



## **2023 Best Practices Submission**

### **Presentation Title:**

Transitioning From a Single to a Multistate Work Environment

### **Presenters:**

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### **Presentation Description:**

In the post pandemic world telework and multistate tax environments have become the norm for many colleges and universities. With an ever-growing out of state workforce the Kentucky Community and Technical College System (KCTCS) was no exception. Join us in this session as we present the road map KCTCS used to transition to a multistate tax environment and how they utilized KCTCS' ERP system, Peoplesoft, as a communication tool between Human Resources and Payroll Shared Services for new hires and when tax locations change.

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### **Statement of the Problem:**

KCTCS Payroll has traditionally been a single state withholding environment and maintained a spreadsheet external to their ERP system that identified employees who were hired or transferred into a working location outside of Kentucky or into a jurisdiction inside of Kentucky that had no local tax requirements. With the transition to a multistate tax environment a more robust and automated location tracking solution and communication method between Human Resources and Payroll was required.

### **Identify the Solution:**

When employees were working remotely out of state or working in a jurisdiction with no local tax, college Human Resource staff were reporting "KYStatetax" as the employee's tax location in PeopleSoft. This was the same tax location code used to report employee's working in a

jurisdiction inside of Kentucky that was not subject to local tax. Payroll was required to follow up with Human Resources staff each time an individual was coded with KYSTATETAX to determine their actual tax locality. Payroll maintained a listing of employee who either worked outside of the state of Kentucky or who were working inside of Kentucky but weren't subject to local tax. To eliminate the spreadsheet and the need to follow up with Human Resources each time an employee changed tax locations a new set of codes was established. Employees working out of state are now coded "XXSTATETAX" (XX indicates the states postal code abbreviation) inside the ERP system. Since there are no campuses outside of Kentucky, all work locations are assumed to be the employee's home address for tax purposes. Employees working in a jurisdiction inside of KY are now coded with NLT\_XYZ (XYZ indicates an inhouse abbreviation for the non-taxable jurisdiction inside of KY). All tax location reporting is now done inside of the PeopleSoft ERP including tracking of the out of state population. KCTCS Payroll utilizes information contained inside the ERP system to support the transition to a multi-state tax environment and to support it going forward.

**Implementation Timeline:**

1. Strategic Needs Analysis and approval (01/2022 through 05/2022)
2. Phase 1 – Planning & Research (07/2022 through 08/2022)
3. Phase 2 - Design & Testing (08/2022 through 10/22)
4. Phase 3 - Pre-Production Set Up (10/2022 through 12/2022)
5. Phase 4 - Implementation (01/2023)
6. Phase 5 – Follow up and additional states (ongoing)

**Benefits & Retrospect:**

One of the most significant benefits to KCTCS of having a multi-state withholding environment is the expansion of the employment talent pool. As states are on-boarded to this platform Human Resources can open recruiting in those states. KCTCS is also able to come into regulatory compliance with state and local taxing agencies. A multi-state withholding environment increases employee satisfaction and reduces the burden on employees who have had to traditionally manage tax remittances in their home residence states. The ability to track employee working locations inside of the ERP system has allowed for the smooth transition to a multi-state withholding environment and streamlined the communication process between the Human Resources and Payroll Departments.