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TOWN OF MANSFIELD

MEMO

Cherie
FYI
June
10/25/94

DATE: June 15, 1990

TO: Rose Fowler, June Latkofsky, Karen Provoncha, Joan Somes

FROM: Roger C. Pellerin

SUBJECT: ~~Worker's Compensation Payroll Procedure~~

CC: Jeffrey H. Smith

Effective July 2, 1990 a revised procedure for handling payroll and associated matters for employees who are receiving benefits from a worker's compensation claim will go into effect.

The aim of this procedure is as follows:

1. Eliminate unnecessary payroll tax deductions from the affected employee
2. Save the employer the cost of matching FICA deductions
3. Allow payroll earnings records to reflect only wages which are taxable
4. Continue to provide relief from financial hardship to the employee
5. Produce a labor distribution which reflects only bona fide payroll costs
6. Establish a general ledger receivables account which isolates all activity involving advances and reimbursements
7. Allow for minor "exception" processing by payroll personnel within the existing payroll system
8. Eliminate the need for programming changes within the existing payroll system
9. Satisfy all MERF requirements

Following are specific responsibilities which must be carried out in order for the procedure to work:

Town Administrative Assistant

- A) Must provide written notification to the Payroll Assistant as soon as a Town/Board employee goes onto the worker's compensation roles. The notification must contain the employee's name and the first date that the employee will begin to receive 66.67% of their normal pay from the worker's compensation carrier.
- B) Must instruct worker's compensation recipients to sign over and deliver to the Town all checks received from the worker's compensation carrier.
- C) Must deliver these checks to the Controller.
- D) Must provide written notification to the Payroll Assistant if the worker's compensation case becomes long-term (beyond six months) at which time the Town's 33.33% salary subsidy ceases. The notification must contain the employee's name and the date at which time the salary subsidy ceases.
- E) Must provide written notification to the Payroll Assistant as soon as the employee is off worker's compensation and either returns to full-time employment or becomes an inactive or terminated employee. The notification must contain the employee's name and the effective date of this change in employee status.
- F) Must provide full explanation to the employee on worker's compensation as to how the payroll matters will be handled as outlined in this procedure.

Region 19 Financial Assistant

- * Must follow same responsibilities as Town Administrative Assistant for Region 19 employees going on worker's compensation.

Board Personnel Assistant

- * Must provide the Town Administrative Assistant with all information pertaining to Board employees on worker's compensation, which is required in order to meet reporting responsibilities to Payroll.

Payroll Assistant

- * Must implement the following changes to payroll processing as a result of information contained on the written notification received from the Town Administrative Assistant or the Region 19 Financial Assistant:
 - A) Must adjust the employee's normal bi-weekly pay to 33.33% of normal (example: normal bi-weekly pay = \$1,000.00, change to \$333.33) using TRA PRF command. NOTE: Partial adjustments may be required at beginning and end of the worker's compensation involvement period.

- B) Must write up a payment voucher for 66.67% of the former normal salary. This will represent an advance to the employee while waiting for payment from the worker's compensation carrier. The voucher will be turned in immediately after the payroll date along with other vouchers for Credit Union, T.S.A.'s and other deductions and the check (manual) will be drawn on the disbursing account. The check should be returned to the Payroll Assistant for distribution (mailed or pick-up as pre-arranged with the employee). The charge on the voucher will be to a new general ledger account in the General Fund entitled Worker's Compensation Advances Receivable. The Controller will set up this account and provide it to the Payroll Assistant.
- C) Since the full 100% salary is subject to MERF deductions and employer contributions, two manual adjustments within the existing payroll system must be made.
 - 1. Each pay period, using TRA CORRECT, make the MERF deduction equal to .0225 of the full 100% salary.
 - 2. At month end, when preparing the computer printout supporting the reimbursement to MERF for employee & employer contributions, merely adjust the employee's wages to 100% using TRA STMERF.
- D) If the worker's compensation case becomes long-term and the one-third salary subsidy ceases, the employee's .0225 MERF contribution must be deducted from the advance drawn on the disbursement account. The monthly MERF report must be adjusted to reflect two-thirds of normal salary from the effective date.

Controller

- A) * Must set up a new general ledger receivable account and provide this account number to the Payroll Assistant (one for Town and one for Region 19).
- B) Keep a perpetual detailed analysis of the balance in this account.
- C) Code all worker's compensation reimbursement checks for deposit into the disbursing accounts.

This procedure should provide a workable system to handle worker's compensation complications. The key is timely and complete communication by affected parties as outlined in the foregoing procedure. This should not present a hardship since the worker's compensation cases are few.

This procedure is for future worker's compensation situations. It does not address the matter of retroactive adjustments to recipients of worker's compensation benefits during the first six months of 1990. I will be providing instructions to the Payroll Assistant on how to handle these adjustments in the near future.

* JUNE: THIS NEW ACCOUNT IS:

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6-15-90

TOWN OF MANSFIELD

MEMO

DATE:

TO:

FROM: Payroll

SUBJECT: Attached Checks - Worker's Compensation Adjustment

Attached you will find two checks. One is your regular payroll check and the other is a check reimbursing you for Worker's Compensation adjustment made to your payroll check.

1. Payroll Check:

Your gross pay of _____ has been reduced by _____ which is the amount of Worker's Compensation reimbursement which the Town/Board has received from the Worker's Compensation insurer for your approved claim.

2. Other Check:

The other check is drawn on the Town's disbursing account for the amount of the deduction from your payroll check.

Since Worker's Compensation awards are not considered as wages and are not subject to Federal Withholding and Social Security Taxes we must handle in this manner.

The net result to you is favorable since no Federal Taxes are deducted from the award.

Any further questions should be directed to your Personnel Administrator.