

Employers,

As you all are probably aware by now the Families First Coronavirus Response Act was recently signed into law, in response to circumstances arising from COVID-19. The team here at MPERA wanted to reach out and inform you of some items as they relate to reporting payroll for those employees that fall under these new "Paid Sick leave Options" which are listed below:

1. Two weeks (up to 80 hours) of paid sick leave at the employee's regular rate of pay where the employee is unable to work because the employee is quarantined (pursuant to Federal, State, or local government order or advice of a health care provider), and/or experiencing COVID-19 symptoms and seeking a medical diagnosis.

Report to MPERA as "Sick Leave Taken", these wages are pensionable and are subject to employer and employee contributions.

2. Two weeks (up to 80 hours) of paid sick leave at two-thirds the employee's regular rate of pay because the employee is unable to work because of a bona fide need to care for an individual subject to quarantine (pursuant to Federal, State, or local government order or advice of a health care provider), or care for a child (under 18 years of age) whose school or child care provider is closed or unavailable for reasons related to COVID-19, and/or the employee is experiencing a substantially similar condition as specified by the Secretary of Health and Human Services, in consultation with the Secretaries of the Treasury and Labor.

Report to MPERA as "Sick Leave Taken", these wages are pensionable and are subject to employer and employee contributions.

A covered employer must provide to employees that it has employed for at least 30 days:

3. Up to an additional 10 weeks of paid expanded family and medical leave at two-thirds the employee's regular rate of pay where an employee is unable to work due to a bona fide need for leave to care for a child whose school or child care provider is closed or unavailable for reasons related to COVID-19.

Report to MPERA as "Sick Leave Taken", these wages are pensionable and are subject to contributions.

Answers to recently asked questions:

Should the 2/3 paid be subject to pension withholdings?

Yes, their employer should report it to us as “Sick Leave Taken”, which would be pensionable and subject to employee and employer contributions.

If an employee is supplementing and only receiving 2/3 of their normal pay, will it be similar to workers comp where they could buy back the 1/3 if they chose – if the earnings are subject to pension withholdings?

No. If an employee is getting 2/3 of their pay, but are being reported as being on sick leave for full-time hours at this reduced rate their hours compensated has not changed, just their wages. As such, there is nothing to buy back. The employee will be getting full service credit and membership service for this time period.

Does only getting paid 2/3 impact their “credit” – eligibility to retire?

No. If an employee is getting 2/3 of their pay, but are being reported as being on sick leave for full-time hours at this reduced rate, their hours compensated has not changed, just their wages. As such, their service credit for these time periods should not be impacted, nor their membership service. MPERA uses membership service to determine if a member is eligible for retirement and a member earns 1 month of membership service for any month they contribute and are reported to us.

How should employers report a member to MPERA who has been furloughed but not terminated?

Employers should report all periods of time in which the employee has been furloughed and not terminated from employment as in a “leave” status. This holds true for employees who have been furloughed for consecutive weeks or months, or who are working a reduced weekly schedule due to their furlough. For example, if an employee is furloughed for 20 hours a week of their normal 40 hour work schedule, they should be reported as in a “leave” status for their 20 hours of furlough during that week and as in a “regular pay” status for their 20 regular works hours in which they are compensated. During an employee’s periods of furlough, the employee will continue to accrue membership service but not service credit. However, for all time periods in which the employee is not furloughed and reported to MPERA as in a status of “regular pay” they will continue to receive service credit for compensated hours reported as normal.

For furloughs, where an employee is now only working reduced weekly or no hours at all, does that affect their vesting, credits, length of service, etc.?

For an employee who has not been fully terminated by their employer but is working reduced hours, the member’s PERS service credit will be reduced and only awarded based upon their actual hours compensated by their employer during this time period. As used in the example above, if a PERS member is only working and being compensated for 8 hours a week, 32 hours a month. They will receive less than 1 full month of service credit as the service credit is proportional to the number of hours per month they are compensated for. Our administrative rule is 160 hours compensated per month, equals 1 full month of service credit. As for membership service, as long as the employer continues to report

the member on their employer report, even if their wages are reported as zero, they will still be awarded a full month of membership service. We use membership service to determine if a PERS member is eligible for retirement and for vesting. We use service credit to calculate the actual amount of a PERS member's retirement benefit.

Thank you all for working with us and making sure that your payroll reports are in as scheduled during these challenging times.

If you have any questions, please don't hesitate to contact our team here at 1-844-304-5452 or email them at mpera@mt.gov