Lesson 3: General Deductions

Scenario

In this lesson, the SHARP trainer, Hall, will show the newly hired Payroll Processor, Kelly, how to maintain an employee's optional deductions and employer contributions in SHARP.



Hall



Kelly

Lesson Objectives

After completing this lesson, you will be able to:

- Understand what deductions are considered optional employee deductions
- Understand employer contributions
- Learn the rules of various deductions
- Add/update deductions that are maintained on the General Deduction Data page
- Maintain employer contributions

Lesson Topics

In this lesson you will learn about the following topics. Click **Home** (at the lower left corner) at any time to return to this menu. Click each topic to navigate to that topic.



Topic 1: Optional EE Deductions Overview



Topic 2: Processing Optional EE Deductions



Topic 3: Employer Contributions



Topic 4: Entering a General Deduction

Optional Employee Deductions Overview

Optional employee deductions (OED) include all amounts reducing an employee's net pay that are made at the request of the employee.

Some examples of OED are agency maintenance, group health insurance, organizational dues, parking, United Way, and KPERS.

Most deductions, including OED's, are bi-weekly with a corresponding bi-weekly coverage period, except for the following deductions. Optional Group Life insurance and adjustments or refunds will be deducted from the employee's second paycheck of the month. Group Health Insurance, Health Savings Account (HSA), Vision and Flexible Spending Accounts (FSA) for dependent/health care, Supplemental, and Long Term Care are deducted semi-monthly on the first and second paychecks of the month.

The SHARP Payroll Deduction Schedule at https://admin.ks.gov/docs/default-source/payroll/SHARP-9.2/PayrollDeductionSchedule.pdf
lists the frequency and coverage period of all payroll deductions.

❑ Parties Responsible For Entering Optional EE Deductions

Optional employee deductions (OEDs) may be entered by agency personnel or may be keyed outside the agency. SHARP Entry Guide at https://admin.ks.gov/docs/default-source/payroll/SHARP-9.2/SHARPEntryGuide.pdf provides the entry location and assignment details.

A list of SHARP Deduction Codes by Plan Type and Deduction Code can be found at the Department of Administration Document Center page at http://www.admin.ks.gov/resources/document-center under Payroll Forms. This list may not be current as the list is constantly changing. You can use this list to find the plan type or category of your desired deduction code to narrow down your search in SHARP.

All agency-entered OEDs are entered on the General Deduction page. Three agency-entered OEDs, United Way, organization dues, and agency maintenance, will be discussed in detail below.

Processing a United Way Deduction - 1

Employees who wish to make a United Way contribution through payroll deductions must submit the deduction form to the appropriate agency staff.

The following rules apply when entering United Way deductions:

- The deduction amount for each bi-weekly pay period is entered in the Flat/Addl Amount field.
- DO NOT enter the goal amount into the Create General Deductions page.
- United Way is an annual pledge and must be renewed yearly. Use the 1st day of the last pay period in the calendar year (for which the paycheck will be issued the following year) as the deduction end date for the current year pledge. Use the 2nd day of the same pay period as the deduction effective date for the following year pledge for non-interrupted pledges.

Processing a United Way Deduction – 2 (Cont.)

- If the United Way deduction for the next calendar year is entered during the United Way enrollment period up until the last working day of the year, a batch process will split it out into 2 rows, the deduction (UTDXXX) and the admin. fee (UTFXXX). If an employee enrolls in United Way after the batch process is run, the agency will need to enter the authorized deduction amount less the $.06 fee for the UTDXXX code, and add a corresponding effective dated UTFXXX row for the $.06 fee. Both rows should have the Deduction Calculation Routine Set to “Default to Deduction Table”. If an employee requests during the year that their United Way deduction be ended early, agency personnel must remember to insert a deduction end date on both the UTDXXX and UTFXXX general deduction rows.

Processing an Organization Dues Deduction

When an employee joins a State recognized organization, the organization is responsible for sending the authorization form to the agency. The agency will retain the form and enter the deduction.

Payroll Services will periodically notify agencies of organization dues rate changes by informational circular.

The following rules apply when entering an organization dues deduction:

- The deduction amount for each bi-weekly pay period is entered in the Flat/Addl Amount field.
- DO NOT enter the goal amount into the General Deduction page.
- Each organization dues deduction must be broken down into two rows of entries, one for the deduction (ORGXXX) and a corresponding (ORFXXX) row with the same effective date for the $.06 per deduction fee.

Agency Maintenance

Agency maintenance consists of housing, food services, and other employee maintenance furnished to employees **for the benefit of the employee**. An example is a correctional officer having a set amount deducted from his/her pay to cover the cost of lunches in the facility cafeteria.

Currently only Agencies 410, 494, and 710 have established Agency Maintenance deductions. Other agencies wishing to create the program should contact Payroll Services for approval and procedures.

To authorize an Agency Maintenance deduction, the employee should submit a completed Form DA-171, Housing, Food Service, and Other Maintenance Policy to the appropriate agency staff. Form DA-171 can be found at http://www.admin.ks.gov/resources/document-center under Payroll Forms. Agency Maintenance deductions are entered on the General Deduction page as a flat amount and no Goal Amount should be entered.

Employer Contributions - 1

Employer contributions are deductions paid by the employer for the benefit of the employee. These deductions have no impact on employee net pay.

Two employer contributions, Workers Compensation Insurance (WCI) and State Leave Payment assessments (STLEAV) are maintained on the General Deduction page.

Unlike other general deductions that are entered by the agency, the employer contribution deduction records are generated by the SHARP system in the first nightly batch cycle after an employee's hire records were entered.

State Leave Payment assessments are standard statewide. Workers Compensation insurance rates are set by agency. Each agency has its own deduction code, WCIXXX, where "XXX" is the three-digit agency number.

Employer Contributions - 2

For employees who work in more than one agency and have more than one Employee Record Number, only one WCI deduction record, based on the employee's lowest Employee Record Number and its employing agency rate, will be established.

Agencies must verify that the two employer contributions, WCI and STLEAV, have been established on the General Deduction page with the correct effective date, deduction code, and deduction calculation routine of "Default to Deduction Table".

When an employee transfers to/from another state agency, a deduction end date, effective on the first day of the pay period of the transfer, should be entered on the "From" agency's WCI deduction code, and a new "To" agency's WCI code should be added using the 2nd day of the same pay period as the effective date so the correct agency/rate is charged.

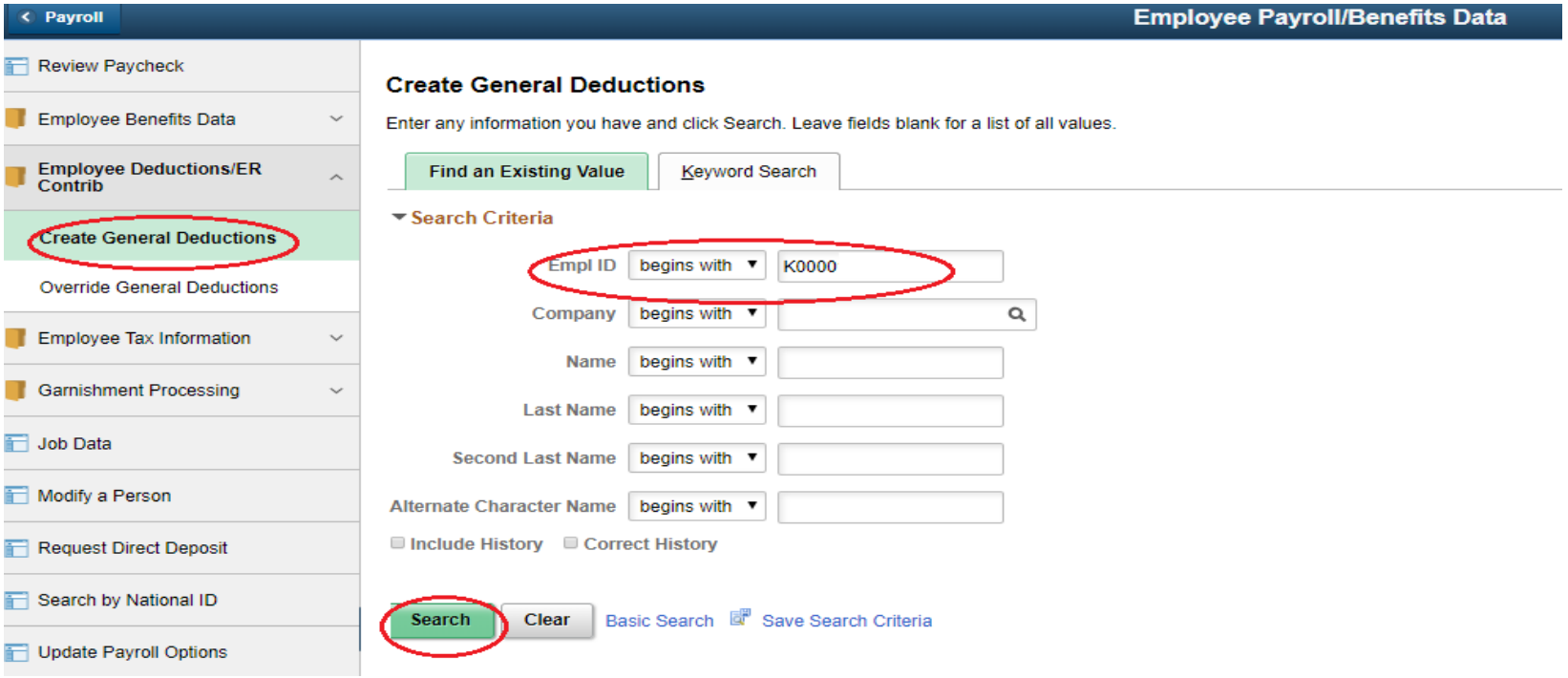
Entering a General Deduction - 1

All agency-entered optional employee deductions and the two employer contributions deductions, WCI and STLEAV are entered/viewed on the General Deduction page.

Fluid Location: **SHARP Homepage** click the drop down to select the **Payroll** Homepage, click on ***Employee Payroll/Benefits Data*** *tile* ***> Employee Deduction/ER Contrib>Create General Deductions***



Entering a General Deduction - 2



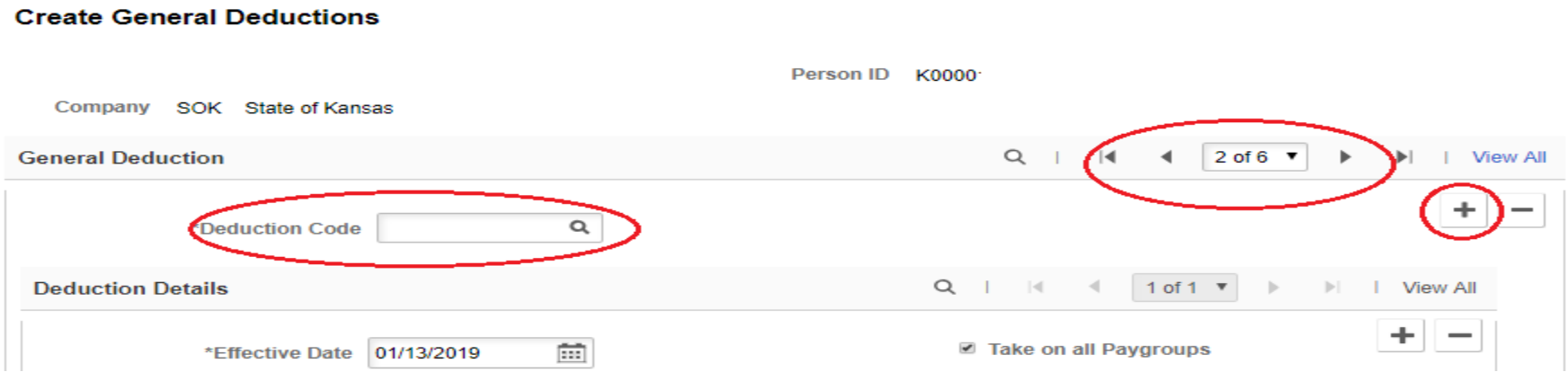
Step 1: Type **Employee ID** in the Empl ID field and click **Search**.

Entering a General Deduction - 3



A list of SHARP Deduction Codes by Plan Type and Deduction Code can be found at the Department of Administration Document Center page at http://www.admin.ks.gov/resources/document-center.The list may not be current as codes are constantly changing. You can use the list to find the plan type or the first character of the category of the deduction code you are looking for, type the first character in the Deduction Code field, then click the Look Up button ( ) by the field to narrow down your search.

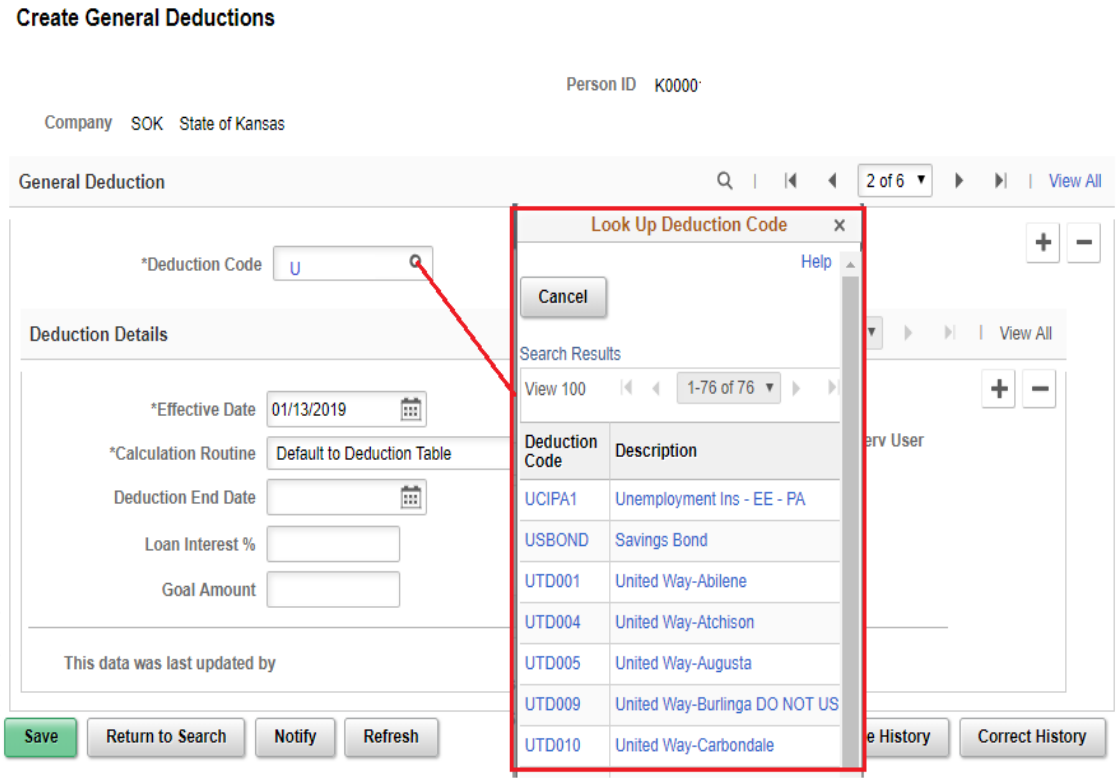
Entering a General Deduction - 4



Step 2: Depending on the employee's existing data, different procedures apply to updating an employee's deduction. Most likely there should already be a value in the **Deduction Code** field when you first access the employee's record, this means some deductions already exist for the employee. You should first scroll through the deduction codes to verify if the code you are entering already exists for the employee.

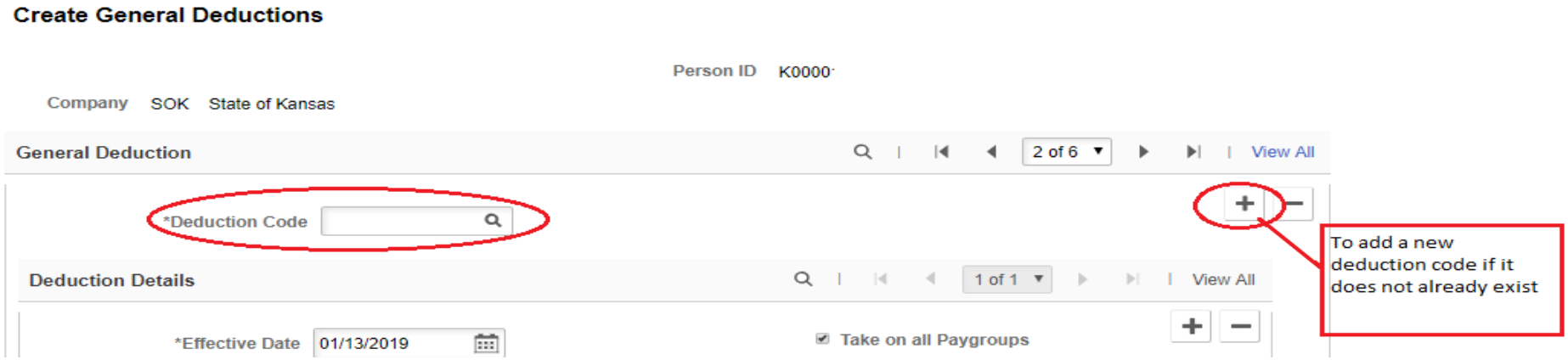
A. If the code does not exist, click the **Add Row** button in the General Deduction level to add a new row (so that you don't override any existing deduction). (more)

Entering a General Deduction - 5



Step 2: (cont.) When adding a new code, because of the number of records, the easier way to find your desired code is to type the first character of the code, the system will pull up all of the codes starting with the typed letter. You can then scroll down to find your code. When you see your desired code, click to select it.

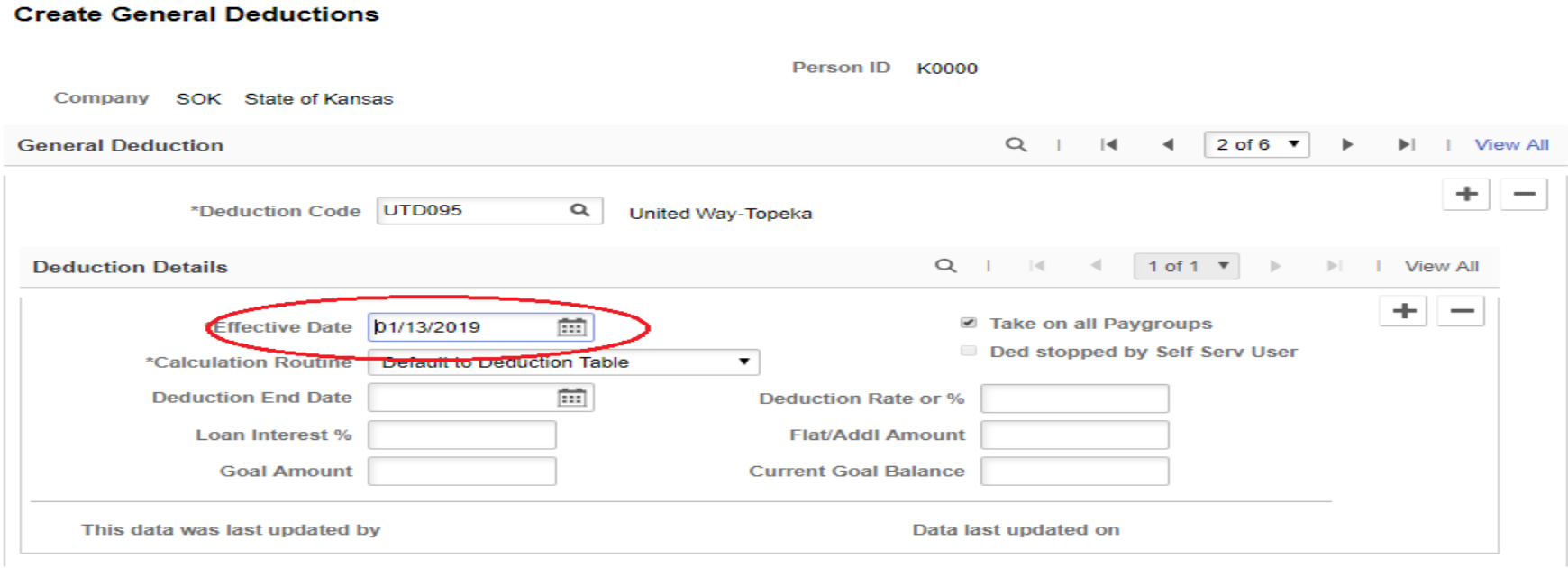
Entering a General Deduction - 6



Step 2 (cont.):

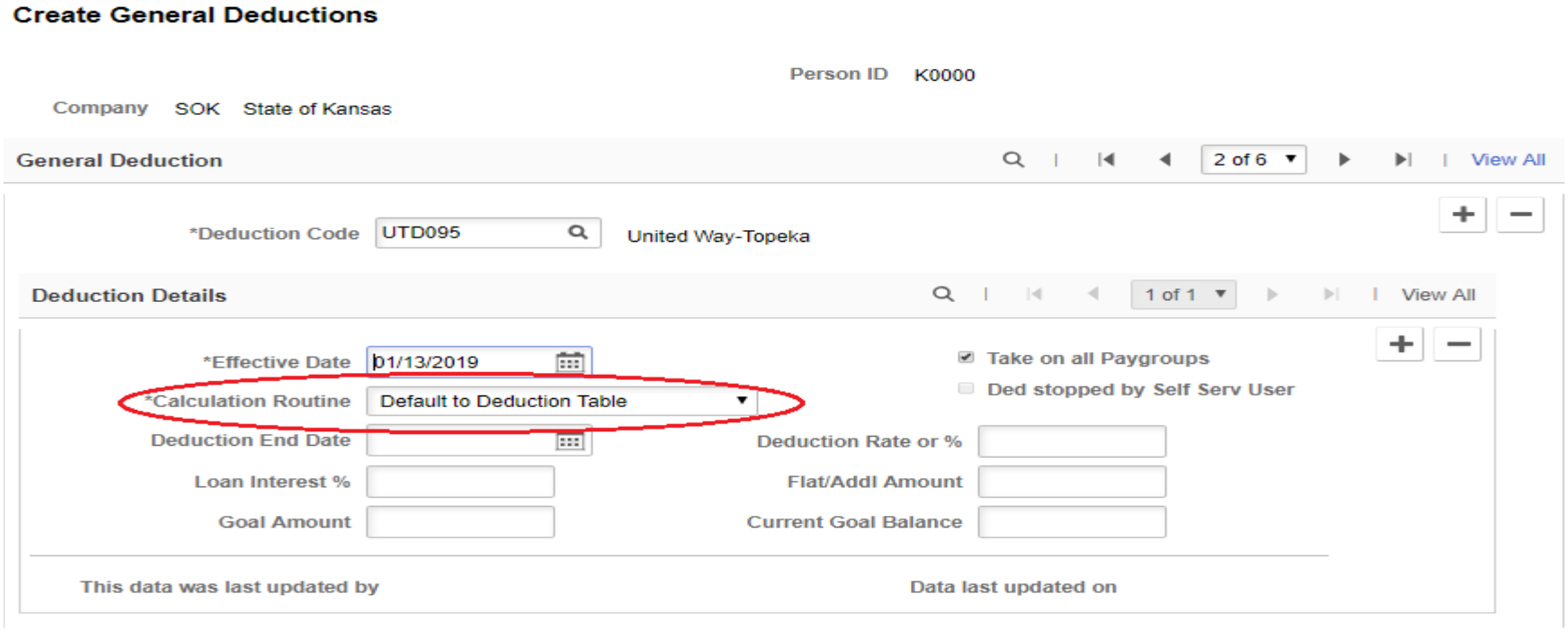
B. If the code already exists, first select the code, then click on the Add Row button at the Deduction Details level to add a new effective dated row to update, instead of adding, the code.

Entering a General Deduction - 7



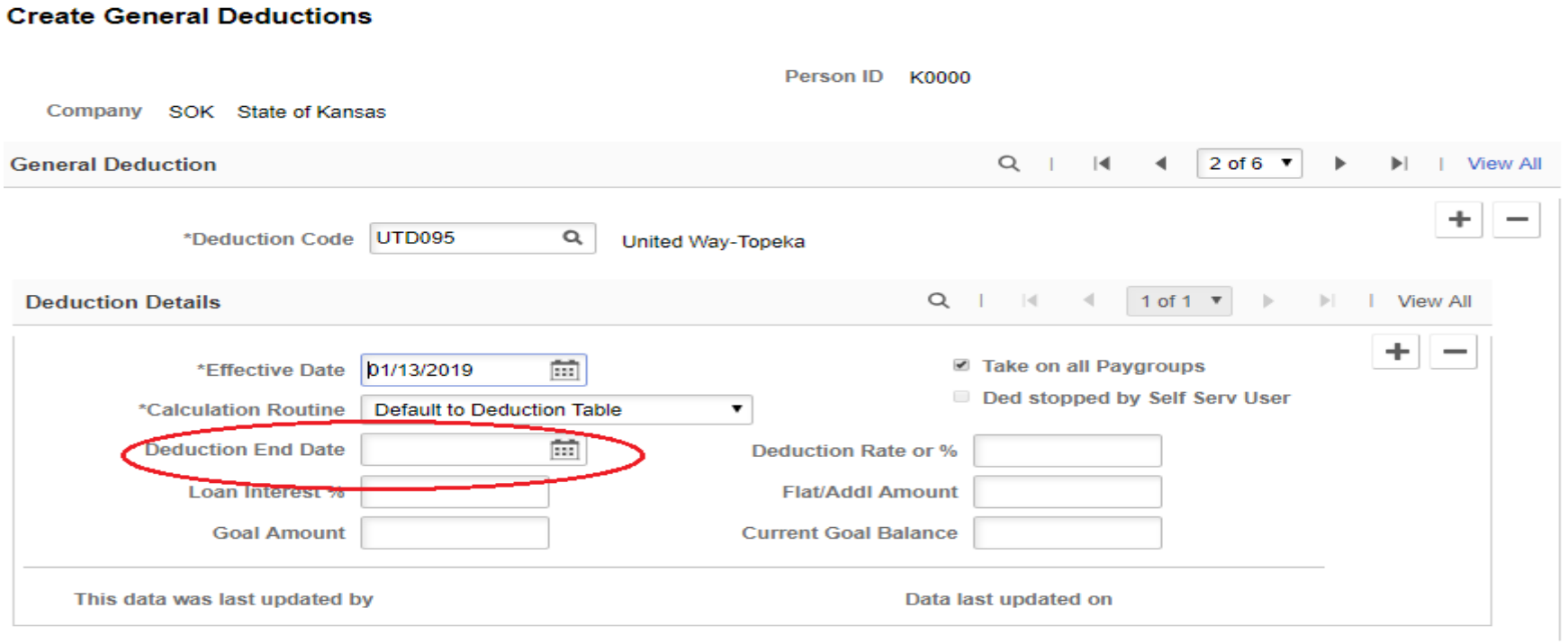
Step 3: Effective Date will default to current date, which can be changed. Generally use the first day of the pay period when the deduction will be taken, except for United Way. Use the 2nd day of the pay period for United Way when there's an existing pledge that will end on the same pay period.

Entering a General Deduction - 8



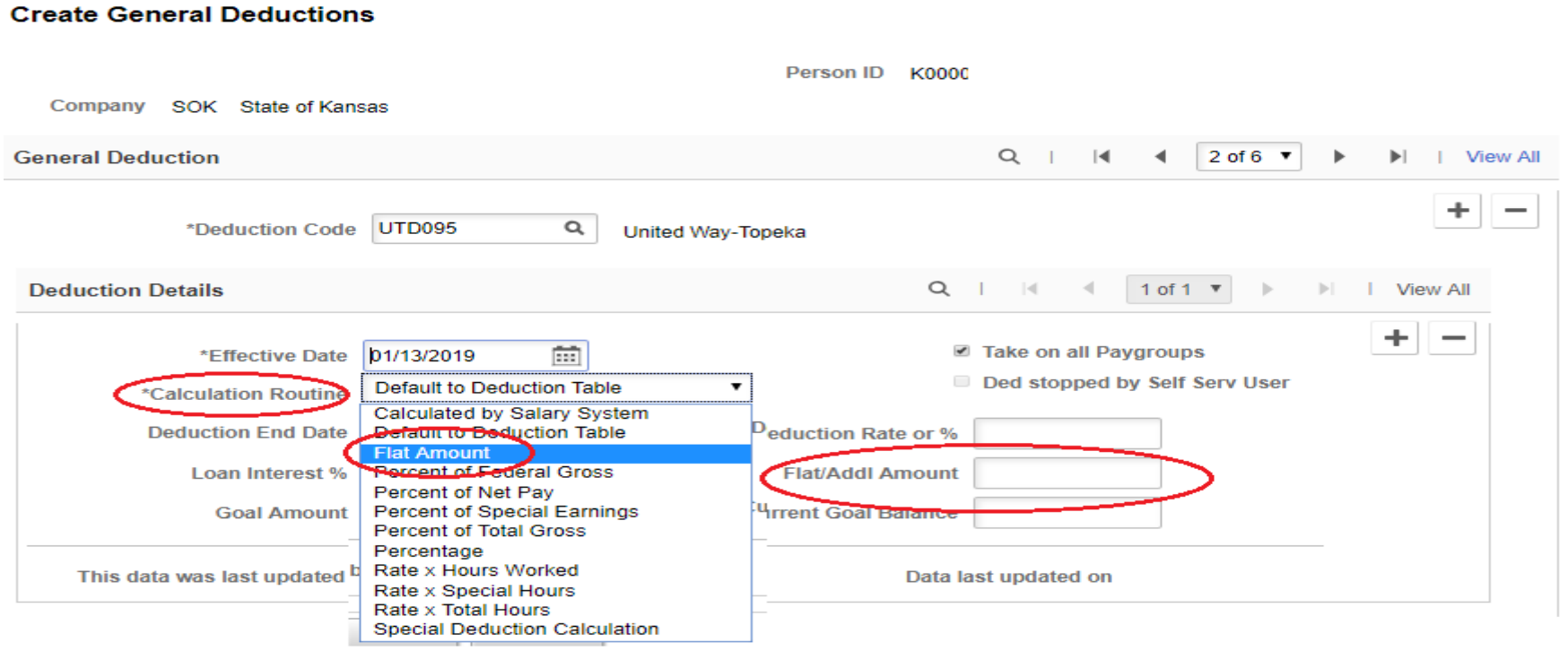
Step 4: For the appropriate calculation routine to use for each type of deduction, refer to the Deduction Calculation Routine attachment found at https://admin.ks.gov/docs/default-source/payroll/SHARP-9.2/DedCalRoutine.pdf.

Entering a General Deduction - 9



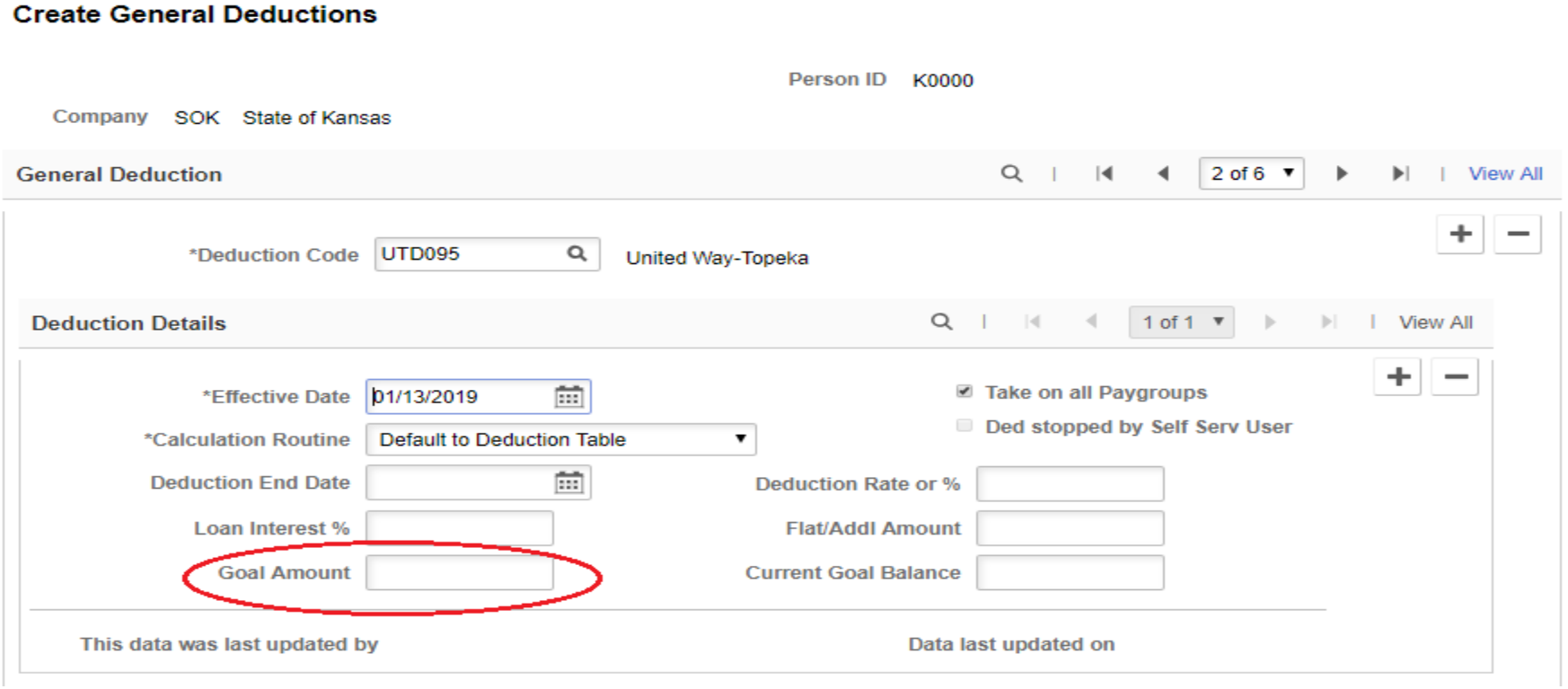
Step 5: If the deduction is for United Way, a Deduction End Date must be entered. Use the 1st day of the last pay period in the calendar year (for which the check will be issued the following year) as the deduction end date.

Entering a General Deduction - 10



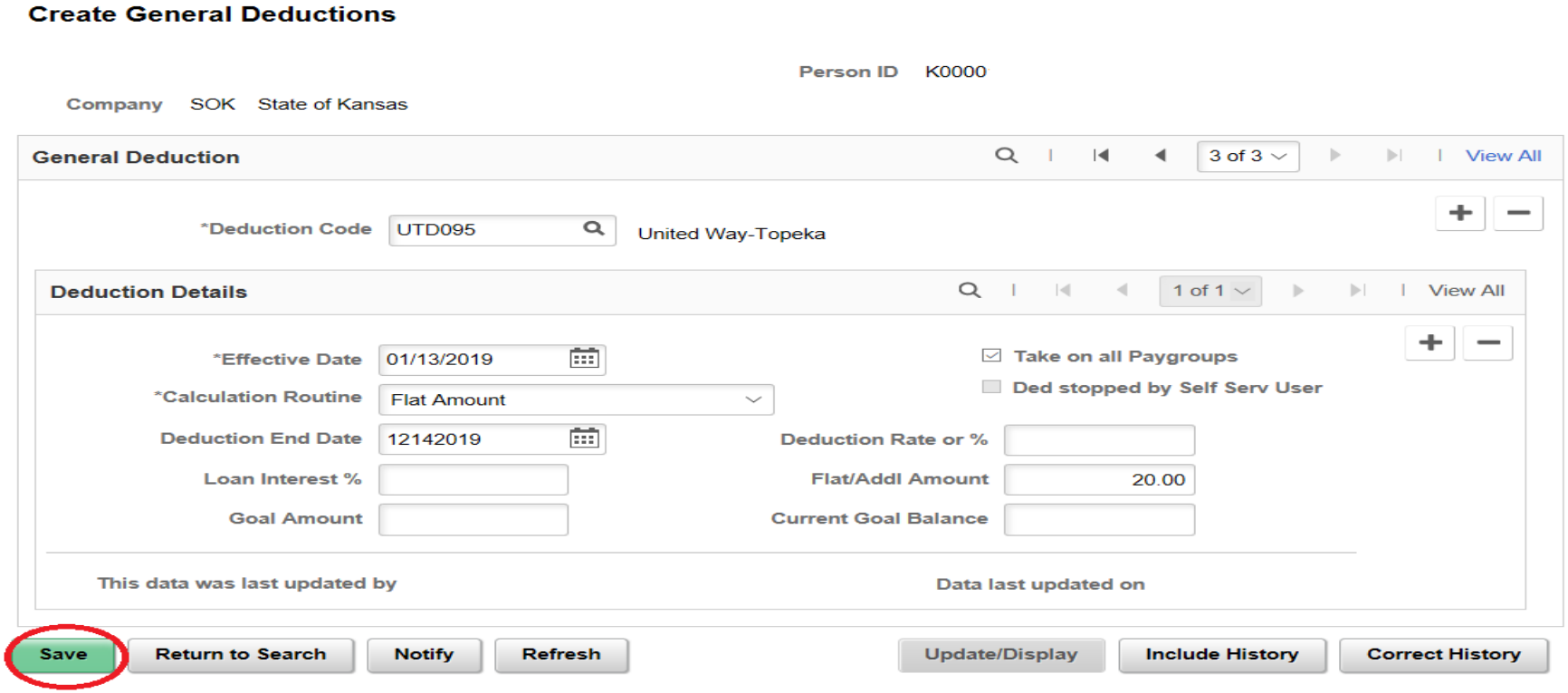
Step 6: If the deduction calls for a “Flat Amount” calculation routine, the deduction amount must be entered. Ded Stopped by Self Serv User, Deduction Rate or %, and Loan Interest % are not used by the State. (more)

Entering a General Deduction - 11



Step 6 (cont.): Do NOT use Goal Amount to set deduction limits. The goal balance is not updated for certain adjustments, which may cause the actual total deduction to exceed the goal amount.

Entering a General Deduction - 12



Step 7: After entering the necessary information for your deduction, click the **Save** button.

Lesson Checkpoint

Now is your opportunity to ensure that you are learning the lesson material. After you read the question, make your selection, then compare your response to the correct answer provided at the bottom of the page.

Lesson Checkpoint



True or False? When entering an organization dues deduction, the deduction must be broken down into 2 rows of entries with the same effective date, one for the deduction and one for the admins. fee.

A) True
B) False

The correct answer is A.

Lesson Checkpoint



True or False? The day after a new hire is entered, you must verify the employer contributions, STLEAV and WCIXXX, are generated on the General Deductions page.

A) True
B) False

The correct answer is A.

Lesson Checkpoint



You must enter a deduction end date for which of the following deductions?

A) Organization dues
B) United Way
C) Agency Maintenance

The correct answer is B.

Lesson 3: General Deductions

Lesson Summary



Although you do not have to enter employer contributions for new employees, you should always verify that the correct STLEAV and WCIXXX rows are created on the Create General Deductions page for a new hire.



Each organization dues deduction must be broken down into two rows of entries, one for the deduction (ORGXXX) and a corresponding (ORFXXX) row with the same effective date for the $.06 per deduction fee.



United Way is an annual pledge, a deduction end date must be entered. Use the 1st day of the last pay period in the calendar year as the deduction end date.

In this lesson, I walked you through employee optional deductions and employer contributions. On the left are some key concepts discussed.



Lesson Completion

Congratulations! You have finished the lesson.

If you have another lesson to take, go back to the 9.2 Training Resources page to select the next lesson you want to take.

