



# Administrative Procedure

Category:	Procedure:	
<b>Fiscal Management</b>	<b>Payroll</b>	
Descriptor Code:	Issued Date:	Revised Date:
<b>AP-D-190</b>	<b>June 1997</b>	<b>August 2001</b>

1  
2 In an average month no less than six payrolls are produced: some months this number increases to nine.  
3 Deadlines must be adhered to or these payrolls to be available to employees at the scheduled time.  
4  
5 Changes in payroll cannot be accepted between June 6 and September 5 since the June, July and August  
6 payrolls must be encumbered and printed in June.  
7  
8 Any information resulting in a change in an employee's payroll is due in the Payroll Office no later than the  
9 end of the business day on the fifth (5th) of the month in which the change is to be effective. If the 5th of  
10 the month falls on Saturday or Sunday, the deadline will be on the preceding Friday. If the 5th falls on a  
11 holiday not on the weekend, the deadline will be on the last working day preceding the holiday. The deadline  
12 for payroll is indicated in the Knox County Schools Calendar each month.  
13  
14 Monthly checks are available via direct deposit or US Mail. When an employee chooses US Mail as their  
15 method of check delivery, ten (10) US Mail delivery days may elapse between the time a check is mailed  
16 and the time a stop payment may be placed on a check not received. Once a stop payment has been issued  
17 on a check, a minimum of twenty-four (24) hours is required before a duplicate check can be issued. This is  
18 the time required for the bank to determine if the check has cleared. A duplicate check may be picked up in  
19 the Payroll Department after 3:30 p.m., or the duplicate check may be mailed according to the employee's  
20 instructions.  
21  
22 Forms related to the delivery of any employee's pay check are:  
23     a. Form BO-141 - Authorization Agreement for Automatic Deposits (Credit)  
24     b. Form BO-140 - Automatic Deposit Rejection  
25     c. Form BO-136 - Cancellation Notification for Automatic Deposit  
26  
27 When changing from one financial institution to another for purposes of direct deposit, a cancellation term  
28 must be completed on the current direct deposit before the new direct deposit can be implemented.  
29  
30 Employees wishing to authorize direct deposit through Knox County Teachers Credit Union or Knoxville  
31 Teachers Credit Union do not complete the above forms. These employees contact the appropriate credit  
32 union and complete the transactions according to their established procedures. The **Knox County Teachers**  
33 **Credit Union** or the **Knoxville Teachers Credit Union** will inform the Payroll Office of your choice.  
34 (Note: The **Tennessee Teachers Credit Union** has the same procedure as any other financial institutions.)  
35  
36 A stop payment begins with a call from the employee to the Payroll Office followed by a call from the Payroll  
37 Office to the bank. If the bank determines that the check on which a stop payment has been issued has  
38 cleared, the following procedures must be followed:  
39  
40  
41  
42

- a. The employee in whose name the check was issued must file a report on the stolen check with the appropriate law enforcement agency. The Police (or Sheriff's) Department will assign a number to the report.
- b. The employee must go to First Tennessee Bank to obtain a form entitled "Affidavit - Check Forgeries/Alterations". This form is taken to the Payroll Office where this affidavit will be jointly completed.
- c. The Payroll Office will provide the employee with the original canceled check.
- d. The employee should return to First Tennessee Bank with the completed affidavit and the canceled check.
- e. A duplicate check will be provided to the employee by the Payroll Department by the following Tuesday or Friday, depending upon when the paperwork has been completed. (If this occurs at the end of the month when final reports are being produced, a slight delay <sup>may</sup> occur due to necessity of moving to the beginning of a new month before producing a check. At most this delay would be 3-5 days.) The bank will institute an investigation of the stolen check.

## MANDATORY DEDUCTIONS

Mandatory deductions include federal income tax, social security, Medicare, retirement, any garnishments or wage assignments, overdrawn leave, and criminal background checks.

## FEDERAL TAXES

Withholding (income) tax is determined by information provided by the employee on a W-4 form (available from the Payroll Office or the IRS) except for payment of Career Ladder Incentive (monthly) payments. Career Ladder Incentive payments (October through June) are considered bonus payroll and must be taxed at the bonus rate established by the IRS. Effective January 1, 2002 this rate will be 27%.

Changes may be made to Form W-4 information during any month between September and June by completing a new form. This change cannot be made verbally. As a point of information, the Form W-4 accommodates a request for a deduction of a fixed amount of withholding tax in addition to the calculated amount as well as percentage deduction. The Payroll Office cannot give income tax advice but can guide an employee in proper completion of Form W-4. Certainly, it is in an employee's best interest to be aware of their tax situation and whether or not the withholding they have requested reconciles with their situation.

If an employee claims ten (10) or more exemptions on their W-4 Form, that form must be sent to the Internal Revenue Service. Otherwise, W-4 forms are maintained on file in the Payroll Office.

If an employee claims "exempt" from taxes, a new W-4 form must be completed at the beginning of each calendar year.

A Form W-5 is available for employees who qualify for Earned Income Credit. This allows employees who qualify for this benefit to receive the Earned Income Credit throughout the year instead of a refund from the IRS after filing Federal Income Taxes (Form 1040). Employees eligible for Earned Income Credit must file a new Form W-5 in January of each year.

1 Social security and Medicare (commonly referred to as FICA) are deducted on all wages. The combined  
2 amount represents 7.65% of your gross wages. As a point of information, the school system must match the  
3 7.65% for each employee, combining for a total of 15.30%.

#### 4 5 **RETIREMENT**

6  
7 For most members of the Tennessee Consolidated Retirement System (TCRS) (certified classification only).  
8 5% of gross wages is the mandatory deduction for retirement. This 5% is deducted before withholding tax  
9 is deducted, sheltering the retirement deduction from withholding taxes. As a point of information, the  
10 school system must pay a matching amount. The matching amount is determined by TCRS.

11  
12 For members of the Knox County Asset Accumulation Plan (classified employees only), 6% of gross wages  
13 is the mandatory deduction for retirement. The school system matches the mandatory 6% which the  
14 employee contributes. Employees can place additional amounts in a 457 plan. If an employee has worked  
15 five (5) years, the County will match an additional two (2%) percent. If the employee has worked ten (10)  
16 years, the County will match four (4%) percent. If the employee has been employed for fifteen plus (15+)  
17 years, the County will match six (6%) percent. Investments in individual funds may be changed on a daily  
18 basis by use of a pin number and telephone number provided to you. If employee lose their pin number, they  
19 should call 865/523-8353 to obtain a new pin number. If the investment is in blended funds, the employee  
20 may change your investments by submitting the request by the employee of any month. Contact the Knox  
21 County Retirement at 865/215-2323 for the forms.

22  
23 Employees wishing to begin retirement proceedings should contact the Employee Benefits office at 865/594-  
24 1100.

25  
26 Questions regarding retirement deductions should be directed to the Payroll Office at 865/594-1693.

#### 27 28 **CRIMINAL BACKGROUND CHECK**

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30 Effective August 1997, all new employees (except timecard personnel) were required to be fingerprinted  
31 prior to beginning employment. Effective January 1, 2000 this requirement includes all new personnel  
32 including substitutes and timecard personnel. There is a \$48 charge for processing by FBI. For a monthly  
33 employee a deduction of \$12 per pay period is taken until the \$48 has been paid. For a bi-weekly employee  
34 a deduction of \$6 is taken until the \$48 has been paid. Iran employee resigns prior to having paid the entire  
35 \$48. The remainder owed by that employee is deducted from his/her final paycheck.

#### 36 37 **GARNISHMENTS**

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39 When the Payroll Office receives a court-ordered garnishment, child support wage assignment, student loan  
40 garnishment, or Internal Revenue Service levy, no option exists regarding the implementation of this  
41 deduction. The only way a garnishment deduction can be removed prior to full deduction is when the  
42 employee obtains a written release of the garnishment from the court or the established time limit expires.  
43 Providing the written release to the Payroll Office is the responsibility of the employee. A lawyer for the  
44 employee cannot call the Payroll Office or send a release unless that release has been obtained from the  
45 appropriate court. The IRS must also release a levy in writing.

46  
47 Upon receipt of an order of garnishment or an IRS levy, a notification will be sent to the employee by the  
48 Payroll Office. Additionally, when an IRS levy is received, a form will be sent to the employee requesting  
49 information on exemptions. If this information is not provided, we must use an established exemption

1 formula. Failure to complete and return any form sent to the employee with garnishment notification may  
2 result in a larger amount of deduction for each payroll period.

3  
4 A court may also issue an order for health or other types of insurance. Insurance deductions will be placed  
5 on payroll unless a court release is received.

## 6 7 **OVERDRAWN LEAVE**

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9 If an employee uses more leave days than available, the employee will be deducted for the number of days  
10 of "overdrawn" leave multiplied by their daily rate of pay. This daily rate of pay is obtained by dividing the  
11 amount of the contract by the number of days of the contract. As a point of information, the daily rate of pay  
12 appears on the check stub near the top.

13  
14 The Payroll Office cannot switch the type of leave reported when one type of leave is exhausted and there  
15 is a balance in another type of leave. The only way the type of leave can be changed is if the school states  
16 in writing that the school made a mistake in reporting and submits another computerized absence form,  
17 across the top of which is written "**CORRECTED COPY.**"

## 18 19 **VOLUNTARY DEDUCTIONS**

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21 **NOTE: Before a new deduction slot can be granted For payroll, the petitioning agency must present**  
22 **applications of 250 employees requesting payroll deduction for this benefit.**

## 23 24 **DUES**

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26 Membership dues to education associations (KCEA, TEA, NIEA) are deducted October through May if  
27 requested by employee. All employees may request Cessation of deductions by making a written request to  
28 the Payroll Office and providing a copy to the KCEA Office. Failure to notify the KCEA Office can result  
29 in KCEA adding the name to the following month's deduction list. The request should be submitted no later  
30 than the normal payroll deadline for which the deduction is to stop.

## 31 32 **INSURANCE**

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34 Health, dental and life insurance deductions are available to employees who choose to participate in these  
35 benefits. Employees are offered health, vision and dental coverage within thirty-one days of hire. Questions  
36 regarding any insurance coverage should be directed to 865/594-1686 in the Employee Benefits Office. The  
37 v Benefits Office is the appropriate place for submission of coverage applications or changes in coverage.  
38 Payroll deduction for insurance coverage is handled in the Employee Benefits Office.

39  
40 The Employee Benefits Office must be notified in order to ensure by either spouse if the employee is eligible  
41 for a reduction in health insurance premiums because both the husband and wife (certified and/or classified)  
42 are employees of the Knox County Schools System.

43  
44 The Knox County Board of Education (the Board) provides partial payment of the cost of (health and dental  
45 insurance for all employees. The Board also provides life coverage for employees at the rate of one and one-  
46 half times annual wages with a minimum of \$20,000 and a maximum of \$50,000.

**FLEXIBLE BENEFITS**

A Cafeteria Plan (IRS Section 125 Plan), commonly referred to as Flexible Benefits Plan, is available to all employees. This plan is administered through the Employee Benefits Office. Information is available at 865/594-1100.

**TAX SHELTERED ANNUITIES**

Deductions are available for employee-sponsored Tax-Sheltered Annuity Plans (IRS Section 403(b) and 457 Plans). For a complete listing, contact 865/594-1100. A company not currently participating in payroll deduction through the Knox County Schools must present applications of 250 employees requesting payroll deduction through their company before that company will be added to the list of participants. The Knox County Board of Education nor the Superintendent, nor any administrative staff of the school system endorse any vendor or its products.

When an employee is interested in enrolling in or changing their Tax-Sheltered Annuity Plan (TSA), the employee should first contact the vendor with whom the employee is establishing/modifying a plan. After the company has been notified and all paperwork required by the vendor completed, the employee should obtain from Employee Benefits a Salary Reduction Authorization (Form BO-I21). This form should be completed and submitted to the Employee Benefits by the employee and/or the vendor no later than the normal payroll deadline for which the deduction/change is to take place. Changes on Tax-Sheltered Annuities cannot be made between June 5 and September 5.

The company is responsible for furnishing the employee with a status report on his/her account. If the employee contacts the company and is told that the deductions which have been removed from the employee's check are not being transmitted, the employee should ask the company to make contact with the Employee Benefits Department if the company has not received the check since these deduction checks are mailed to the companies immediately after payroll.

Questions regarding TSA deductions should be directed to the Employee Benefits Office at 865/594-1100.