******State of Kansas**

**Military Differential Pay**

***Statewide Human Resource and Payroll System***

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| **Date Created** | 4/12/2022 |
| **Date Updated** | 2/9/023 |
| **Reference Tools** **Payroll Procedures/Job Aids > Military Pay** | * How to read an active duty Army Leave and Earnings Statement (Reading Leave and Earnings Statement)
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| **Purpose** | When an eligible employee of the State of Kansas is on military active duty, the employee is to receive the difference between the amount of the employee’s regular State wages and the employee’s military base pay. The State of Kansas will pay the employee the difference in pay using the MDP earnings code.These procedures only cover the payment of MDP (Military Pay Differential). Refer to Personnel Bulletins 04-02 and 09-02 for additional information on the Military Duty process. |
| **Personnel Bulletins** **Personnel Services > Agency Information > Personnel Bulletins** | * Bullentin 04-02 – Provisions for Employees Reporting for Active Military Duty – answers to questions related to benefits, including KPERS
* Bulletin 09-02 – Payment for Employees Activated to Military Duty -description of background and processes regarding military duty
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| **Informational Circular****Accounts & Reports > Informational Messages and Circulars > Payroll Circulars** | 09-P-021 Addition of Earnings Code ‘MDP’ for Military Differential Pay |
| **Highlights related to Military Differential pay, from Bulletin 09-02, are included to the right.****Activation Payment: Paid through SMART and is 1099 reportable****Military Pay Differential: Paid through SHARP and is W-2 reportable** | **Military Pay Differential**A pay differential, limited to $1,000 per pay period for eligible State of Kansas employees who are activated to full-time duty, mobilized and deployed for more than 30 consecutive days in support of a military operation to defend our nation, on and after July 1, 2008.* These payments are exempt from FICA but are to be considered wages for federal income tax purposes. These wages are therefore reportable on the employee’s W-2, in Box 1.

**MILITARY DIFFERENTIAL PAY**1.Agencies should notify eligible employees, or their legal representative, of the employee’s potential eligibility for a military pay differential. (1) For a military pay differential payment, the employee should present the following to their personnel office: a) Copy of his or her military ordersb) Completed W-9 formc) Completed Application for Military Activation and Military Pay Differential Payment FormNOTE – Payments cannot be made prior to the 30-day requirement and location stipulations.2. Agencies should complete the Military Activation Payment and Pay Differential Eligibility Checklist to make sure the employee meets the eligibility requirements for payment. 3. If an employee does meet the eligibility requirements for a military pay differential payment, the agency should submit the completed copy of the Application for Military Activation and Military Pay Differential Payment Form to the Office of the Adjutant General of Kansas. Adjutant General's DepartmentATTN: Michael E. Neth2722 S.W. Topeka Blvd.Topeka, KS 66611-1287**If Approved:**1. The employee must submit copies of the Defense Finance and Accounting Service Military Leave and Earnings Statement (LES) to their agency each time they receive military pay so the agency can calculate the MDP payment.(1) The employee must submit the LES in the most expeditious way available; electronic submission is encouraged.2. The employee’s military wages will be the employee’s military **base pay** as listed on the employee’s LES. (1) If the military **base pay** is a semi-monthly amount, multiply the semi-monthly amount by 24 and then divide by 26 to determine a bi-monthly amount for the **military base pay**.(2) State of Kansas employee wages are based on the hourly or bi-weekly wage rate exclusive of any overtime, non-permanent shift differentials, or salary additions such as a wage differential.(3) If the rate provided is the hourly rate, agencies should multiply that rate by 80 to determine the bi-monthly State of Kansas employee wages.(4) Agencies should then compare the bi-monthly amount of military base pay and the bi-monthly State of Kansas employee wages.(5) **If the bi-monthly amount of military base pay is more than the bi-monthly State of Kansas employee wages, the employee will not receive a Military Pay Differential.**(6) If the bi-monthly amount of military base pay is less than the bi-monthly State of Kansas employee wages, the agency should subtract the bi-monthly amount of military base pay from the bi-monthly State of Kansas employee wages. The difference is the amount of the Military Pay Differential for the employee.3. The agency is responsible for the calculation of any payment due the employee. This calculation should be performed bi-weekly after the employee furnishes the agency with the most current Military Leave and Earnings Statement.**CONTACT PERSONS**• For program guidelines, contact Kraig Knowlton at (785) 296-1082 or by email at: Kraig.Knowlton@ks.gov• For questions concerning Military Pay Differential payments, email DOA\_PAYROLL@KS.GOV• For questions concerning military issues such as military orders and individual military status, contact Beth Visocsky at (785) 646-0566 or by email at elizabeth.a.visocsky.nfg@army.mil |
| **1.** | Enter MDP on timesheetfor military pay differentialSubmitFollow normal timesheet approval steps. |  |