll Calculator-Exemptions

As an employer within the CCO program, it is your responsibility to ensure that the payroll you submit for your employees falls within your authorized funding amount. This amount is reflected on your budget.

Failure to stay within your funding amount puts you and your employees at risk with respect to state and federal laws, worker’s compensation and unemployment insurance, as well as Department of Labor regulations. Additionally, payroll that is submitted in excess of your authorized funding amount cannot be processed and will likely lead to required revisions/delays in the processing of payroll as a whole.

To assist you in submitting within your authorized funding amount, Veridian Fiscal Solutions has developed the Employer Payroll Calculator** (picture below).

Employer Payroll Calculator							
Employer Tax Rate*: →							
Employees	Hours Worked - Regular	Hours Worked - Overtime +	Hourly Rate	SUTA Exempt	FUTA Exempt	FICA Exempt	SUM
Employee 1				No	No	No	\$ -
Employee 2				No	No	No	\$ -
Employee 3				No	No	No	\$ -
Employee 4				No	No	No	\$ -
Employee 5				No	No	No	\$ -
Employee 6				No	No	No	\$ -
Employee 7				No	No	No	\$ -
Employee 8				No	No	No	\$ -
Employee 9				No	No	No	\$ -
Employee 10				No	No	No	\$ -
Total Dollars							\$ -

* Employer Tax Rate is the employer tax rate found on your budget.

† Overtime hours are any hours worked over 40 hours in one work week. A work weeks runs from Sunday through Saturday. Overtime hours are paid at time and a half (1.5 times the regular pay rate).

****Veridian and its subsidiaries do not accept liability or financial responsibility in whole or in part for the use of this payment calculator. The member/employer is solely responsible for the scheduling, tracking and utilization of their spending and to stay within their authorized dollar amount. This payment calculator is to estimate the employer tax burden and should not be used to calculate an employee’s payroll.**

After reviewing the instructions provided in this document, you will be ready to use the Employer Payroll Calculator.

Overview

The Employer Payroll Calculator allows you to determine the cost of your employee's work.

The calculator does so utilizing the following equation:

$$\text{Hours worked} \times \text{Employee's hourly wage} \times \text{Your employer tax rate} = \text{Cost of hours}$$

By knowing the cost of your employee's work, you are better able to schedule your employees in such a way that their payroll will fall within your authorized funding amount.

To utilize the Employer Payroll Calculator, you will add the following information in to the calculator as pictured below:

Employer Payroll Calculator							
Employer Tax Rate*: →		1					
Employees	Hours Worked - Regular	Hours Worked - Overtime +	Hourly Rate	SUTA Exempt	FUTA Exempt	FICA Exempt	SUM
Employee 1	2	3	4	5	No	No	\$ 7 -
Employee 2					No	No	\$ -
Employee 3					No	No	\$ -
Employee 4					No	No	\$ -
Employee 5					No	No	\$ -
Employee 6					No	No	\$ -
Employee 7					No	No	\$ -
Employee 8					No	No	\$ -
Employee 9					No	No	\$ -
Employee 10					No	No	\$ -
Total Dollars							\$ 8 -

1. Employer Tax Rate- Your employer tax rate.

- If you are a new employer in 2023, your employer tax rate is 9.25%.
- At the end of the year, VFS will mail employers with a tax rate change for the upcoming calendar year providing them with their new rate.
- Your ISB will have your employer tax rate. You can also contact VFS and we will provide it.
- For additional information on Employer Taxes, please reference the following section of this user guide.

2. Employee names (optional)-The employee providing services.

3. Hours Worked-Regular-The amount of hours your employee will work at their regular rate of pay.

4. Hours Worked-Overtime-The amount of hours your employee will work at the overtime rate of pay.

- Overtime hours are paid at time-and-a-half the employee's regular pay rate.
- Overtime hours are any hours worked in excess of 40 in a work week (the work week runs from Sunday to Saturday)

5. **Hourly Rate**-Your employee's hourly rate of pay.
6. **Exemptions**-Select Yes under the appropriate column if an employee is exempt from SUTA (State Unemployment Tax Act) taxes, FUTA (Federal Unemployment Tax Act) taxes, and/or FICA (Federal Insurance Contributions Act) taxes or No if they are not.

For additional information on Exemptions, please reference the Tax Exemptions section.

Completing fields 1-6 for an employee will calculate the total billing for that employee in the SUM column (7). The total billing for all employees listed in the calculator (if more than one are added) will be listed in Total Dollars cell at the bottom of the calculator (8).

What are Employer Taxes?

Based on your role in the CCO program, you are considered a household employer. As a household employer, you are required to pay a percentage of certain taxes on your employee's wages, otherwise referred to as your employer taxes. Veridian processes these tax payments on your behalf and deducts the funds from your total authorized amount based off your submitted payroll.

Within this program, your employer taxes consist of the following and are applied to your employee wages at the rate listed:

- **6.2%** Social Security (Federal Insurance Contributions Act or FICA)
- **1.45%** Medicare
- **0.6%** Federal Unemployment Tax Act (FUTA)
- **X.X%** State Unemployment Tax Authority (SUTA)

The SUTA rate varies from employer to employer and is subject to change annually based on the following factors:

- The length of time an individual has been a household employer.
- The amount of payroll paid each year.
- The number of unemployment claims filed.

Combining the above percentages will give you your overall employer tax rate. This is the rate that you will add to the Employer Tax Rate field on the calculator.

Please note, your overall Employer Tax Rate can vary from year to year based off changes in workers' compensation, federal employer tax rates and state employer tax rates.

If your employer tax rate is set to change in the next calendar year, you will receive a letter from Veridian at the end of the previous year notifying you of your new rate.

Tax Exemptions

Conditions exist that if applicable to you as the employer/your employee make that employee's wages exempt from certain employer taxes. These conditions include specific relationships between you/your employee as well as yearly wage thresholds.

If an employee's hours are exempt from an employer tax, that tax will not be applied in the payment of their wages.

To illustrate, let's compare the hourly cost to you of two of your employees, Jane Doe and John Doe.

You have an employer tax rate of 11.08%.

Both Jane and John are paid \$15.00 an hour.

Jane Doe's wages are FUTA exempt for her work for you while John Does are not.

Here is how much an hour of Jane's work will cost vs John's work:

Jane Doe- 1 hour X \$15.00 X 1.1108 (your employer tax rate)= a cost of \$16.66 an hour

John Doe- 1 hour X \$15.00 X 1.1048 (your employer tax rate minus the FUTA tax rate of .006 which is not applied due to the exemption)= a cost of \$16.57 a hour

Because Jane's wages are FUTA exempt, her work per hour costs less to you than John's even though they are paid the same hourly rate.

Knowing whether your employee's wages are exempt from a tax or not can be very helpful in accurately projecting the cost of that employee's work. To see if your employee's wages are exempt from certain taxes, please review the conditions in the below sections.

Relationship-Based Exemptions

Based on the relationship between you as the employer and your employee, there may be certain tax exemptions that apply to hours worked by that employee.

The relationship between you as the employer and your employee is provided to Veridian on the Statement of Relationship form in their employee packet. Veridian notes this relationship on file and if the relationship qualifies for an exemption, applies it appropriately to that employee's hours worked.

Please keep the following in mind-

Be sure that if you are marking your employee as exempt from any taxes for the purposes of using this calculator that this exemption is qualified based on the submitted Statement of Relationship form. Failure to do so can lead to discrepancies between what you are projecting your employee's work to cost and what it actually costs when all applicable taxes are applied.

If at any time the relationship between you and your employee changes in a way that would either apply or remove an exemption, you will need to submit a revised Statement of Relationship form to Veridian as soon as possible so that we can update the exemption accordingly.

The below table* will show you which status, age and relationships qualify for an exemption.

Employer Tax Exemptions

Relationship Status	<u>FICA (SS and Medicare)</u>	<u>FUTA (Federal Unemployment Tax Act)</u>	<u>SUTA (State Unemployment Tax Act)</u>
Child Working for Parent (parent is employer)	Exempt until 21	Exempt until 21	IA: Exempt
Employee Under 18 (not child of employer)	Exempt through the year of 18 th birthday if full-time student		
Spouse Working for Spouse	Exempt	Exempt	Exempt
Non-resident Alien (in US to provide domestic services)	Exempt	Exempt	
Parent Working for Child (child is employer)	Exempt unless caring for grandchild under 18 or with physical/mental condition AND employer is divorced or widowed or living with spouse with physical/mental condition	Exempt	Exempt
No Relationship			

* Veridian cannot assist with determining if the relationship between you and your employee qualifies as the relationship in this table. Please consult with your tax advisor if you have questions on making this determination.

For additional information on the specific exemptions, you can also reference the following resources: For FICA and FUTA exemptions, please reference IRS Publication 926 <https://www.irs.gov/pub/irs-pdf/p926.pdf>

For questions regarding non-resident Aliens, please visit <https://www.irs.gov/individuals/international-taxpayers/aliens-employed-in-the-us-futa>

For questions regarding Iowa unemployment, please reference the Iowa Workforce Development Employer Handbook <https://www.iowaworkforcedevelopment.gov/employer-handbook>

Yearly Tax Thresholds

Yearly tax thresholds exist that when reached will exempt an employee's future hours from having certain taxes applied for the remainder of that year. This is regardless of the employee's relationship to you as the employer. A threshold is considered met when in a year you have paid an employee the amount of gross wages at which the threshold is set for that year. The exact amounts of these thresholds are subject to change on a yearly basis.

For 2023, the thresholds are as follows:

- The FUTA threshold is \$7,000.00
- The Iowa SUTA threshold is \$34,800.00

To look at an example.

Let's say you have paid out a total of \$7,000 in gross wages to an employee of yours as of the end of May 2023. That would mean the hours submitted for payment in June through the end of the year by this employee would no longer have FUTA taxes applied to them, as the \$7,000 FUTA tax threshold for 2023 has been met. All other applicable payroll taxes would continue to be applied as normal.

Due to the uncertain nature of when/if these thresholds will be reached in the year, you will want to reference your account statements. This will allow you to see when/if an employee of yours has hit a yearly threshold and will no longer have certain taxes applied to future hours they work in the year.

Examples

To see how the Employer Payroll Calculator works, let's look at a few examples.

Example 1

You have an employer tax rate of 9.25%, an authorized funding amount of \$1700.00, and the following employee data:

Jane Doe- 14.5 hours worked (no overtime) and is paid \$10.00 an hour. She is your 19 year old daughter. This relationship to you (child working for their parent, i.e. the member/employer) results in her hours worked being exempt from SUTA, FUTA, and FICA taxes.

John Doe- 14.5 hours worked (no overtime) and is paid \$10.00 an hour. He has no exemptions.

Jim Doe- 42 total hours worked (2 of which are overtime) and is paid \$10.00 an hour. He has no exemptions.

Jack Doe- 50 total hours worked (10 of which are overtime) and is paid at \$15.00 an hour. He has no exemptions.

With the above employee data, the Employer Payroll Calculator should be filled out as follows:

Employer Payroll Calculator							
Employer Tax Rate*: →			9.25%				
Employees	Hours Worked - Regular	Hours Worked - Overtime +	Hourly Rate	SUTA Exempt	FUTA Exempt	FICA Exempt	SUM
Jane Doe	14.50		\$ 10.00	Yes	Yes	Yes	\$ 145.00
John Doe	14.50		\$ 10.00	No	No	No	\$ 158.41
Jim Doe	40.00	2.00	\$ 10.00	No	No	No	\$ 469.78
Jack Doe	40.00	10.00	\$ 15.00	No	No	No	\$ 901.31
Employee 5				No	No	No	\$ -
Employee 6				No	No	No	\$ -
Employee 7				No	No	No	\$ -
Employee 8				No	No	No	\$ -
Employee 9				No	No	No	\$ -
Employee 10				No	No	No	\$ -
Total Dollars							\$ 1,674.50

Given the above data, the total payroll amount for these employees would be \$1674.50. With an authorized funding amount of \$1700.00 available, submitting this payroll would leave you within your authorized funding amount with \$25.50 to spare.

Example 2

To revise the above example, let's say your employer information remains the same (authorized funding amount of \$1700 and an employer tax rate of 9.25%), and Jane, Jim, and Jack's data remains the same, but John is now scheduled to work 20 hours instead of 14.5.

Jane Doe- 14.5 hours worked (no overtime) and is paid \$10.00 an hour. She is your 19 year old daughter. This relationship to you (child working for their parent, i.e. the member/employer) results in her hours worked being exempt from SUTA, FUTA, and FICA taxes.

John Doe- 20 hours worked (no overtime) and is paid \$10.00 an hour. He has no exemptions.

Jim Doe- 42 total hours worked (2 of which are overtime) and is paid \$10.00 an hour. He has no exemptions.

Jack Doe- 50 total hours worked (10 of which are overtime) and is paid at \$15.00 an hour. He has no exemptions.

With the above employee data, the Employer Payroll Calculator should be filled out as follows:

Employer Payroll Calculator							
Employer Tax Rate*: →		9.25%					
Employees	Hours Worked - Regular	Hours Worked - Overtime +	Hourly Rate	SUTA Exempt	FUTA Exempt	FICA Exempt	SUM
Jane Doe	14.50		\$ 10.00	Yes	Yes	Yes	\$ 145.00
John Doe	20.00		\$ 10.00	No	No	No	\$ 218.50
Jim Doe	40.00	2.00	\$ 10.00	No	No	No	\$ 469.78
Jack Doe	40.00	10.00	\$ 15.00	No	No	No	\$ 901.31
Employee 5				No	No	No	\$ -
Employee 6				No	No	No	\$ -
Employee 7				No	No	No	\$ -
Employee 8				No	No	No	\$ -
Employee 9				No	No	No	\$ -
Employee 10				No	No	No	\$ -
Total Dollars							\$ 1,734.59

Given the above data, the total payroll amount for these employees would be \$1734.59. With an authorized funding amount of \$1700.00 available, submitting this payroll would exceed your authorized funding amount.

As submitted this payroll is unable to be processed. Hours would either need to be resubmitted within the authorized funding amount or hours would need to be shorted. Either of these options can lead to a delay in employees receiving payment. They would also put you and your employees at risk with respect to state and federal laws, worker's compensation and unemployment insurance, as well as Department of Labor regulations. To prevent this, it is recommended that you review and ensure payroll will fall within your authorized funding amount prior to submitting your employee's hours.

Helpful Hints for Staying Within your Authorized Funding Amount

Using the Employer Payroll Calculator, while keeping the following in mind, will assist you in successfully submitting payroll within your authorized funding amount.

- **Employee pay rates**-Be sure to accurately reflect your employee's rate of pay in the payment calculator. You can verify your employee's current rate of pay by logging into your online account and taking the following steps
 - Select Employees under the My Account Tab on the home screen
 - View the Employee in question
 - Scroll to the bottom of the web page. This will show the service codes your employee has active, the timeframe the code is active for, and the pay rate for the service (example below)

Code	Description	Start	End	Rate
Personal Care/CDAC15	Personal Care	5/1/2020	12/31/2050	10.0000
SCL (15 Min)	Supported Community Living (15 Min)	1/1/2022	12/31/2050	15.0000

If you believe an employee's pay rate is not correct, contact Veridian to confirm that the information reflected online is accurate.

- **Overtime**-All hours worked over 40 in a work week (Sunday through Saturday), must be processed at time-and-a-half the regular pay rate for the service(s) where overtime applies. While having an employee work overtime may be necessary for you as an employer, be aware that this will take up a larger portion of your budget than if the employee did not work overtime.
- **Account statements**-Verifying your account statement for accuracy allows you to see the total amount that is available within the monthly budget/savings, the total amount that has been spent already, and what the remaining balance is. Reviewing this information is essential as it allows you to schedule your employees in a manner such that you are able to stay within your monthly budget.

For additional information on what is provided in the Account Statement as well as how to generate one, please refer to the [Account Statement Web Report Instructions](#).