



Roland W. Burris

Comptroller
State of Illinois

201 State House
Springfield, Illinois 62706
217/782-6000

ACCOUNTING BULLETIN NO. 54

October 1, 1986

TO: Agency Heads and Chief Fiscal
Officers of All State Agencies

SUBJECT: Offsets from State Employees' Wages

Public Act 84-1290, effective August 19, 1986, provides that when offsets are to be taken from a State employee's wages, no more than 25% of the net amount of the payment may be subjected to offset. "Net amount of the payment" is defined as "that part of the earnings of an individual remaining after deduction of amounts required by law to be withheld." Lump sum payments for accrued vacation, sick leave or overtime are exempt from the 25% limitation.

The Comptroller's Office has made the necessary systems modifications to ensure that no more than 25% of the net amount of salary warrant or contractual service payment is subjected to offset.

As a result of these changes, State agencies may submit claims for offset (on Forms C-33) for the entire amount owed to the State agency and the Comptroller's Offset System will compute the required 25% available for offset. It is not necessary for offset claims to be resubmitted for each pay period.

State agency payroll officers must be aware of the following potential changes in the manner in which payrolls are processed.

First, in the event that the calculation of 25% of the "net amount of the payment" as defined by the Statute as available for offset exceeds the employee's take-home-pay (i.e., net amount of the warrant), that employee's payroll warrant will be returned to the submitting agency. A payroll reversal must be processed and the employee's voluntary deductions must be cancelled or reduced so that the employee's take-home-pay on the Supplemental Payroll to the employee will be sufficient to satisfy the amount calculated as available for offset. Agencies are encouraged to contact their employees to determine which of the voluntary deductions on the payroll are to be cancelled or reduced.

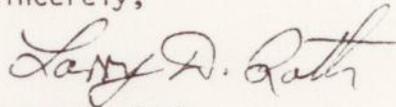
Second, where an agency is aware of ongoing offsets against one of its employees, any lump sum payments for vacation, overtime or sick pay must be vouchered separately from any current pay period wages. The separate voucher for the lump sum payment must carry 0 (zero) in the base to allow 100% offset.

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Any questions concerning offset claims against State employees' wages should be directed to Irene Russo at (217) 782-7525. Questions concerning payroll processing should be directed to Dan Steven at (217) 782-4758.

This Accounting Bulletin duplicates Payroll Bulletin 7-86.

Sincerely,



Larry D. Roth
Director, State Accounting