



STATE OF ILLINOIS  
COMPTROLLER  
SUSANA A. MENDOZA

# PAYROLL BULLETIN

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TO: All State Agencies, Boards and Commissions  
FROM: Ellen Andres, Assistant Comptroller – Operations  
DATE: June 19, 2019  
Subject: Agency Instructions for Processing Step Raise Back Pay  
Number: 2-19

Public Act 101-0007 provides several agencies with appropriations for Personal Services and State Contributions to Social Security, including prior year costs. These appropriations authorize payments for state employees that are due back pay as a result of step increases that were not paid in previous fiscal years.

To efficiently process and distribute these payments, agencies must complete the following steps prior to submitting a back pay voucher to the Illinois Office of Comptroller (IOC):

- Agencies must submit an address file to the IOC providing the required data for all back pay recipients. Up-to-date addresses are needed for mailing W-2s and potential hard-copy checks. Agencies should refer to the payroll section of the SAMS manual, Exhibit 23.20.05-B, for address file layout instructions.
- The State Employees' Retirement System (SERS) has indicated that they will provide current contact information for retirees and former employees, and they will assist with identifying retirees and former employees that have passed away. SERS will provide further instruction to agencies regarding the timing of the availability of this information.
- Agencies must use a separate payroll code to identify that this payment is for back pay. In addition, a separate payroll code must be used to process stipend payments. If you have not already established payroll codes for back pay and stipends, please contact the IOC payroll department to have them assigned.
- Agencies should write "Supplemental Back Pay" in the top left corner of the payroll voucher's schedule page prior to sending to the IOC. This will assist in identifying and processing these payments as quickly as possible.

- Supplemental back pay will be issued as a direct deposit payment if the banking information submitted on the payroll file matches the banking authorization currently on file with the IOC. All other payments will be issued as a hard copy warrant and provided to the agency for distribution.
- Agencies that are paying interest on the back pay must process the interest payments as a separate commercial payment voucher using DOC 1994. Interest payments are not to be included on the back pay voucher processed through payroll. A follow up Accounting Bulletin will be posted in the coming weeks.
- Agencies that owe back pay to a deceased employee must identify the year that the individual died to determine how to process the payment. If the employee has passed in 2019 then the payment must be processed through the payroll system. Social Security, Medicare, and retirement, if applicable, should be withheld. If the employee died prior to 2019, then the payment must be made on a C-13 voucher. Employment taxes and retirement should not be withheld.
- Agencies may need to provide documentation to the Social Security Administration (SSA) if requested by a current or former employee who is receiving Social Security benefits. IRS guidelines require that wages are reported in the year they are received but the SSA may need wage details pertaining to prior years to resolve any discrepancies on the employee's SSA account.
- The State Employees' Retirement System (SERS) will provide further instruction to the agencies regarding retirement coding for back pay and the requirements for submitting the details of these payments to their office.

The IOC will process these payments expeditiously upon satisfying all above-mentioned requirements and receipt of a certified payroll voucher.

Agencies may access this and other Payroll, SAMS and Accounting Bulletins on the IOC's website at [www.illinoiscomptroller.gov/agencies](http://www.illinoiscomptroller.gov/agencies). If you have questions regarding this bulletin, please contact our payroll office at (217) 782-4758.