



Roland W. Burris

Comptroller
State of Illinois

March 13, 1981

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

PAYROLL BULLETIN
(1-81)

TO: All State Agencies, Departments, Boards, Commissions
and Universities

SUBJECT: Sick Pay Plan

As was stated in Payroll Bulletin 5-80 dated October 22, 1980, Public Act 81-1472 mandates that the State of Illinois implement a sick pay plan for all State employees except for those departments included under the term "employer" in the State Universities Retirement System. This means that wages paid for personal illness only for pay periods with an ending date after June 30, 1981 will not be subject to employee and employer contributions to Social Security. Wages paid for personal illness will, however, be subject to employee and employer contributions to retirement.

Wages for personal illness will be shown in boxes 85 and 86 of the payroll voucher. For the purpose of implementing this act, these two boxes will be considered as one field and any amount placed in this field must be right justified. For agencies which submit magnetic tape, the amount will be in tape positions 788 through 794.

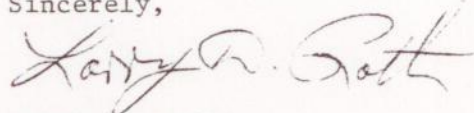
When calculating Social Security withholding, the formula will be as follows: Gross pay (from box 10 of the payroll voucher) minus wages paid for personal illness (from boxes 85 and 86 of the payroll voucher) equal the wages for which Social Security will be calculated. All other involuntary deductions such as Federal and State taxes will be calculated by the same method you are now using. If Social Security was not withheld from wages from which it should have been withheld, the amount of wages excludable from Social Security withholding should be reduced on a subsequent voucher even if this results in a negative amount in boxes 85 and 86. If the amount is negative, then the formula for calculating Social Security withholding would be as follows: Gross wages (from box 10 of the payroll voucher) plus the amount shown in boxes 85 and 86 of the payroll voucher equal the wages subject to Social Security withholding.

Agencies which do not submit their payrolls on magnetic tape will have their pre-lists recalculated from gross to net for employees who had sick pay exclusion wages. No amount will appear in the sick pay field of the pre-list returned to the agency and the amount of Social Security withholding will be recalculated on the amount in box 8.

When salary reversals must be made which involve sick pay excludable wages, they will be made in the normal manner, except the amount of wages excludable from Social Security withholding will also be shown. When preparing Salary Refund form C-65, the amount of wages excludable from Social Security withholding must also be noted. Exhibit I indicates where this amount should be placed on the form.

Exhibit II is the text of the proposed rules governing the sick pay plan. Agencies which wish to comment on these rules are asked to forward their comments to Dan Steven, Payroll Processing Department, Office of the Comptroller, 325 West Adams Street, Springfield, Illinois 62706. Questions regarding the processing of the payroll voucher should also be directed to Mr. Steven.

Sincerely,



Larry D. Roth
Director - State Accounting Department

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TEXT OF PROPOSED RULES

Foreword: Pursuant to the authority granted the Comptroller in Section 36 of "An Act in relation to State finance", approved June 10, 1919, (Ill. Rev. Stat., 1979, ch. 127, par. 167.04), these rules are promulgated to set forth procedures to be followed by State agencies in implementing sick pay plans.

Rule 1.01 Statement of Purpose.

Effective July 1, 1981, each personnel jurisdiction shall establish a sick pay plan. Sick pay plans must be designed so as to enable each Department to distinguish between sick pay benefit payments for personal illness (which payments are not subject to Social Security Withholding) and sick pay payments for other appropriate purposes (which payments are subject to Social Security Withholding).*

*For the purposes of these Rules, the term "personnel jurisdiction" means the department, institution, board, commission, office, court or agency having legal authority to establish rates of compensation for employees.**

Rule 1.02 Calculating Gross Wages Subject to Social Security Withholding.

Departments submitting payroll vouchers to the Comptroller for processing must segregate sick pay benefit payments for personal illness. Amounts paid for personal illness during a pay period will be accumulated and be entered in boxes 85 and 86 of the payroll voucher. For the purpose of implementing the sick pay plan, these two boxes will be considered as one field and any amounts placed in this field should be right justified. For those Departments submitting magnetic tape payroll vouchers, the accumulated amounts paid during the pay period for personal illness will be placed in tape positions 788 through 794. Social Security withholding for the pay period will be on the amount determined by subtracting from the gross wages the amount of sick pay benefit payments for personal illness. In the event that sick pay benefit payments are made during a pay period for which the Department has already submitted the payroll voucher for processing, the Department shall adjust the gross wages as provided in this Rule during the next succeeding pay period.

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Text in italics indicates statutory language.

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For the purposes of these Rules, the term *"Department"* means any department, institution, board, commission, office, court or any agency of the State having the power to certify payrolls to the State Comptroller authorizing payments of salary or wages against State appropriations, or against trust funds held by the State Treasurer, except those departments included under the term *"employer"* in the State Universities Retirement System.*

Rule 1.03 Record Retention.

Each department shall maintain accurate records distinguishing sick pay benefit payments for personal illness from sick pay payments for other legitimate purposes. Such records shall be retained for a period of at least four and one-half (4½) years following the pay period in which the sick pay payment is made.

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Text in italics indicates statutory language.