



Wages Paid FFCRA and Workers' Compensation Premiums

With FFCRA going into effect April 1, 2020, now is the time to set up your payroll system to differentiate any wages paid under the Act.

There are two reasons to prepare now:

1. You will need to be able to run a report for tax purposes;
2. You will also need to be prepared for your workers' compensation audit.

Currently, any sick or personal leave paid by employers is included at audit for workers' compensation premium calculations. At this time, there is no indication that wages paid under the FFCRA will not be subject to workers' compensation premiums. In fact, NCCI references two Rules in the NCCI Basic Manual which would suggest the wages could be included under the classification normally assigned to the employee. NCCI references this as "idle" time. These would be your employees who are being paid, but who are not physically working. However, being able to separate this payroll will enable employers to provide these wages to an auditor if they are exempted for workers' compensation purposes.

If an employer has a change in operations or an employee's occupation has changed due to an employee working remotely, the wages could be placed in a more appropriate class code. For example, a service technician who would normally go to a client but is now taking Internet sales calls from their home or your office could be classified under 8810 rather than their normal service code.

W3 recommends setting up two additional payroll codes beginning April 1: One for EFMLEA, and another for EPSLA. Along with keeping the wages separated, we recommend noting what type of duties the employee is performing for the employer.

Having this information separated from regular PTO will save time and enable employers to offer an argument for payroll exclusion or reclassification on their workers' compensation audit.