INFORMATIONAL CIRCULAR NO: 22-P-009

DATE: December 1, 2021

SUBJECT: December 2021 Payroll Processing

EFFECTIVE DATE: Immediately

OAR CONTACT: Joyce Dickerson (785) 296-3979 joyce.dickerson@ks.gov

APPROVAL: Sunni Zentner (original signature on file)

SUMMARY: December 2021 Payroll Processing and Updated December Processing Calendar

As 2021 calendar year-end approaches, the Office of Accounts and Reports is making preparations for the issuance of calendar year 2021 Wage and Tax Statements (Forms W-2) and Non-Resident Alien Compensation Statements (1042-S). Any 2021 paycheck adjustments processed after the established cut-off dates will update the employee's calendar year 2022 balances; a corrected W-2 (Form W-2C) for 2021 will **not** be issued for the employee involved.

FINAL 2021 PAYCHECK

The final *on-cycle* paychecks for calendar year 2021 will be issued December 23, 2021. Payroll transactions for the December 23, 2021 on-cycle paychecks will be posted to SMART on Tuesday night, December 21, 2021.

Paychecks for the final *off-cycle for calendar year 2021*, which is the 'C' cycle for pay period ending December 11, 2021, will be issued on December 30, 2021 (generated from the off-cycle processed on December 27, 2021).

PAYCHECK ADJUSTMENTS AND SUPPLEMENTALS

SHARP agencies have until 7:00 p.m. on December 27, 2021 to enter paycheck adjustment requests for any 2021 paychecks. Adjustments processed in the December 27, 2021 off-cycle payroll will be reflected on the employee's 2021 Form W-2. ***Please remember for SHARP employees that only one adjustment can be processed per employee per off-cycle; this applies to agency entered adjustments, supplementals and centrally entered adjustments.*** If a 2021 paycheck has been previously adjusted and requires additional adjustment, form DA-180, SHARP Paycheck Reversal/Adjustment/Supplemental, should be submitted to the Office of Accounts and Reports, Payroll Section by 5:00 p.m. on Wednesday, December 15, 2021. Please note that agencies can send DA-180 forms after December 15, 2021 for adjustments that are determined to be needed.

Payroll Services staff will make every effort to process all DA-180 forms submitted by 5:00 p.m. on December 15, 2021 on or before the December 27, 2021 off-cycle. However, if a large volume of DA-180 forms are received on or after December 15, 2021 cut-off date, Payroll Services cannot guarantee that all forms will be processed as calendar year 2021 business. **Agencies can assist in the processing effort by submitting any DA-180 forms and the completed attachment as soon as you become aware a centrally entered adjustment is needed.**

For adjustment requests entered after December 27, 2021, only those adjustments impacting OASDI and/or Medicare for tax years prior to 2022 will result in a W-2C for 2021; all other

adjustment requests entered after December 27, 2021 *which are adjusting paychecks issued prior to January 1, 2022* will update the employee's 2022 payroll balances regardless of the reason the paycheck is being adjusted, and will not result in a W-2C for 2021. Likewise, any supplemental requests that are entered either by agencies or centrally by Payroll Services after December 27, 2021 will update the employee's 2022 payroll balances.

REGENTS' INSTITUTIONS: ON-CYCLE FILES

Regent on-cycle files for the pay period ending December 11, 2021, paid December 23, 2021 are due to the Department of Administration by 4:00 p.m. on December 15, 2021.
The Regent on-cycle for the pay period ending December 11, 2021, paid December 23, 2021 will be run on the night of December 19, 2021 (normally runs on Monday, December 20, 2021).

REGENTS' INSTITUTIONS: OFF-CYCLE FILES

2021 Paycheck Reversals

Regent Institutions must submit all transmittals for 2021 paycheck reversals by 4:00 p.m. on Thursday, December 23, 2021 in order to update the employee's 2021 W-2. These files should contain a 'C' indicating current year business and the pay adjust check date field should contain the original check issue date for the paycheck being reversed. Any paycheck reversals submitted after this date will update the employee's calendar year 2022 payroll balances *regardless of the paycheck issue date of the paycheck being reversed*.

2021 Adjustments and Supplementals

In order to update employee balances for 2021, any paycheck adjustments and supplementals must be submitted no later than 4:00 p.m. on Thursday, December 23, 2021. The Run C off-cycle for the pay period ending December 11, 2021 generated on the night of Monday, December 27, 2021 will have a check issue date of December 30, 2021; all activity for this off-cycle will be reflected in the employees' 2021 W-2. These files should contain a 'C' indicating current year business. For supplementals and salary underpayments, the pay adjust check date should be blank; for all other adjustment types, the pay adjust check date field should contain the original paycheck issue date of the paycheck being adjusted and the date must be a 2021 date.

2022 Adjustments and Supplementals

With the exception of arrearages or refunds for OASDI and/or Medicare for tax years prior to 2022, any adjustments or supplementals submitted after 4:00 p.m. on Monday, December 27, 2021, will be considered to be 2022 business regardless of the pay period end date to which the pay is related. Since this activity will be considered calendar year 2022 business, the employee's 2022 balances will be updated. These files should contain a 'C' indicating current year business.

With the exception of OASDI and/or Medicare tax refunds or arrearages for tax years prior to 2022, Regents institutions may continue to submit adjustments and supplementals throughout the month of January 2022 regardless of the original pay period ending date of the paycheck being adjusted. The activity will be processed on the regular Monday and every other Wednesday off-cycle schedule and will update 2022 payroll balances.

Arrearages or refunds for OASDI and/or Medicare taxes for prior calendar years and ***limited to those adjustments resulting from a change in Social Security status*** must be submitted on separate payroll interface files. These files should contain a 'P' indicating prior year business and the pay adjust check date field should contain the original check issue date of the paycheck being adjusted. Prior year OASDI and/or Medicare arrearages/refunds are the only situations in which a prior year indicator of 'P' should be used; payroll interface files for any other type of adjustments, which contain a prior year indicator of 'P', will be rejected and will not be

processed.

Any prior year OASDI and/or Medicare refunds/arrearages identified after the December 23, 2021 deadline for the December 27, 2021 Run C's off-cycle payroll will not be processed until the April 11, 2022 off-cycle payroll. The deadline for submitting payroll interface files for the April 11, 2022 off-cycle is 4:00 p.m. on Friday, April 8, 2022.

GENERAL REMINDERS

United Way and Community Health Charities

The deduction **END** date on the general deduction page for 2021 United Way or Community Health Charities contributions for both the UTDXXX and UTFXXX deduction codes should be dated between December 12, 2021 and December 25, 2021 in order for the last 2021 deduction to be taken on the paycheck issued December 23, 2021 if the deduction was taken over 26 pay periods. Agencies should verify the deduction end date for all employees enrolled in United Way and/or Community Health Charities to ensure deductions are taken correctly.

For calendar year 2022, agencies can enter a new row effective-dated between December 12, 2021 and December 25, 2021 in order for the first deduction for United Way or Community Health Charities for 2022 to be taken on the January 7, 2022 paycheck. If the deduction is to be taken over 26 pay periods, a deduction end date of December 11, 2022 should be entered. Agencies should enter the total pay period amount authorized by the employee when establishing the UTDXXX deduction code for 2022 if entered before December 23, 2021. If entered after December 23, 2021, agencies will need to split the total pay period amount into the UTDXXX deduction code amount and the UTFXXX deduction code.

A batch process will run the night of December 23, 2021 to establish the fee portion (deduction code UTFXXX) of the 2022 United Way/Community Health Charities deduction. The batch process will establish the UTFXXX deduction code with the same effective date and deduction end date as the UTDXXX deduction code for 2022. This process will reduce the 2022 deduction amount (UTDXXX deduction code) by $.06 and create a UTFXXX deduction code which defaults to the Deduction Code table for a deduction of $.06; the sum of the UTDXXX and UTFXXX deduction codes for 2022 will match the employee's authorized deduction amount. Agencies should verify the deduction/fees set up for all employees enrolled in United Way and/or Community Health Charities beginning Monday, December 27, 2021 to ensure both the UTDXXX and UTFXXX deductions are taken correctly. **Please note that if agencies need to enter any 2022 United Way/Community Health Charities deductions after December 23, 2021, then both the UTDXXX and UTFXXX deduction codes for the employee will need to be entered by the agency.**

Tax Information

Pursuant to IRS regulations, all employees claiming an exemption from federal withholding must file a new W-4 each calendar year. To facilitate this requirement, an email notification will be sent on December 1, 2021 to all SHARP employees who are exempt from federal withholding. Notifications will be sent to the employee's email address listed under 'Update My Profile' in the Employee Self Service Center (ESS). Agencies are encouraged to review the primary email address stored in ESS for employees by executing the Payroll Workcenter query titled 'ESS Primary Email by Agency' and contact employees to make updates when necessary due to an invalid/missing email address. Notifications will be sent to the agency payroll supervisor email address for those employees who lack an individual email address, and agencies will need to distribute the notifications to their employees. **Agency payroll/human resource staff will need to access the U.S. Payroll WorkCenter tile in SHARP and run the payroll**

query EE Fed W/H = Exempt to get a listing of employees claiming exempt from federal withholding status. For each employee on the query listing, your agency should contact the person to ensure the appropriate action is taken so that the desired tax status is in effect for 2022. If your agency has no employees claiming an exemption from federal withholding the query listing will be empty.

SHARP employees are encouraged to use the Employee Self Service functionality to file their 2022 W-4s. Employees should submit new paper 2022 W-4s by December 29, 2021 to allow adequate time for processing. Employees must use the 2022 IRS W-4 Form to submit a request for exemption from withholding for calendar year 2022.

Agency personnel have until 7:00 p.m. on December 30, 2021 to enter all paper W-4s into the system. Agency personnel are reminded that they also need to check the radio buttons 'New W-4 Received' on the employee's 'Federal Tax Data' panel in SHARP for the effective-dated row they enter. Agency Workflow Administrators also need to check the radio button 'New W-4 Received' on the electronic W-4s submitted by the employee for calendar year 2022.
The KPAY320 will be processed the evening of December 26, 2021. This process searches for all employees for whom a W-4 email notification has been sent. If a new W-4 has not been received, a January 1, 2022 effective-dated row will be placed in the Employee Tax Data record. The January 1, 2022 effective-dated row will update the employee's marital status to 'single' with no adjustments.

For any 2022 paper W-4s (for employees claiming exemption from withholding) received between December 26, 2021 and January 2, 2022, agency personnel will need to enter the data with a January 2, 2022 effective date. Agency Workflow Administrators will also need to change the effective date to January 2, 2022 for any electronic W-4s received in this time period.

The KPAY320 will only insert new effective-dated rows for federal withholding tax. Employees should be advised to also review their state tax withholding to determine if changes are needed. Employees working in Kansas will need to complete a new Form K-4, either paper or on-line, to make any needed state tax withholding change. SHARP employees are encouraged to use the Employee Self Service functionality to file their 2022 K-4's.

Deduction Information
All deductions for calendar year 2022 are biweekly except:
-Group Health Insurance (Medical, Dental and Vision): semi-monthly, deducted on the first and second pay dates of the month.

-Health Care Flexible Spending Accounts: semi-monthly, deducted on the first and second pay dates of the month.

-Dependent Care Flexible Spending Accounts: semi-monthly, deducted on the first and second pay dates of the month.

-Optional Group Life Insurance: monthly, deducted on the second pay date of the month.

-Health Savings Accounts: semi-monthly, deducted on the first and second pay dates of the month. Some deduction balancing adjustments can be processed by the State Employee Health Plan (SEHP) on the third pay date of the month when applicable.

-Supplemental Voluntary Health Insurance: semi-monthly, deducted on the first and second pay dates of the month.

-Long Term Care Insurance: semi-monthly, deducted on the first and second pay dates of the month.

Working After Retirement KPERS
Effective 12/12/2021 all employees that currently have the KPERS Working After Retirement code AXD should be returned to code AC for the new calendar year. After the employee has earned $25,000 in the new calendar year you can change them to the AXD code effective with the next pay period after earnings reach $25,000.

Arrearages/Advances
The collection of all outstanding payroll debts (arrearages or advances) must be completed either by personal reimbursement or paycheck deduction prior to the off-cycle 'C' cut-off date of December 27, 2021. Please refer to the most recent PAY007, 'Deductions in Arrears Report' and evaluate all existing arrearages for your agency and verify that collection will be made; agencies should continue monitoring the PAY007 reports to determine collections will be made by calendar year-end. For sufficiently large balances that cannot be collected in one sum, agencies should establish a deduction override as soon as possible so paycheck deductions can be made and the balance collected by the cut-off date for year-end processing. Also, as adjustments are processed from now until the end of the year, please monitor any new arrearage balances and collect in an expedient manner.

Agencies are reminded that advance ('ADV') earnings are being paid to employees in situations where the employee's earnings are not sufficient to cover certain deductions. 'ADV' earnings are taxable wages at the time the earnings are paid; taxable wages are then reduced when the advance is collected ('ADVNCE' deduction). Any 'ADV' earnings paid to an employee in calendar year 2021 will increase the employees' W-2 taxable wages if the earnings are not collected by the end of the calendar year. Agencies should collect any outstanding advances for payroll periods ending before December 11, 2021 by personal reimbursement as soon as possible.

Payroll arrearages and advances, not including advances for Group Health Insurance for active employees and specific arrearages requested for exclusion, outstanding as of December 31, 2021 will be sent to the State of Kansas Set-Off Program for collection. Agencies are allowed to request certain debts not be submitted to the Set-Off Program for the period of one calendar year by submitting a DA-181, SHARP Exclusion Request Form to Payroll Services. **All DA-181 forms are due to Payroll Services no later than 4:00 p.m. on December 27, 2021.** Please remember that these forms are only for those arrearages that are actively being collected.

On December 29, 2021, Payroll Services will generate a file of those identified outstanding payroll arrearages which will be sent to the Set-Off Program for collection. KPAY229 will be run to remove those identified outstanding payroll arrearages from SHARP. Please be aware that any employee inquiries for specific information regarding the debts submitted by Payroll Services to Setoff will be directed to the individual employee's agency.

W-2s
Please note that if an employee has an active mailing address on the SHARP Personal Information/ Modify a Person/ Contact Information page, the mailing address will be used for mailing the W-2. If the employee has no active mailing address, then the home address will be

used for mailing the W-2. Since the majority of employees do not have a mailing address, most W-2's will continue to be mailed to the employee's home. Please make any name, address, or social security number changes to the employee's Contact Information page by 7:00 p.m. on January 4, 2022 to guarantee the updated information is included in the W-2 data. Although SHARP agencies have until January 4, 2022 to update the Contact Information page, it is strongly recommended that these changes be made as soon as they are known. Regent Institutions should make their name, address, and social security number changes by submitting them through the management reporting interface by 5:00 p.m. on December 23, 2021. Since the W-2 form can only accommodate 30 characters in Address 1 and Address 2, please limit your employees' address lengths. Abbreviations should be used as needed to stay within the limit.

The W-2 programs are anticipated to be executed anytime between January 4, 2022 and January 11, 2022. Electronic W-2 forms through Employee Self Service are anticipated to be available on or before January 11, 2022. For those employees not consenting to receive their W-2 forms electronically, W-2 forms will be printed and mailed on or before January 31, 2022. Email notification of electronic W-2 availability will be provided for employees who have consented. Notification of the W-2 mailings will be provided to all subscribers of the SHARP Infolist.

December Calendar
Attached is a revised calendar for the month of December 2021 that highlights the key payroll processing activity. This calendar does not provide the same level of detail as that provided in this informational circular. **The attached calendar is intended for use as a supplementary reference tool to this informational circular.**

If, in order to ensure the timely issuance of payroll, it becomes necessary to change any of the processing dates identified above, notification of the change will be provided to all subscribers of the SHARP Infolist. SHARP users interested in subscribing to the Infolist, but who have not yet done so, can subscribe at https://admin.ks.gov/resources/listserv-signup.

Attachment
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