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INFORMATIONAL CIRCULAR NO: 97-P-026

DATE: March 17, 1997

SUBJECT: Addition of New Earnings Codes

EFFECTIVE DATE: Immediately

A & R CONTACT: Payroll Services, (913) 296-3146

APPROVAL:

SUMMARY: Earnings Codes for Hospital Closure, Taxable Moving Expenses,
Quality Bonus Payments

This informational circular addresses additions to earnings codes and a modification to an existing earnings code which would permit agencies to enter the earnings through time and leave. Chapter 255, 1996 Session Laws authorized certain payments to laid off employees, as a result of hospital closure. To properly report, tax and track payments to employees who are released from service due to hospital closures, the following earnings codes have been added to SHARP.

- **OSL - Optional Sick Leave Payout-Hospital Closure:**
To report the payout of sick leave hours, due to hospital closure authorized by Chapter 255, 1996 Session Laws and in accordance with Article 14 Kansas Administrative Regulations. Certain employees have the option to receive 20% of all accrued sick leave hours at the time of separation. OSL should be reported as hours through the time and leave process.
- **SEV - Severance Pay - Hospital Closure:**
To report the payment of severance pay due to hospital closure authorized by Chapter 255, 1996 Session Laws and in accordance with Article 14 Kansas Administrative Regulations. Based on length of service and rate of pay at the time of the lay off, certain employees will be paid severance pay. SEV should be reported as 40, 80, 120, or 160 hours through the time and leave process.

■ **HBP - Health Care Benefit Payout-Hospital Closure:**

To report the payment of health care benefits due to hospital closure authorized by Chapter 255, 1996 Session Laws and in accordance with Article 14 Kansas Administrative Regulations. Certain employees are eligible to receive payment for the balance of the employer group health insurance premium for the six month period after the date of layoff. HBP should be reported in dollar amounts through the time and leave process.

The OSL, SEV and HBP (unless paid after termination) earnings codes will be added to the employee's regular check and shown as **Regular** on the check stub/advice. Withholding taxes will be calculated at the annualized rate. HBP earnings paid after termination should be reported as an earnings adjustment for the pay period the employee was last employed. If the earnings are paid in a subsequent calendar year, the paycheck adjustment form, DA-180 should be forwarded to the Division of Accounts and Reports, Payroll Services, for processing.

■ **MVT - Moving Expenses - Taxable:**

To report taxable moving expenses which are not excluded from gross income under IRS Section 132. Taxable moving expenses will be included as **Regular** earnings on the check stub/advice and will be included in federal, state, social security and Medicare gross on the employees' W-2. Federal and State withholding taxes will be calculated at the annualized rate, but will not be subject to **KPERS, KPERS Buyback, or Tax Sheltered Annuities.**

Quality Bonus Payment is an existing earnings code in the SHARP data base. Effective immediately agencies can enter the earnings code "**QBP**" through the time and leave process, rather than processing a form DA-180 through Payroll Services. Quality bonus payments are not subject to **KPERS, KPERS Buyback or Tax Sheltered Annuities.**

SAM:JJM:KB:sj