

Descriptive Transcript for *Eligibility and Reporting for School Employers*

Descriptive transcript for *Eligibility and Reporting for School Employers* is below.

Audio	Visual
<p>Welcome, everybody. My name is Desi. I'm an Outreach and Education Specialist at PERA. And today, I'm going to be walking you through our program, <i>Eligibility and Reporting for School Employers</i>.</p> <p>This webinar is just for school employers. We will cover membership eligibility and salary reporting topics that are common for schools. So if you're not a school employer, this webinar is not for you.</p>	<p>Welcome slide with a header that reads "Eligibility and Reporting for School Employers", and a note reading "PERA prohibits recording and distribution of this presentation".</p>
<p>Today's presentation will run about 30 minutes, and this is the agenda.</p> <p>We will first discuss exclusions that commonly affect school employees. We will discuss PERA's defined contribution plan and its eligibility for school board members. Then we will discuss PERA/TRA transfers, and what to do if contributions are reported to the wrong fund. Lastly, we will cover salary reporting topics that are specific to schools.</p>	
<p>Now before we jump into our first section, I want to cover some basic information. For starters, at PERA, we have two plans for school district employees.</p> <p>We have the Public Employees DCP for Public Officials, which is the plan for school board members. And for all other non-licensed employees in schools, we have the Coordinated Plan. That would include non-certified employees such as substitutes, coaches, food service employees, and janitors.</p>	

Audio	Visual
<p>And of course, the other retirement plan for school district employees would be the Teachers Retirement Association, also known as TRA. If you're unsure whether to report an employee to TRA or to PERA, check with TRA first. TRA's eligibility determination should always come before PERA's.</p>	
<p>If it's determined that your employee is not TRA-eligible, you must then determine if they are eligible for PERA, or if they are excluded from PERA. There are several types of exclusions that prohibit an employee from PERA membership. So in this first section, we will discuss the most common exclusions for school employers.</p> <p>And just a disclaimer, that we will not be covering all of the exclusions—just the most common ones.</p>	
<p>Each exclusion is attached to a three-digit exclusion code, and excluded employees should be listed on your unit's Annual Exclusion Report with that three-digit code, so that PERA knows why the employee in question is excluded from membership.</p> <p>In the upcoming slides, we will cover the most common exclusions for schools. And we will cover these exclusions in ascending order. So we will start with the lowest code, and end with the highest code. And that is because you should exclude employees with the lowest code possible if they have two or more exclusions. That is because the lower the code is, the stronger the exclusion is.</p>	
<p>The first code we will discuss is code 001, aka the full-time student exclusion. The full-time student exclusion applies to employees who are under the age of 23 and who are full-time students at an accredited school, college, or university.</p>	

Audio	Visual
<p>This exclusion is not optional, so if your employee is both under 23 and a full-time student, then they will be excluded from PERA membership. And they will remain excluded from PERA until either they turn 23, or when they are no longer a full-time student.</p>	
<p>In order to use this exclusion, employers must have documentation to support the exclusion. Ask the employee to provide proof of their full-time status each semester. If the employee does not provide documentation for a semester, then the exclusion cannot be used for that semester. In that case, if no other exclusions apply, they must be enrolled into PERA.</p>	
<p>We are commonly asked about what type of documents we accept that prove a student's full-time status, and here is the list.</p> <p>Some documents we may accept include a completed Full-Time Student Exclusion Certification Form, official transcripts, billing statements, class registration, or a letter from the employee's school.</p> <p>Now, in order for us to accept the document, it must show the employee's full-time status. For example, billing statements often don't show how many credits a student is taking, or it may not list their full-time status, and in that case, that particular document would not be accepted.</p>	
<p>So the documents in question must reflect the employee's full-time status.</p> <p>Keep the documentation in the employee's file just in case PERA ever requests to see it, but do not send to PERA unless requested. Regardless, it's important to have current and updated proof of the full-time student status</p>	

Audio	Visual
<p>even though you only submit the proof to PERA upon request.</p>	
<p>Code 101 is for the employees in temporary positions. And temporary positions are positions where the employment duration is predetermined to last six months or less. This exclusion may apply to some substitutes.</p>	
<p>School district employees who substitute in a position that is otherwise eligible for membership are excluded as temporary employees if all three of these conditions are met.</p> <p>First, the individual is called to work for predetermined periods such as one day, two days, one week, two months, etc.</p> <p>Second, the employment relationship with the school ends when the sub work assignment is completed.</p> <p>And third, the person does not report for sub work in more than six consecutive calendar months, and without a 30-day separation in employment from the school.</p>	
<p>The temporary exclusion can only be used for an individual who is hired for a specific period of six consecutive months or less. The temporary exclusion does <i>not</i> apply to individuals who have an unlimited on-call appointment to do substitute work with a particular school.</p>	
<p>Next we have code 106, which is for employees in seasonal positions. Seasonal positions are positions where the nature of the work—or its duration—is related to a specific season of the year. This exclusion applies to employees whose sole employment is a) a seasonal position, and b) predetermined to last six months or less.</p>	

Audio	Visual
<p>For example, a coach. Coaches who work six consecutive months or less are excluded under the seasonal exclusion.</p>	
<p>However, the seasonal exclusion may not apply to a coach of two or more sports if a) they will end up working over six consecutive months, and b) there is not a 30-day break between the two sports.</p>	
<p>For example, we have Bob, who works as a school coach. He coaches football in the fall and basketball in the winter. In this situation, Bob might not meet the seasonal exclusion. If a) Bob's two positions are concurrent with less than 30 days between the end of one and the start of the other, and b) the total duration is over six months, then the seasonal exclusion will not apply to him.</p> <p>And so, if no other exclusion applies to Bob, then he should be enrolled into PERA at the beginning of his first coaching position. That is because it is known at that time that he will go over the six month timeframe.</p>	
<p>For this example, we're gonna get more specific.</p> <p>Joey is a school coach who coaches football in the fall and baseball in the spring. His fall season starts August 25th and ends November 16th. And his spring season begins March 20th and ends May 27th.</p> <p>In this example, Joey would be excluded. And that's because there is four months between the end of the fall football season on November 16th and the start of the spring baseball season on March 20th, which is well over the 30-day break rule. Additionally, each sports season is less than six months.</p>	
<p>Now, for both the temporary exclusion and seasonal exclusion, these only apply to an employee if the temporary or seasonal</p>	

Audio	Visual
<p>position is the employee's <i>sole</i> position at your unit, and the position is predetermined to last six consecutive months or less. If an employee also works a regular full-time, part-time, or on-call position in which they can work at any time throughout the school year, in addition to their seasonal or temporary position, then the seasonal and temporary exclusions cannot be used for them. They must be enrolled if they exceed the monthly salary threshold, and no other exclusions apply. And we'll talk more about the monthly threshold later in this section.</p>	
<p>Next, we have Exclusion Code 201. This exclusion applies to school board members who have the choice of opting out of PERA coverage.</p> <p>And this exclusion only applies to individuals who have their first PERA eligibility with the school that they're now on the school board for. If it's their first PERA eligibility with the school, and they have optional PERA and they decide to opt out, you would exclude them with code 201.</p>	
<p>For some school board members, DCP participation is optional. This is the case if it is their first time being eligible for PERA coverage at the same school which they're now a school board member for. But it's only an option within their first 30 days of work. They must make their decision within those 30 days or they will be opted out of DCP coverage. So these school board members have optional PERA.</p> <p>On the flip side, PERA participation is mandatory for a school board member if they previously had any type of PERA coverage with the same school that they are now a school board member for. So if the school board member was previously covered by—and the employer had contributed to—any</p>	

Audio	Visual
<p>PERA plan or a supplemental pension or deferred compensation plan under Minnesota Statute 356.24.</p> <p>For example, you have a paraprofessional at your school who's been contributing to the Coordinated Plan during that time, and then they are later elected as a school board member at the same school. In that case, the employee would be required to participate in the DCP for their school board member position.</p>	
<p>So let's talk about what your responsibilities as the employer of a school board member are.</p> <p>First, you must provide the new school board member with the Public Employees DCP Handbook, as well as the <i>Membership Election for Public Officials</i> form with Part A already completed by you.</p> <p>It's very important that you inform the school board member that they must sign and complete Part B within 30 days of their first day of work, and ensure that PERA receives the signed and completed membership election form within 60 days of the school board member's first day of work. And be sure to send the membership election form to PERA even when the individual chooses to opt out.</p>	
<p>And then we have the final exclusion code: code 301. This code applies to employees whose monthly pay has never exceeded \$425.</p> <p>Now, 301 is the exclusion code with the highest number, which also means it is the exclusion code with the least holding power. It is only based on the salary earned by the employee.</p>	

Audio	Visual
<p>If none of the other exclusions apply to your employee, you will need to ask the question, do their monthly earnings exceed the amount of \$425 within one month? If their earnings don't exceed \$425, then they are ineligible for PERA. If their earnings do exceed \$425, then they qualify for membership, and you will need to enroll them immediately. And they will remain a member until they terminate from your school—even if their earnings never again exceed \$425. They only need to exceed the threshold once in order to gain membership.</p>	
<p>Now, we're going to go into more detail on how to determine if exclusion code 301 applies to your employee or not.</p> <p>If your new employee has a regular schedule, and you can tell based on their hourly rate and schedule that their monthly pay will regularly exceed \$425, then membership is mandatory under the law, and you will immediately enroll them on day one—so long as no other exclusions apply. And this applies to all full-time and most part-time employees.</p> <p>Now, what if you have a new employee whose monthly pay won't exceed \$425 in the first month, but you can tell based on their hourly rate and schedule that they will exceed it in the second month? In that case, you would still enroll them immediately on the date they were hired, and both months will be valid.</p>	
<p>Here we have a calendar to illustrate how this works.</p>	<p>A calendar for the month of October appears. October 9th is labeled “1st Day”.</p>
<p>In this example, our new employee Sam starts October 9th, near the beginning of a pay period that runs from October 8th through 21st.</p>	<p>October 8th through October 21st is highlighted.</p>

Audio	Visual
<p>Let's say Sam's bi-weekly pay is \$400, and the pay date for this period is October 27th. That will be Sam's first pay date and her only pay date for October. That means Sam won't exceed \$425 in October.</p> <p>If Sam has a regular schedule earning \$400 every two weeks, we can predict that her monthly pay will regularly exceed the threshold.</p>	<p>“\$400” appears on October 27th.</p>
<p>In that case, we would enroll Sam on her very first day: October 9th. Because even though she won't exceed the threshold in October, when she exceeds it in November, it will validate both months.</p>	<p>October 9th is circled.</p>
<p>Now, if you have a new hire with an irregular schedule and pay that will vary, don't enroll them right away. Enroll them only once they're paid at least \$425.01 in a single month.</p> <p>For example, you hire a permanent employee to do building maintenance as needed. They start off only working a few hours a month, but months later the basement floods, and now they're here every day, and they surpass the threshold.</p> <p>In this case, you'll enroll them the first month their pay exceeds \$425. And you should start deductions with the check that caused them to exceed the threshold. Once enrolled, the employee's PERA membership continues until they terminate from your unit—even if their monthly pay never again exceeds \$425.</p> <p>Now, before I move on to the next section, I want to reiterate that this section did not cover every single exclusion there is. We just covered the most common ones that schools deal with.</p>	
<p>In this next section, we will discuss PERA/TRA transfers, and what actions you should take if</p>	

Audio	Visual
<p>contributions were reported to the wrong fund.</p>	
<p>If salary was incorrectly reported to PERA when it should have been reported to TRA, report the plan error to PERA. Do not process a correction through payroll. Even if the error was within 60 days, PERA and TRA will process the transfer.</p>	
<p>When contributions are sent to the wrong fund, TRA and PERA will coordinate with each other to fix the error, and will transfer the contributions to the correct fund. If you find you have an employee who had contributions sent to the wrong fund, don't make an adjustment through payroll. Instead, contact PERA or TRA and inform them of the mistake, and one of the agencies will initiate the transfer of funds. TRA or PERA will issue an invoice or refund of the difference due to our different contribution rates.</p>	
<p>If contributions were taken by PERA when they should have been in TRA, contact PERA right away and let them know. Again, don't do an adjustment through payroll. Let PERA initiate the transfer to TRA.</p> <p>And if contributions were taken by TRA when they should have been sent to PERA, immediately contact TRA and let them know. TRA will then work with us to transfer the contributions.</p>	
<p>Now we are going to discuss reporting salary, specifically for school employees.</p>	
<p>The Salary Deduction Report, aka the SDR, is the report that employers must complete and send to PERA each payroll cycle. And this report collects payroll data on employees who are covered under a PERA plan. On the SDR, you will report your employee's eligible earnings and pay type, the member and</p>	

Audio	Visual
<p>employer contributions, and the coverage dates.</p> <p>And speaking of coverage dates, it's important that you report the correct coverage dates for your employees. The coverage period is the dates in which the salary was earned—not the dates in which the salary was paid. So if an employee earns wages during a pay period in August, but you don't pay out those wages until October, then you will still need to enter the dates of the pay period in August.</p> <p>Besides retroactive or lump-sum pay, this would apply to off-cycle checks, aka a payment made to an employee outside of the regular pay cycle. And this is very important for you to keep in mind, because school district employees often have multiple coverage dates, or coverage dates that differ from when they receive pay. And we need accurate coverage dates to correctly calculate the employee's service credits.</p> <p>Let's take coaches as an example. Coaches will work for several months, but they don't receive biweekly checks. Instead, they receive a lump-sum payment at the end of their season. In that situation, you must use the beginning and end dates of the entire coaching season as the coverage dates.</p>	
<p>Next, what types of salary are to be reported on the SDR? We only want you to report PERA-eligible earnings, because we only take deductions out of PERA-eligible earnings. And what salary is considered PERA-eligible? The basic answer would be gross, pre-tax salary earned by your employee. So pay for hours worked.</p> <p>Besides regular pay, some other common examples of eligible salary include overtime or retroactive or back pay, PTO when an</p>	

Audio	Visual
<p>employee uses it, and most merit or performance-based bonuses.</p> <p>Some examples of pay that is not eligible would be money paid to an employee due to reimbursement, retirement incentive, payment for unused PTO, and any bonus payment that is not performance or merit based. So please do not report those types of pay.</p> <p>And just be aware that this is not an exhaustive list of what kinds of pay are eligible or ineligible, but you can find the whole list plus more detail by referring to Chapter five of the Employer Manual.</p>	
<p>To get more specific, here are a few examples of salary and whether or not they're considered PERA-eligible.</p> <p>For starters, the Great Start Compensation Support Grant. That grant is eligible salary for PERA purposes.</p> <p>And on the flip side, salary that is ineligible for PERA would include hiring bonuses, stipends for expenses or reimbursements for expenses, as well as retirement incentives or retirement bonuses.</p>	
<p>Schools often have employees who receive summer contract payouts in which the earnings are for hours that were actually worked during a nine-month school term, but the pay is being spread into the months of June, July, and August. This can make reporting those earnings to PERA a little bit more complex, which is what we're going to cover in this next section.</p>	
<p>Let's start by discussing the Summer Earnings Report. The Summer Earnings Report—sometimes referred to as the <i>Summer Earnings Verification Report</i>—is an audit of school district employees' earnings. The</p>	

Audio	Visual
<p>purpose of the report is to confirm if a member's pay is for actual hours worked, or if it's a summer contract payout. And the way we identify if an employee's pay is for a summer contract payout is with school fiscal year indicator.</p>	
<p>You may be asking, what is the school fiscal year indicator? The fiscal year indicator identifies the employees who are being paid summer contract payouts for hours that were actually worked during the nine-month school term, but for which the pay is being spread into the months of June, July, and August. So the only earnings that should contain the fiscal year indicator are transactions that represent payouts of the prior school year's contract that are paid in June, July, and August. Adding the fiscal year indicator will cause PERA to prorate the members' reported eligible earnings over each of the calendar months during which the pay was earned.</p> <p>You may be familiar with the fiscal year indicator due to your teachers who are covered under TRA. However, TRA wants the fiscal year indicator on <i>every</i> transaction given to them. With PERA, this is different, as we only want the fiscal year indicator on certain transactions.</p>	
<p>Where is the fiscal year indicator reported? Ideally, you should report the fiscal year indicator directly on the SDR when you originally submit payroll files. And if you miss putting the fiscal year indicator on the SDR, you can fix that when you complete the Summer Earnings Report, which can be found in ERIS in the Pending Reports section. And you only need to complete the Summer Earnings Report when you have one due for an employee.</p>	

Audio	Visual
<p>Which brings us to our next question. When does this report generate for an employee? This report generates when a school district employee retires and begins to draw their PERA benefit, and they have pay in the summer months of their high-five. There's typically an influx at the end of each school year in June and July, but it can happen whenever a member chooses to retire.</p>	
<p>Now let's talk about why the Summer Earnings Report is important.</p> <p>Employers need to accurately report salary amounts and coverage periods to PERA to ensure accurate benefit payments. The fiscal year data affects the members' salary and service credits, which make up two of the three components that we use to calculate pensions. PERA calculates retirement benefits based on the member's highest average salary over five years, and summer earnings are included in this calculation.</p> <p>Our system only flags files for review if the fiscal year indicator is being used on a non-June, July or August file. Otherwise, we have no way of catching bad data, so it is imperative that this data is correct.</p> <p>This verification is needed so that PERA can determine the appropriate wages to use when finalizing the monthly benefit amount payable to the new benefit recipient. If a mistake happens, it means a member is either being underpaid or overpaid.</p>	
<p>To clarify, if the fiscal year indicator is incorrectly marked <i>no</i>, it will cause PERA to estimate a smaller average salary, which will cause a decreased benefit amount, meaning the member is being underpaid.</p> <p>On the other hand, if the fiscal year indicator is incorrectly marked <i>yes</i>, then it will result in PERA overestimating the member's average</p>	

Audio	Visual
<p>salary, and the member will receive an inflated benefit amount. This means that once PERA fixes the mistake, the member is going to end up owing PERA money.</p> <p>On that note, it's important that employers report this information correctly and as quickly possible, because the longer it takes for PERA to realize this mistake, the more money the member will owe us. Either way, in both situations, the member is negatively affected.</p>	
<p>PERA has some recommendations to ensure accurate reporting of summer earnings.</p> <p>For starters, we ask that you send all SDRs at the beginning of the summer. And just send them once. It's been a trend that schools will send the SDRs as they are happening, but please just send them once, as that will help avoid confusion and possible duplications.</p> <p>Also, if some of your employees have summer payouts while other employees do not, you should submit separate SDRs for each group. One SDR for summer contract payouts, and one SDR for year-round employees or those working summer programs.</p> <p>These efforts on the front end will equal less work for your school when a former employee begins drawing their PERA monthly benefit.</p>	
<p>In our final section, I'll be sharing some helpful resources related to what we've learned today about eligibility and reporting for schools.</p>	
<p>Here we have some additional resources for eligibility topics.</p> <p>Chapter three of the Employer Manual has more details on PERA's defined benefit plans, as well as exclusions. And chapter four has</p>	

Audio	Visual
<p>information on the Public Employees' DCP for school board members.</p> <p>You can also check out some of our on-demand webinars. The <i>Membership Eligibility</i> program has basic, introductory information on PERA eligibility. And the <i>Public Official Eligibility</i> program has plenty of information on DCP eligibility for school board members.</p>	
<p>And here we have additional resources for reporting topics.</p> <p>Chapter five of the Employer Manual covers what types of earnings are eligible for PERA. Chapter seven covers contribution reporting. And chapter nine covers how to properly format computer files for reporting.</p> <p>We also have a few on-demand webinars for you to check out. The <i>Summer Earnings</i> program covers the fiscal year indicator in depth. The <i>Salary Eligibility</i> program explains what types of earnings are eligible for PERA purposes. And the <i>Reporting Different Pay Types</i> webinar has an entire section devoted to reporting for schools.</p>	
<p>Another great resource is our Account Operations team. If you have questions on how to report salary, please email us at Employer.Reps@mnpera.org. Include in the subject of the email what the topic of the question is. And in the email, include details such as the name of the employee in question, the pay date and coverage dates, the gross pay amount, and describe the reason for the pay. We will help you to determine the correct way to report the salary.</p>	
<p>If you have questions on eligibility, you can email our eligibility team at Eligibility@mnpera.org. Include in the subject of the email what the topic of the question is. And in the email, again, include details such</p>	

Audio	Visual
<p>as the name of the employee, the payday and coverage dates, the gross pay amount, and describe the reason for the pay. We will help you to determine whether the salary reported was eligible or not.</p>	
<p>Reminder that PERA is governed by state law. Here are the statutes that we use to govern PERA. And chapters 353 and 356 is where you will find the bulk of the information.</p>	<p>New slide appears, listing Minnesota Statutes 11A, 353, and 356.</p>
<p>Just a disclaimer, but our programs are intended to provide general information. And if there's ever a discrepancy between the information in this presentation and what is written into law, just know that whatever is written into law will always take precedence.</p>	
<p>And that is it, folks. Once again, this is our website, mnpera.org/employers. You can find lots of resources and self-service options there.</p> <p>If you ever have questions, you can contact us via phone or email. If you have questions regarding salary reporting, you can email us at Employer.Reps@mnpera.org. If you have questions regarding eligibility, you can email us at Eligibility@mnpera.org.</p> <p>You can also call us. You can reach us at 651-296-3636 or at 1-888-892-7372.</p> <p>That marks the end of our presentation. I hope this information was beneficial and helpful for you, and have a great day.</p>	