

**DATE:** May 28, 2021

**SUBJECT:** Fiscal Year End Payroll Processing for FY 2021

**EFFECTIVE DATE:** Immediately

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**APPROVAL:**

**SUMMARY:** Summary of Fiscal Year End Payroll Processing

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This informational circular will discuss key payroll processing concepts to aid in fiscal year end closing.

Note: Another informational circular regarding the fiscal year 2022 payroll contribution rates will be issued as soon as the information becomes available.

### **Benefits Contribution Rates**

**Supplementals and adjustments use the benefit contribution rates effective for the pay period being adjusted.** Supplementals and adjustments that are processed for pay periods ending on or before June 12, 2021 will use fiscal year 2021 benefits contribution rates (or prior fiscal years benefits contribution rates depending on the fiscal year of the payroll period being adjusted). Supplementals and adjustments for pay period ending dates greater than June 12, 2021 will use fiscal year 2022 rates. Benefit contributions include: KPERS, TIAA-CREF, KPEDCP, workers compensation insurance, state leave reserve assessment, group health insurance (GHI), and parking administrative fee.

### **Tax Rates**

**Taxes for supplementals and adjustments will be calculated using the tax rates effective for the paycheck issue date for the off-cycle payroll being processed.** Taxes include: OASDI (Social Security), Medicare, federal withholding tax, state withholding tax, local withholding tax, and unemployment compensation insurance. Note for Regents: the use of the 'current' UCI rate for calculation purposes does not replace the reporting requirements for prior period adjustments necessary for quarterly UCI reporting.

### **Fiscal Year Expenditure Impact**

**Supplementals, adjustments and reversals will be charged to expenditures in the fiscal year the off-cycle paycheck is issued regardless of the pay period being adjusted.** Please note, the Run B off-cycle (scheduled for June 23, 2021, paid June 28, 2021) for the pay period ending June 12, 2021 will be the last opportunity to have a paycheck adjustment charged to fiscal year 2021 expenditures.

The fiscal year expenditure impact applies to both SHARP agencies and Regents institutions.

## **Budget End Date and Fiscal Year Changes**

The Budget End Date and Fiscal Year on the Department Budget tables will be updated centrally at the beginning of the fiscal year. This process (BUD006) is scheduled to run during the batch cycle the night of June 20, 2021. In that process, a new row will be added to the Department Budget tables with an effective date of June 13, 2021 (beginning date of the first on-cycle payroll charged to FY2022). The Budget End Date will be June 11, 2022.

**Agencies should not enter any rows in the Department Budget table with an effective date greater than or equal to June 13, 2021 until agency notification has been received that the BUD006 process ran successfully.**

A special run of the KPAYGL5C (paycheck accounting transactions file) will be processed on Thursday June 24, 2021 after the 'B' off-cycle process has been completed for the June 12, 2021 pay period end date. A SHARP Infolist message will be sent out to agencies after the KPAYGL5C has finished processing on June 24. Agencies are encouraged to complete all FY2021 payroll adjustments on or before the 'B' off-cycle which processes on Wednesday night, June 23, 2021, since the 'B' off-cycle is the last payroll cycle in SHARP for FY2021. Otherwise, any adjustments processed in the 'C' off-cycle on Monday, June 28, 2021 will be included with FY2022 transactions and will not be included on the KPAYGL5C file until it is run again on Wednesday night, June 30, 2021.

## **Regents' Institutions Responsibilities**

Regents' institutions are responsible for ensuring that the correct benefit and tax contribution rates are used when calculating payroll for employees of their agencies and for ensuring that the SMART INF06 interface files affect the correct fiscal year expenditures.

## **Reminders**

To help reduce the number of adjustments to process, SHARP agencies are reminded of the following:

1. **Enter job data changes prior to the creation of paysheets.** Paysheets for on-cycle payrolls are generally created on the Tuesday night following the end of the payroll period. Agencies should **not** change Job Data including the FLSA status after Tuesday night as this will cause issues with the paysheets and will require special handling. Agencies should also **not** change the Assign Work Schedule after Tuesday night if the change affects the Paygroup.
2. **Agencies should review the accuracy of the gross-to-net payroll information and employer contributions after each preliminary pay calculation.** The PAY002 report can be used to review the gross-to-net data. Agencies can review employer contributions by accessing the employee's paycheck deduction information for the period. Employer contributions have a deduction class of 'Nontaxable'.