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INFORMATIONAL CIRCULAR NO: 97-P-037

DATE: June 25, 1997

SUBJECT: Fiscal Year 1998 Payroll Contribution Rates

EFFECTIVE DATE: Pay Period Beginning June 15, 1997

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

APPROVAL:

SUMMARY: Fiscal Year 1998-Employee/Employer Matching Share of Payroll Contributions and Retirement Plans

The attached schedule is a listing of the percentage rates for employer payroll contributions and employee/employer retirement plan contribution rates for fiscal year 1998. The rates for fiscal year 1998 will become effective with the pay period beginning June 15, 1997 and ending June 28, 1997, paid July 11, 1997. The rates for OASDI, Medicare, federal and state withholding taxes remain unchanged for FY98.

Supplementals and earnings/deduction adjustments which are processed that effect payroll periods ending on or before June 14, 1997, will be processed using the benefit contribution rates effective for the payroll period being adjusted. Taxes for supplemental and earnings/deduction adjustments will be calculated using the tax rates effective for the paycheck issue date for the off-cycle payroll being processed. Benefit contributions include: KPERS, TIAA-CREF, KPEDCP, worker's compensation insurance, state leave payment reserve assessment, flexible spending accounts administrative fee, and group health insurance. Taxes include: OASDI, Medicare, federal withholding tax, state withholding tax, local withholding tax, and unemployment compensation insurance.

For example, the off-cycle payrolls for the pay period ending June 14, 1997, which will be processed on June 23 (KA1), June 25 (KA2), June 30 (KA3), and July 2 (KA4) will be processed using the fiscal year 1997 (or prior) benefit contribution rates since they will include only adjustments/supplementals effecting periods ending on or before June 14.

Supplemental and earnings/deduction adjustments processed in the KA1 and KA2 off-cycle payrolls for the period ending June 14, 1997, will be processed using the tax rates effective for fiscal year 1997 since the payments will be dated June 27 and June 30, 1997, respectively.. However, taxes for all supplementals/adjustments processed in the KA3 and KA4 off-cycle payrolls for the period ending June 14, 1997, will be processed using the tax rates effective for fiscal year 1998 since the payments will be dated on or after July 1, 1997.

Please note, with the exception of paycheck reversals (which always reverse expenditures in the fiscal year originally charged), supplementals/adjustments processed in the June 23 and June 25, 1997 off-cycle payrolls for the period ending June 14, 1997 will effect FY97 expenditures while supplementals/adjustments processed in the June 30 off-cycle and all off-cycles thereafter will effect FY98 expenditures regardless of the payroll period being adjusted. This applies to Regents institutions as well as SHARP agencies.

Once the KA3 off-cycle for the period ending June 28, 1997 (scheduled to be generated on July 14, 1997) has been processed, no new or outstanding paycheck reversal requests will be approved for processing until STARS FY 1997 closing has been successfully completed. STARS is scheduled to be complete by July 28, 1997.

The julian date contained in document numbers for off-cycle payrolls will start over beginning with documents processed on July 16, 1997.

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 STARS funding file and DA175/176 effect the correct fiscal year expenditures. Regents institutions are also responsible for ensuring that all appropriate payroll clearing fund indexes are established in STARS for FY 98.

SAM:JJM:klb

Attachments