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## PREMIUM AUDIT PAYROLL RECORD KEEPING DURING COVID-19

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This document provides definitions and record keeping tips for how to track and report payroll during COVID-19, to help make your premium audit easier. The COVID-19 pandemic has created unique conditions that have impacted employers' staffing and business operations. Many states, with the guidance of the [National Council on Compensation Insurance \(NCCI\)](#), have responded to these conditions by issuing directives and proposing revisions to rules impacting workers compensation related to:

- Definitions, treatment and reporting of payments by an employer to paid furloughed employees as a result of federal, state and/or local emergency orders, laws or regulations, issued due to the COVID-19 pandemic, which impact an employer's staffing or business operations.
- Changing employee classifications to reflect different exposures during a specified time period (for example, waitstaff become delivery drivers or outside salespeople become inside sales staff).

### **What are "paid furloughed employees"?**

NCCI defines paid furloughed employees as employees who continue to receive payments during a temporary leave and are not performing any work duties for their employer during an emergency order.

### **What are "payments to paid furloughed employees"?**

NCCI defines payments to paid furloughed employees as payments made by the employer or any governmental entity to paid furloughed employees as a result of an emergency order issued due to COVID-19, which impacts the employer's staffing or business operations.

### **How do I track payments made to furloughed employees?**

If you are paying an employee but they are not performing any duties or services for you, the payroll should be separately identified for the time not working from the payroll for that employee while they were working. While there are no standard forms, maintain unique categories to document the payments while not working due to COVID-19 or for changes in employee duties.

- Example: Your employee was paid as waitstaff from January 1 through March 15. On March 16, you closed your restaurant, but the employee remained on your payroll through May 15 without performing any services for your business. On May 16, you reopened your business to the public, and the employee came back to work. Different rules exist in each state, but in many states, the payroll for the employee from March 16 through May 15 would be excluded from the premium calculation during your premium audit, although we are still required to report it to the various workers compensation insurance bureaus under a different code. In other states (New York, for example), the March 16 through May 15 payroll is separated but still included in the premium calculation at a clerical rate.



### **Some working employees' jobs were reassigned during the pandemic. Do I need to track their wages separately?**

If your employee is reassigned to perform a different role during the pandemic, a different classification may be applied to the change in their occupation during the temporary interruption of normal business activities caused by COVID-19, provided that records are maintained to separately and identify payroll during this time frame to split from their payroll in their role both pre- and post-.

- Example: Your employee was paid as waitstaff from January 1 through March 15. On March 16, you shifted your business to food delivery service, and your waitstaff employee now delivers food to customers' homes. During the time between March 16 and May 15, your payroll for that employee should be reported as delivery driver, as that matches the employee's temporary change of duties.
- Example: Your January 1 through March 15 payroll includes retail showroom employees. Due to the various states' stay-at-home orders, the store employees work from home during the effective dates of the orders, taking phone orders and answering customer service calls. The employees may be changed to #8871-Clerical Telecommuter or #8810-Clerical to reflect the change in their job duties.

### **Our business operations changed as a result of COVID-19 emergency orders. How do I document my payroll?**

If your business is impacted, maintain separate payroll breakdowns in identifiable categories for the change in operations and/or the wages earned for employees whose occupations have changed during the emergency order. While there are no standard forms, maintain unique categories to document the payments for changes in operations or employee duties. *Remember, estimated or percentage allocation of payroll is not permitted.* If these records are not maintained, the entire payroll of an individual employee must be assigned to the highest-rated classification that represents any part of his/her work.

### **Record keeping tips for tracking payroll during COVID-19**

This table summarizes different employee scenarios and how payroll should be tracked for purposes of your premium audit.

<b>Employees during COVID-19</b>	<b>Status</b>	<b>Identify Payroll</b>
Paid	No work status change	Classify as usual
	Remote working	Classify as usual
	Not working	Create a separate payroll category
	Different/new duties	Create a separate payroll category
	Qualified medical leave	Create a separate payroll category



**Does the Families First Coronavirus Response Act address treatment of payroll for workers compensation?**

The act does not expressly apply to workers compensation. However, qualified sick leave and/or family medical leave payments under the act may be excluded from the calculation of premium.

- “Qualifying need related to a public health emergency” means an employee is unable to work (or telework) due to a need for leave to care for a son or daughter under 18 years of age of such employee if the school or place of care has been closed, or the child care provider of such son or daughter is unavailable, due to a public health emergency.
- “Public health emergency” means an emergency with respect to COVID-19, and declared by a federal, state or local authority.

Please review the [Families First Coronavirus Response Act](#) or visit the visit [Travelers COVID-19 site](#) for more information.