

Tips for Reporting Workers' Compensation Payroll

Include

1. **Employee Regular Pay.**
2. **Overtime.** Only the normal rate of pay earned during overtime hours is included. For example, if an FLSA non-exempt employee works 45 hours during a week and earns a regular hourly wage of \$10 per hour, then \$450 would be included for workers' compensation reporting. This is different from unemployment reporting which requires the full regular time plus the time and half overtime rate for the hours worked in excess of the 40-hour work week.
3. **Housing.** An employee can and does turn in claims which describe the total compensation package they receive such as an annual salary, a house to live in and utilities. Thus, housing stipends of any kind are included for reported wages on your workers compensation report payroll reports under which ever code the employees payroll is coded. Housing is included at the monthly rate set by legislative house bill, HB449. A copy is attached.
4. **Bonuses, stipends (as in longevity bonus) etc.**
5. **Sick or Vacation Pay.** Lump sum payments for unused sick or vacation pay.
6. **Coaching** - compensation, under class code 8868..
7. **Officiating (non-MOA referee)** at sporting events is included under code 9101. You cannot be an employee part of the day, and an independent contractor another part of the day. If officials for your school sporting events come from the MOA (Montana Officials Association) pool they are not considered employees of the school district and do not need to be reported on your WC payroll report.
8. **Ticket Taker or Special Help for Sporting events** - If the district pays people to perform these services at sporting events or special school functions from athletic or special funds (other than regular payroll), these payments for services need to be included as these are temporary employees of the school district in most situations. Just add on the amounts paid in total for the quarter to the regular payroll report figure when reporting to your workers' compensation carrier, under class code 9101.
9. **Bus Drivers** - For bus drivers who are contracted out, you must include their wages under 9101 unless you have either proof that they have work comp coverage on themselves, or you have a copy of their Independent Contractor Exemption Certificate (ICEC) from the Department of Labor. Bus monitors, who ride the bus but do not drive, are under 8868 whether they are **full** time at that position or are also a teacher, para, etc.
10. **Employee contributions** (not employer contributions) to Health and Dental Insurance and Annuities. Make sure you don't double count this - for example, if a teacher is paid an annual salary of \$30,000 and part of that \$30,000 they use to pay for their employees share of health or dental premiums you would only include the total \$30,000 for that employee for the year.
11. **Retirement** - If for example a teacher elects to have 10% of their annual salary withheld from their paycheck and placed into a retirement account then that amount would be included as wages. In that example say the annual salary was \$30,000. The total amount withheld from the teacher's salary that was placed into the retirement account would be \$3,000. The total amount of wages that would be reported to the WC carrier would be \$30,000.

Helpful Hint (for items not listed on this reporting tips list)

If it's included on the employees W2 as taxable income, it is considered reportable for workers' comp payroll.

Exclude

1. **Retirement** - If the employer contributed say 5% to the retirement account of the employee and this contribution did not represent any employee contribution then the 5% or "employer" contribution to the retirement account would not be included on the WC payroll report.
2. **Early Retirement Incentive Bonus**
3. **Health/Dental Insurance.** Employer contributions to Health and Dental insurance plans are excluded. Employee contributions are not excluded. Thus, if an employee pays part of the cost whether that is pre-tax or not, it needs to be considered as part of the employees overall compensation. Do not double report as noted above. An example that might create double reporting would be if a teacher makes \$30,000 a year as a salary and selects health insurance and/or dental coverage through their district plan. If they contribute \$100 a month into an employer flex plan and use it to pay their premium contribution requirement, the business should only report \$30,000 as the reported earnings for that employee.
4. **Annuity Contributions.** Again employer contributions to a qualified plan are not included for premium. However employee contributions are still included in their gross pay. Same type of example as above - regarding the warning about not double reporting items on your workers' compensation report.
5. **Payouts** for termination such as Severance Pay.
6. **Travel Reimbursements** are excluded as long as the employee turns in receipts, and as long as the expenses are reasonable and incurred on company business.
7. **Referees from the MOA pool** are not included and are legitimate Independent Contractors that are providing a professional service. However, they must provide proof of independent contractor status.
8. **Meals** provided to employees in the school cafeteria would not be included as part of their compensation. These are viewed as incidental to the food service activity being conducted by the district and are not considered as an includable item.

Applying Payroll by Classification Code

All employees hired by a member must have their payroll reported to the WCRRP under the proper classification codes. The classifications for employees covered under the plan are 8868 - College or School Professional Employees and Clerical, and 9101 - College or School All Other Employees and Drivers.

In general, the following employees would be reported under the 8868 classification - College or School Professional Employees and Clerical:

- Superintendents
- Principals
- Teachers/Coaches
- Paraprofessionals
- Counselors
- School Board Clerks
- Business Officials/Directors
- Nurses
- Secretaries
- Payroll Clerks
- Attendance Clerks
- Classroom Aides (who may also assist on the playground)
- Bus Monitors (who ride the bus and help with the kids, but do not drive)
- Department Director/Supervisors of Instruction Curriculum and Personnel

Other department directors/supervisors may also be classified under the 8868 classification. Such directors/supervisors must be classified as professional employees under a written job description and must not take part in any day-to-day physical activities of the department supervised.

Generally, all other employees of the member should be reported under classification code 9101 - College or School All Other Employees and Drivers. If a classroom aide is hired just specifically for playground activities and does not work in the classroom, their payroll is reported under 9101.

Splitting Payroll between Class Codes

If a school district has a person working two different positions and those two positions are in different class codes, the payroll needs to be split. The school should do a best estimate on the percentage of the work that is done in the two different jobs, use a system to track that split, and ensure it ties to the WC reports produced. We see examples of this for teachers who work in the summer as a groundskeeper or in maintenance - those splits are a bit easier due to the different times of year, and at times the summer work is paid via a separate contract. We have also seen it with a teacher who works as a maintenance person in the evenings. Again, determine a reasonable method to split the wages between the two codes and keep good records to ensure your WC reports tie back to that system.

Payroll Report Timeline

Payroll reporting is based on the fiscal year (07/01- through 06/30-), not the calendar year. Each quarter you will receive an email from notifications@origamirisk.com that contains the payroll reporting link and instructions.

The payroll report schedule is as follows:

Sept 1st

Email is sent containing payroll reporting link for 1st qtr - (July- Sept) - due Oct 25th

Dec 1st

Email is sent containing payroll reporting link for 2nd qtr - (Oct- Dec) - due Jan 25th

March 1st

Email is sent containing payroll reporting link for 3rd qtr - (Jan-Mar) - due April 25th

June 1st

Email is sent containing payroll reporting link for 4th qtr - (April-June)- due July 25th

Montana Workers' Compensation Housing, Rent, or Lodging Rates
For the purposes of calculating wages pursuant to 39°71°123 (l)(g) MCA,
Source: HUD 2018

Locality Name	Ze.-o- Bedroom	One-Bedroom	Two-Bedroom	Three-Bed.-oom	Four--Bed.-oom
Beaverhead County	S493	S567	S697	\$935	SI,228
Big Horn County	S530	S564	S750	\$949	SI,128
Blaine County	S493	S607	S697	\$889	\$949
Broadwater County	S568	SG05	S804	SI,008	SI,333
Carbon County	S597	S708	S936	SI,308	SI,594
Carter County	S493	S550	S697	\$976	SI,155
Cascade County	S564	S568	S755	SI,058	SI,304
Chouteau County	S493	S586	S697	\$943	\$949
Custer County	S493	S548	S697	\$997	SI,000
Daniels County	S49G	S553	S701	SI,020	SI,162
Dawson County	S493	S607	S697	\$874	SI,054
Deer Lodge County	S493	S607	S697	\$947	SI,228
Fallon County	S493	S607	S697	\$954	SI,155
Fergus County	S545	S594	S771	\$967	SI,278
Flathead County	S564	S668	S835	SI,215	SI,401
Gallatin County	S651	S715	S928	SI,347	SI,634
Garfield County	S493	S550	S697	\$925	SI,155
Glacier County	S535	S545	S697	\$874	SI,024
Golden Valley County	S596	S707	S935	SI,306	SI,591
Granite County	S534	S568	S756	\$948	SI,253
Hill County	S544	S548	SG97	\$905	SI,130
Jefferson County	S638	S679	S903	SI,132	SI,497
Judith Basin County	S493	S607	S697	\$945	SI,155
Lake County	S489	S650	S752	SI,048	SI,153
Lewis and Clark County	S594	S700	S889	SI,293	SI,531
Liberty County	S546	S550	S697	\$976	SI,155
Lincoln County	S493	SSGG	S697	\$920	SI,228
Madison County	S690	S710	S815	SI,029	SI,110
McCone County	S493	S550	S697	\$874	SI,155
Meagher County	S507	S566	S717	SI,024	SI,189
Mineral County	S493	S550	S697	SI,014	SI,155
Missoula County	S662	S735	S925	SI,346	SI,629
Musselshell County	S540	S620	S824	SI,033	SI,366
Park County	S575	S677	S901	SI,133	SI,494
Petroleum County	S568	S634	S804	SI,126	SI,333
Phillips County	S493	S550	S697	\$976	SI,228
Pondera County	S493	S607	S697	SI,014	SI,228
Powder River County	S497	S529	S703	\$881	SI,165
Powell County	S493	S607	S697	SI,014	SI,155
Prairie County	S493	S550	S697	\$976	SI,155
Ravalli County	S552	S587	S781	SI,123	SI,357
Richland County	S585	S652	S827	SI,037	SI,457
Roosevelt County	S493	S534	S697	\$963	SI,007
Rosebud County	S493	SG07	S697	\$885	SI,083
Sanders County	S526	S574	S697	\$901	SI,089
Sheridan County	S493	S607	S697	\$904	SI,086
Silver Bow County	S581	S629	S783	\$982	SI,066
Stillwater County	S517	S569	S732	SI,057	SI,286
Sweet Grass County	S553	S617	S782	SI,101	SI,296
Teton County	S485	S572	S761	\$954	SI,340
Toole County	S493	S607	S697	\$952	SI,228
Treasure County	S568	S634	S803	SI,125	SI,331
Valley County	S493	S561	S697	\$874	\$949
Wheatland County	S493	S550	S697	\$976	SI,155
Wibaux County	S568	S634	S804	SI,126	SI,333
Yellowstone County	S597	S708	S936	SI,308	SI,594

Lodging, Rent or Housing Set by Administrative Rule In 2017 The Montana Legislature changed the definition of wages for the purposes of Workers Compensation related to lodging, rent, or housing if it constitutes part of the employee's remuneration. The legislature's intent is to provide certainty for employees, employers, and insurers and reduce the previous confusion that occurred. The definition now includes lodging, rent, or housing, if it constitutes a part of the employee's remuneration and is based on a value as set by administrative rule.

39-71-123 Wages Defined (1) "Wages" means all remuneration paid for services performed by an employee for an employer, or income provided for in subsection (1)(d). Wages include the cash value of all remuneration paid in any medium other than cash. The term includes but is not limited to:

(g) lodging, rent, or housing if it constitutes part of the employee's remuneration and is based on a value as set by administrative rule. The values set by administrative rule must address the general geographic proximity to available housing and may consider other reasonable factors that affect value.

24.29.721 Value of Employer-Furnished Housing (1) For the purposes of this rule, the following definitions apply:

(a) "Agricultural employer" means an employer whose operations are assigned to an agricultural classification code for workers' compensation purposes. The term is intended to be consistent with the definition of agriculture provided by 15-1-101, MCA.

(b) "Bedroom" means a room in a dwelling that is primarily used for sleeping.

(c) "Dwelling" means a building equipped for human habitation.

(d) "Zero bedrooms" means a dwelling that is an efficiency, dormitory, or a bunkhouse.

(2) For the purposes of calculating wages pursuant to 39-71-123, MCA, the monthly fair rental value, in U.S. dollars, for housing is established for each county in Montana as specified in the publication entitled "Montana Workers Compensation Housing, Rent or Lodging Monthly Rates."

(a) The publication is available online via the department's website, <http://erd.dli.mt.gov>.

(b) A printed copy of the publication is available to the public at no cost, upon request to the department's employment relations division.

(3) In recognition of Montana's rural nature and expansive landscape, and the fact that housing supplied by an agricultural employer is likely to be remotely situated and distant from communities with an established rental housing market, housing furnished by an agricultural employer is discounted by 50% of the fair rental value for housing established in (2) of this rule, for the county in which the dwelling is located.

(4) If an individual is not currently using the room for sleeping, it is not considered a bedroom for the purpose of this rule.

(5) The provisions of this rule apply to housing furnished any worker.

The new rule provides the Montana Workers' Compensation Housing, Rent, or Lodging Monthly Rates and criteria for determining the value of housing, rent, or lodging if it constitutes part of the employee's remuneration.