

## UPDATED GUIDANCE FOR EMPLOYERS:

As a result of the announcement regarding consideration of legislation in the Pennsylvania General Assembly relating to the COVID-19 response, including retirement credit for certain school employees, PSERS is providing the following updated guidance.

Pursuant to the Public School Employees Retirement Code, the clear mandate is that a payment made to a non-working employee, although lawful and, in some instances, legally required, must be reported to PSERS as Non-Retirement Covered Compensation (NRCC), unless it falls under a statutory exception. Under such circumstances, contributions would not be withheld when reporting NRCC.

PSERS, however, recognizes the stressful and uncharted territory employers find themselves in. Not knowing the timeline of legislation addressing the current situation and the potential administrative hurdles that may follow, **employers will be permitted to withhold and remit contributions and report wages to PSERS for non-working employees in anticipation of the successful enactment of the legislation.**

PSERS will continue to provide updates to employers as this situation continues to evolve. For additional clarification, PSERS has provided responses to frequently asked questions below. Should employers have any questions regarding this guidance, they should email their PSERS Employer Service Center representative. Members with questions should contact PSERS directly using the [PSERS online contact form](#) or by emailing [ContactPSERS@pa.gov](mailto:ContactPSERS@pa.gov)

### Frequency Asked Questions:

**1. Is there a limit on the amount of service credit or salary that can be reported for a school employee?**

An employee, regardless of contract status, cannot receive any more, or any less, salary or earn any more or less service credit than they would have received had the COVID-19 situation not been a factor or the Secretary of Education not taken action.

**2. How do we report part-time hourly and/or per diem?**

The proposed legislation does not specifically address how part-time hourly and part-time per diem employees are to be reported to PSERS. In all cases, the employer is to report no more and no less than the employee would have been entitled to receive had the COVID-19 situation not occurred or the Secretary of Education not taken action.

**3. Does the proposed legislation apply to all PSERS reporting units?**

The proposed legislation applies to a "school entity" that is defined as "Any school district, intermediate unit, area career and technical school, charter school, cyber charter school or regional charter school a child attends in order to fulfill the compulsory attendance requirements of [the Public School Code]." Thus, the proposed legislation would not apply to such employers as community colleges and universities.

**4. If an employer already completed a pay cycle and did not deduct PSERS contributions, what should the employer do?**

For the DB Plan, the employer may correct it for the next PSERS Work Report cycle. The employer should make that correction in their payroll software as they would normally for any correction needed. For the DC Plan, the employer may self-correct in a subsequent reporting cycle to Voya.

**5. If an employer chooses to not withhold and remit contributions to PSERS and legislation is enacted, then how will the adjustments be made?**

The employer will be required to submit an adjustment to report the wages and remit the contributions using the “uncredited school service” reason code. A purchase of service would occur on that members account to credit them with the wages and service and the employer will be billed for the employer and member contributions.

**6. If legislation is not enacted to address this issue and non-working employees have been reported, what needs to occur?**

Employers will need to adjust the accounts of all employees who were reported, but who did not actually render school service, to remove the payments that had been reported as RCC.

**7. If an employee is permitted to work remotely, can they be reported to PSERS?**

Regardless of whether the proposed legislation is passed, employees reported to PSERS by the employer *as rendering school service*, whether at home or onsite, will be entitled to receive credited service. This remains as it has always been.