

**INFORMATIONAL CIRCULAR NO:** 21-P-010

**DATE:** November 30, 2020

**SUBJECT:** December 2020 Payroll Processing

**EFFECTIVE DATE:** Immediately

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

**APPROVAL:**

**SUMMARY:** December 2020 Payroll Processing and Updated December Processing Calendar

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As 2020 calendar year-end approaches, the Office of Accounts and Reports is making preparations for the issuance of calendar year 2020 Wage and Tax Statements (Forms W-2) and Non-Resident Alien Compensation Statements (1042-S). Any 2020 paycheck adjustments processed after the established cut-off dates will update the employee's calendar year 2021 balances; a corrected W-2 (Form W-2C) for 2020 will **not** be issued for the employee involved.

#### **FINAL 2020 PAYCHECK**

The final *on-cycle* paychecks for calendar year 2020 will be issued December 23, 2020. Payroll transactions for the December 23, 2020 on-cycle paychecks will be posted to SMART on Tuesday night, December 21, 2020.

Paychecks for the final *off-cycle for calendar year 2020*, which is the 'C' cycle for pay period ending December 12, 2020, will be issued on December 31, 2020 (generated from the off-cycle processed on December 28, 2020).

#### **PAYCHECK ADJUSTMENTS AND SUPPLEMENTALS**

SHARP agencies have until 7:00 p.m. on December 28, 2020 to enter paycheck adjustment requests for any 2020 paychecks. Adjustments processed in the December 28, 2020 off-cycle payroll will be reflected on the employee's 2020 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 2020 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 9, 2020. Please note that agencies can send DA-180 forms after December 9, 2020 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 9, 2020 on or before the December 28, 2020 off-cycle. However, if a large volume of DA-180 forms are received on or after December 9, 2020 cut-off date, Payroll Services cannot guarantee that all forms will be processed as calendar year 2020 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.**

With the exception of arrearages and refunds for OASDI and/or Medicare for tax years prior to 2021, adjustment requests entered after December 28, 2020 *which are adjusting paychecks issued prior to January 1, 2021* will not result in a W-2C; the adjustment will update the

employee's 2021 payroll balances regardless of the reason the paycheck is being adjusted. Likewise, any supplemental requests that are entered either by agencies or centrally by Payroll Services after December 28, 2020 will update the employee's 2021 payroll balances.

### **REGENTS' INSTITUTIONS: ON-CYCLE FILES**

Regent on-cycle files for the pay period ending December 12, 2020, paid December 23, 2020 are due to the Department of Administration by 4:00 p.m. on December 16, 2020.

The Regent on-cycle for the pay period ending December 12, 2020, paid December 23, 2020 will be run on the night of December 20, 2020 (normally run on Monday, December 21, 2020).

### **REGENTS' INSTITUTIONS: OFF-CYCLE FILES**

#### 2020 Paycheck Reversals

Regent Institutions must submit all transmittals for 2020 paycheck reversals by 4:00 p.m. on Wednesday, December 23, 2020 in order to update the employee's 2020 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 2021 payroll balances *regardless of the paycheck issue date of the paycheck being reversed.*

#### 2020 Adjustments and Supplementals

In order to update employee balances for 2020, any paycheck adjustments and supplementals must be submitted no later than 4:00 p.m. on Wednesday, December 23, 2020. The Run C off-cycle for the pay period ending December 12, 2020 generated on the night of Monday, December 28, 2020 will have a check issue date of December 31, 2020; all activity for this off-cycle will be reflected in the employees' 2020 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 2020 date.

#### 2021 Adjustments and Supplementals

With the exception of arrearages or refunds for OASDI and/or Medicare for tax years prior to 2021, any adjustments or supplementals submitted after 4:00 p.m. on Monday, December 28, 2020, will be considered to be 2021 business regardless of the pay period end date to which the pay is related. Since this activity will be considered calendar year 2021 business, the employee's 2021 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 2021, Regents institutions may continue to submit adjustments and supplementals throughout the month of January 2021 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 2021 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, 2020 deadline for the December 28, 2020 Run C's off-cycle payroll will not be processed until the April 12, 2021 off-cycle payroll. The deadline for submitting payroll interface files for the April 12, 2021 off-cycle is 4:00 p.m. on Friday, April 9, 2021.

## **GENERAL REMINDERS**

### **United Way and Community Health Charities**

The deduction **END** date on the general deduction page for 2020 United Way or Community Health Charities contributions for both the UTDXXX and UTFXXX deduction codes should be dated between December 13, 2020 and December 26, 2020 in order for the last 2020 deduction to be taken on the paycheck issued December 23, 2020 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 2021, agencies can enter a new row effective-dated between December 13, 2020 and December 26, 2020 in order for the first deduction for United Way or Community Health Charities for 2021 to be taken on the January 8, 2021 paycheck. If the deduction is to be taken over 26 pay periods, a deduction end date of December 12, 2021 should be entered. Agencies should enter the total pay period amount authorized by the employee when establishing the UTDXXX deduction code for 2021.

A batch process will run the night of December 23, 2020 to establish the fee portion (deduction code UTFXXX) of the 2021 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 2021. This process will reduce the 2021 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 2021 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 28, 2020 to ensure both the UTDXXX and UTFXXX deductions are taken correctly. **Please note that if agencies need to enter any 2021 United Way/Community Health Charities deductions after December 23, 2020, 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, 2020 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. For agency payroll/human resource staff, a worklist will be created to identify these employees. The worklist will be sent on December 1, 2020 to the agency staff that has been designated as the Agency Payroll Administrator through the SHARP security roles. The worklist can be accessed two ways in SHARP: from the Home page, click on Worklist under Main Menu on the left side of the screen,

or click on Worklist on the top right side of the screen next to Home. For each employee on the worklist, your agency should contact the person to ensure the appropriate action is taken so that the desired tax status is in effect for 2021. If your agency has no employees claiming an exemption from federal withholding the worklist will be empty.

SHARP employees are encouraged to use the Employee Self Service functionality to file their 2021 W-4s. Employees should submit new paper 2021 W-4s by December 30, 2020 to allow adequate time for processing. Employees must use the 2021 IRS W-4 Form to submit a request for exemption from withholding for calendar year 2021.

Agency personnel have until 7:00 p.m. on December 30, 2020 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 2021.

The KPAY320 will be processed the evening of December 30, 2020. 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, 2021 effective-dated row will be placed in the Employee Tax Data record. The January 1, 2021 effective-dated row will update the employee's marital status to 'single' with no adjustments.

For any 2021 paper W-4s (for employees claiming exemption from withholding) received between December 30, 2020 and January 2, 2021, agency personnel will need to enter the data with a January 2, 2021 effective date. Agency Workflow Administrators will also need to change the effective date to January 2, 2021 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 2021 K-4's.

### **Deduction Information**

All deductions for calendar year 2021 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 12/13/2020 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 28, 2020. 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 ('ADVANCE' deduction). Any 'ADV' earnings paid to an employee in calendar year 2020 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 12, 2020 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, 2020 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 28, 2020.** Please remember that these forms are only for those arrearages that are actively being collected.

On December 30, 2020, 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 5, 2021 to guarantee the updated information is included in the W-2 data. Although SHARP agencies have until January 5, 2021 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, 2020. 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 5, 2021 and January 10, 2021. Electronic W-2 forms through Employee Self Service are anticipated to be available on or before January 10, 2021. 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, 2021. 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 2020 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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