



Texas Association of Counties

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Workers' Compensation Self-Insurance Fund

# Workers' Compensation Payroll Training



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## Workers' Compensation Self-Insurance Fund

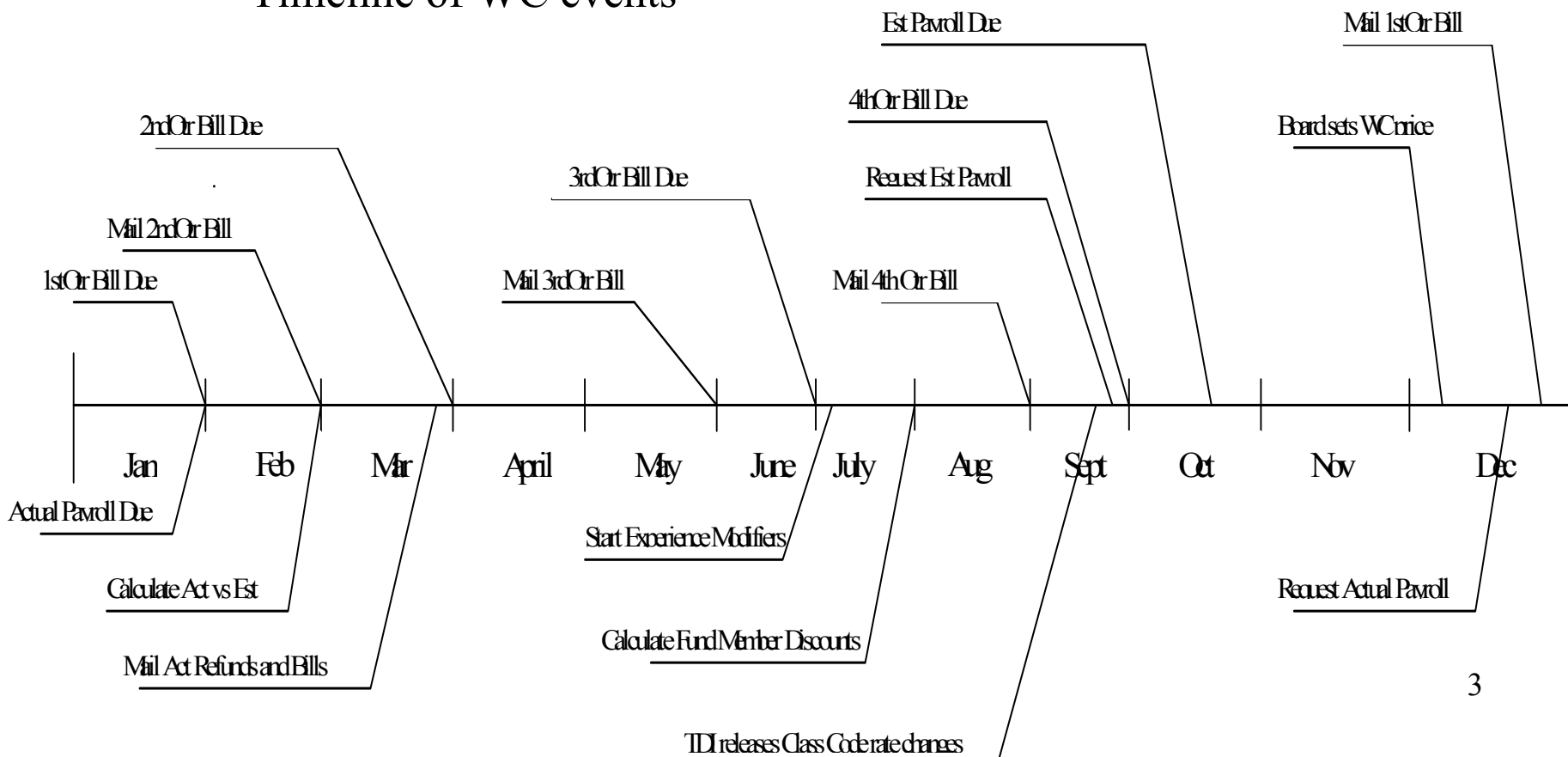
# Topics

- Deadlines and Procedures
- Estimated Vs. Actual
- Who qualifies for coverage
- How to classify employees
- What payroll and benefits are required for reporting
- Coverage for Volunteers
- How to allocate cost back to a department
- Online payroll reporting system
- Other online tools available



# Workers' Compensation Deadlines and Procedures

– Timeline of WC events





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### Workers' Compensation Self-Insurance Fund

- Quarterly bills are mailed around the 1st of each quarter January, March, June, and September.
- Payments are always due a month later around the 1st of February, April, July, and October.



# Explanation of estimated vs. actual payroll

- We collect estimated payroll in late September and use it to estimate a price for Workers' Compensation coverage for the upcoming year.
- We collect actual payroll in January. We use it to determine how much you actually owed for the previous year. We compare how much you paid for the year to what the actual payroll now says you owe and then mail out additional invoices or send refunds.
- Ex. In October 2002 we requested Estimated payroll for your 2003 policy then in January 2003 we requested the Actual Payroll spent in the year 2002.



### Cycle for Calculating Renewal

- Starting in July we collect the last three years of claims and payroll for each county and use this to calculate their experience modifier for the upcoming year. In July 2003 we will use data from 2000, 2001, and 2002 to calculate experience modifiers for 2004.
- Starting in August after the calculation of experience modifiers, we will begin to calculate Fund Member Discount or Surcharge for the upcoming year. We use five years of loss data to calculate the member modifier. In August 2003 we will use 1998, 1999, 2000, 2001, and 2002 to calculate member modifier for 2004.



## Cycle for Calculating Renewal

- In mid to late September the Texas Board of Insurance releases the new Class Code rates for the upcoming year.
- In late September we request your estimated payroll for the upcoming year. In October of 2003 we will request payroll for 2004. We coincide this request with the county budget cycle so payroll data for the upcoming year is readily available.
- Once we receive all of the estimated payroll we create various pricing scenarios to meet budget projections for claims expense based on our actuary reports.
- In early December the Workers' Compensation Board will set the underwriting price for WC and we will send out the 1st Qtr bills in mid December.



## Cycle for Calculating Renewal

- At the end of December, after we send out the bills, we send out the request for actual payroll. In January of 2004 we will request your actual payroll expenditures for the 2003 calendar year.
- The actual payroll is due in February and once we collect all of the payroll we do a comparison to how much you paid for the year based on your estimated payroll and calculate an additional bill or send a refund.
- Refunds and bills usually go out at the end of March or the beginning of April.
- Any safety incentive discount you may have received for the previous year is included in this Act. vs. Est. bill or refund statement.
- The process then starts all over again the following July.



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Workers' Compensation Self-Insurance Fund

## Who Qualifies for Workers' Compensation Coverage?

- Link to the Texas Labor Code regarding WC for Political Subdivisions
- <http://www.capitol.state.TX.us/statutes/1a/1a0050400toc.html>



## Who Qualifies for Workers' Compensation Coverage?

- Chapter 504.001 says any employee of a member county or political subdivision qualifies for Workers' Compensation.
- An employee is:
  - (A) a person in the service of a political subdivision who has been employed as provided by law; or
  - (B) a person for whom optional coverage is provided under Section 504.012 or 504.013.
    - Elected officials, volunteers, and election personnel can be covered under this section if the commissioners court wishes to provide coverage.



### **Who does not Qualify for Workers' Compensation Coverage?**

- Chapter 504.014 say a person is not an employee and is not entitled to compensation under this chapter if the person is:
  - (1) in the service of a political subdivision and is paid on a piecework basis or on a basis other than by the hour, day, week, month, or year;
  - (2) a patient or client of a political subdivision involved in vocational training; or
  - (3) a prisoner incarcerated by a political subdivision



### **Contract Labor Vs. Employee Labor**

- Under Section 1 of Chapter 504.014 you do not include contract labor on your workers' compensation
  - Whether a person is a an independent contractor or an employee depends on many factors.
    - Does the individual provide the same service to other businesses?
    - Does this person furnish tools, supplies, or materials needed to perform the job?
    - Except for final approval of the job does the individual control the details of the work?
    - Is the person paid on a basis other than hour, day, week, month, or year?
  - If you can answer yes to any of these questions than the individual should be considered contract labor.



## Contract Labor Vs. Employee Labor

- Chapter 406.096. Required Workers' Compensation Coverage for Certain Building or Construction Contractors
  - (a) A governmental entity that enters into a building or construction contract shall require the contractor to certify in writing that the contractor provides workers' compensation insurance coverage for each employee of the contractor employed on the public project.
  - (d) The employment of a maintenance employee by an employer who is not engaging in building or construction as the employer's primary business does not constitute engaging in building or construction.



### **Contract Labor Vs. Employee Labor**

- Chapter 406.096. Required Workers' Compensation Coverage for Certain Building or Construction Contractors
  
- (1) "Building or construction" includes:
  - (A) erecting or preparing to erect a structure, including a building, bridge, roadway, public utility facility, or related appurtenance;
  - (B) remodeling, extending, repairing, or demolishing a structure; or
  - (C) otherwise improving real property or an appurtenance to real property through similar activities.



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### Workers' Compensation Self-Insurance Fund

## Follow the Funds

- You only have to report employees who you pay. In many counties there are employees who work for the county but are paid by the state or another agency.
  - Adult Probation (coverage provided by State)
  - Agricultural Extension Agents (Coverage provide by Agricultural Extension Service)
  - District Judges and District Attorneys



### **Follow the Funds**

- Exceptions
  - If the State or other agency is paying only a portion of salary and the county covers the rest then you only need to report the portion of payroll that the county is covering.
  - You have a specific agreement with an agency or the State that specifically requires you to cover an employee's workers' compensation.
  - If you have been given a grant to hire employees to provide services then you are liable for their workers' compensation.



## How to Classify Employees

- It is the job duties not the job title that determine the proper classification
- If an individual's job directly relates to more than one class code then you need to classify the entire payroll for the employee in the category with the most risk. (ex. An employee who works a clerical position but also works part time as a deputy must be classified under law enforcement.)
- If you have trouble classifying an individual it is helpful to look at the job description for their position.



## How to Classify Employees

- Online tools to help classify employees
  - TAC's online guide to payroll reporting and classifying can be found at
    - <http://www.county.org/CMS/WC/pdf/workerscomp2002.pdf>
  - Texas Department of Insurance list of classifications can be downloaded from
    - <http://www.tdi.state.tx.us/company/wcindex.html>



## What Payroll and Benefits are Required for Reporting?

- Once you have determined the proper classification, you can use the following list of benefits to determine if they need to be included in their payroll.
  - Bonuses and Commissions
  - Sick leave, Vacation Pay, Holidays
  - Employee portion of FICA paid by the employer
  - Rental value if a house is provided
  - Value of meals for employee if part of their pay
  - Employee contribution to retirement of savings plans. (Texas County and District Retirement System, Cafeteria Plans, Flexible Benefit Plans)



## What Payroll and Benefits are Required for Reporting?

- The base pay for overtime should be included but not the extra pay for overtime. (ex employee works 45 hours at 5.25 an hour he will be paid 40 hours at 5.25 and 5 hours at 7.88 which is time and half. For workers' compensation you only need to report 45 hours at 5.25 an hour.)
- Volunteer payroll if coverage is elected. (More detail will be provided later)
- Allocated business expense such as housing, auto, clothing, tools etc...
- Reimbursement or allowances to employees in excess of expense



## What Payroll and Benefits are Required for Reporting?

- If jurors and election personnel are covered you report the actual remuneration.
- Juveniles providing personal services or charitable and educational institutions, please report the actual remuneration.
- Grants paid to employees.
- Cars- value of cars declared as income under the IRS
- Automobile mileage in excess of IRS guidelines.



## Coverage for Volunteers

- 504.012. Optional Coverage
  - (a) A political subdivision may cover volunteer fire fighters, police officers, emergency medical personnel, and other volunteers that are specifically named. A person covered under this subsection is entitled to full medical benefits and the minimum compensation payments under the law. Notwithstanding any other law, the governing body of the political subdivision may elect to provide compensation payments to a person covered under this subsection that are greater than the minimum benefits provided under this title.



## Coverage for Volunteers

- (b) By majority vote of the members of the governing body of a political subdivision, the political subdivision may cover as employees:
  - (1) an elected official;
  - (2) persons paid for jury service; or
  - (3) persons paid for service in the conduct of an election.
- (c) A political subdivision may cover a child who is in a program established by the political subdivision to assist children in rendering personal services to a charitable or educational institution under Section 54.041(b), Family Code.



# Coverage for Volunteers

- You can cover any volunteer working for the county and there are various levels at which you can cover them.
  - The minimum level of coverage is 5200 which is the assumed annual salary for calculating premium and their benefits should they be injured.



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## Workers' Compensation Self-Insurance Fund

### Coverage for Volunteers

<b>Assumed Annual Salary</b>	<b>Assumed Weekly Wage</b>	<b>Eligible Benefit</b>
\$ 5,200	\$ 100	\$ 80
\$ 10,400	\$ 200	\$ 140
\$ 15,600	\$ 300	\$ 210
\$ 20,800	\$ 400	\$ 280
\$ 26,000	\$ 500	\$ 350
\$ 31,200	\$ 600	\$ 420
\$ 36,400	\$ 700	\$ 490
\$ 38,844	\$ 747	\$ 523



# Coverage for Volunteers

- To determine the payroll for volunteers use the following method
  - Use the number of volunteers that will be a risk at any given time. (ex. If you have a volunteer fire department with 20 volunteers but only 5 will report to any given fire than you would report 5 volunteers.)
  - Next take the number of volunteers and multiply it by the level of coverage being provided. ( 5 volunteers at \$5,200 = \$26,000 in annual payroll for the classification)



### Coverage for Volunteers

- Alternate method of calculating volunteers
  - A method used by some counties which helps them save money is to implement a system for auditing the number of hours volunteers actually work.
  - If you get prior approval from TAC and keep records of the number of hours your volunteers work for audits then you may calculate annual payroll by the number of hours volunteered multiplied by the pay rate for the full time equivalent of that position. (Ex. If you have 10 volunteer clerical that put in 1000 hours a year and you pay the full time position \$8.00 an hour the annual payroll will be \$8,000. If you calculate it as having 2 vol. clerical on duty at any given time at \$5,200 the annual payroll will be \$10,400.)



## Coverage for Volunteer Fire Departments.

- HB 3667 (Rural Volunteer Fire Department Insurance Program)
  - The Texas State Legislature has set up this program to assist rural volunteer fire departments with acquiring workers' compensation insurance.
  - Any non-profit volunteer fire department with less than 20 members qualify but must participate in a firefighter certificate program under section 419.071 of the Texas Government Code.
  - So if you are a county that would like to cover volunteer fire but need assistance you can contact the Texas Forest Service at (979) 458-6505. Or you can download an application at <http://www.tamu.edu/ticc/>
  - Application deadline is April 30, 2003



## How to Allocate Cost Back to a Department.

- Once you have all of your payroll and classifications together by department it is fairly easy to calculate the individual workers' compensation cost back to that department.
  - Take each departments payroll separately and classify the employees into their corresponding class codes.
  - To calculate the Manual premium take the payroll per class code divide it by 100 and multiply it by the class code rate. The sum of these classifications will be your manual premium.
  - Take your manual premium and then apply your individual modifiers and you get the cost per department.
- With this method you can calculate the cost per department, per class code county wide or for an individual. A simple excel spreadsheet can simplify this process for you.
- All of this information is available on the quarterly audit worksheet <sup>29</sup> that is provided with your quarterly bill.



# Texas Association of Counties

## Workers' Compensation Self-Insurance Fund

# How to Allocate Cost Back to a Department

Class Code	Payroll	Payroll/100	Rate	Estimated Contribution= (Payroll/ 100)*Rate						
4511	\$ 458,015.00	\$ 4,580	2.09	\$ 9,573						
5191	\$ 77,611.00	\$ 776	1.91	\$ 1,482						
5190	\$ 94,713.00	\$ 947	8.22	\$ 7,785						
5403	\$ 154,509.00	\$ 1,545	14.31	\$ 22,110						
5506	\$ 2,955,794	\$ 29,558	12.42	\$ 367,110						
5606	\$ 256,042	\$ 2,560	3.38	\$ 8,654						
7590	\$ 800,266	\$ 8,003	10.24	\$ 81,947						
7704	\$ 82,268	\$ 823	3.99	\$ 3,282						
77041	\$ 150,800	\$ 1,508	3.99	\$ 6,017						
7720	\$ 13,917,157	\$ 139,172	5.56	\$ 773,794						
8391	\$ 382,550	\$ 3,826	4.46	\$ 17,062						
8742	\$ 3,645,002	\$ 36,450	0.96	\$ 34,992						
8810	\$ 19,219,338	\$ 192,193	0.52	\$ 99,941						
88102	\$ 228,786	\$ 2,288	0.52	\$ 1,190						
8831	\$ 163,893	\$ 1,639	2.67	\$ 4,376						
8833	\$ 6,756,822	\$ 67,568	2.35	\$ 158,785						
8838	\$ 57,025	\$ 570	0.97	\$ 553						
9014	\$ 792,144	\$ 7,921	7.83	\$ 62,025						
9102	\$ 707,420	\$ 7,074	5.72	\$ 40,464						
	\$ 50,900,155.00									
			Manual Premium = Sum of Estimate Contribution	\$ 1,701,143						
		Underwriting Modifier	20.00%	\$ 1,360,914	Adjusted Manual = Manual X (1- Underwriting Modifier)					
		Experience Modifier	1.09	\$ 1,483,396	Standard Contribution = Adjusted Manual * Experience Modifier					
		Member Discount	20%	\$ 1,186,717	Discounted Contribution = Standard Contribution * (1- Member Discount)					
		Property Discount	20%	\$ 949,374	Preferred Contribution = Discounted Contribution * (1- Property Discount)					
		Safety Discount	0%	\$ 949,374	Estimated Contribution = Preferred Contribution * (1- Safety Discount)					



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Workers' Compensation Self-Insurance Fund

# Workers' Compensation Web-Based Payroll Reporting System



# WC Web-Based Payroll Reporting System

## Overview:

- *What is it?*
- *What are the benefits?*
- *Who should use it?*
- *How do I find the system?*
- *How does it work?*



### **What is it?**

The Web Based Payroll System allows for members to report their estimated and actual payroll information via the world wide web. It also will allow for you to submit your Aircraft Exposure Summary data if applicable.



### What are the benefits?

- Your numbers are automatically added for you so you can check your total without a calculator.
- The system will facilitate the process in validating entries and also check for common errors.
- No misreading or inaccurately keying information when your payroll information is mailed to us, your numbers are automatically sent into our database.
- You can now make up to the minute changes to your payroll until the due date for the payroll submission.
- The web based-system eliminates mailing procedures.
- It saves everyone time and money.





### **Who should use it?**

- Workers' Compensation billing contact person, i.e. County Treasurer, County Auditor



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Workers' Compensation Self-Insurance Fund

## How do I find the system?

- You will need to get on the World Wide Web and go to Texas Association of Counties web site located at <http://www.county.org>.

**Texas Association of Counties: Welcome - Microsoft Internet Explorer**

File Edit View Favorites Tools Help

Back Forward Stop Refresh Home Search Favorites History Mail

Address <http://www.county.org/>

**TEXAS ASSOCIATION of COUNTIES**

Home Member Login About TAC Site Index Search  GO

County Member Services Education Center Online Resources About

**CALENDAR OF EVENTS**

- Spring Law Enforcement Regional Workshops  
Feb 19 - March 20: Various Locations
- Administrative Training Workshop  
Mar 25: Lubbock, TX
- Spring Judicial Education Session  
Mar 26-28: Lubbock, TX
- County Management Institute  
Apr 2-4, 2003: Austin, TX
- Computer Skills & Research Course  
Apr 23-25 & May 14-16, 2003: Austin, TX
- Post Legislative Conference  
Aug 13-15, 2003: Austin, TX

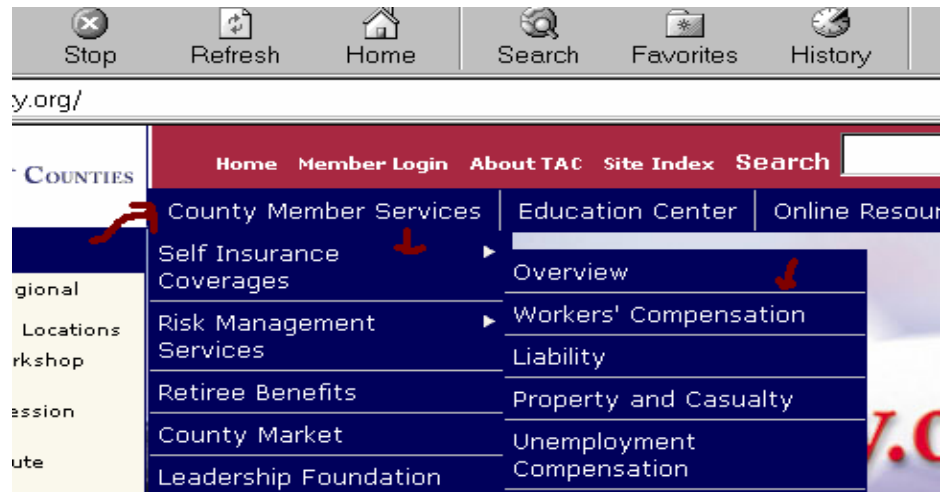
**county.org**  
*Your home address.*



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## Workers' Compensation Self-Insurance Fund

- Next, click on County Member Services, Self Insurance Coverages and then select the Workers' Compensation link.





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## Workers' Compensation Self-Insurance Fund

- From the menu on the left, choose “Payroll Reporting System” link to get started.
- If this is your first time, you will need to login to the new member area to use the system and fill in the requested registration information.

TAC: County Member Services-Workers' Compensation - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Forward Stop Refresh Home Search Favorites History Mail Print

Address <http://www.county.org/cms/wc/tools.asp>

Home Member Login About TAC Site Index Search

County Member Services Education Center Online Resources About Counties

**County Member Services**

- Self Insurance Coverages
  - Overview
  - Workers' Compensation
    - Overview
    - Publications
    - Helpful Tools
      - Payroll Reporting System
      - Vol. Indemnity Cost Calculator
    - Forms
    - FAQ
  - Liability
  - Property and Casualty
  - Unemployment Compensation
  - Health and Employee Benefits
  - Who to Contact
- Risk Management Services
- Retiree Benefits
- County Market
- Leadership Foundation
- County Info Resources Agency
- Employee Salary Survey

**Workers' Compensation Helpful Tools**

**Payroll Reporting System**  
The payroll reporting system is closed for 2003 Actual Payroll. If you have not turned in your payroll, please fax it immediately to Cynthia Brannen at (512) 478-1426 or call TAC for more information.

**Calculate the Cost of Increasing Your Level of Indemnity Coverage for Emergency Services Volunteers**  
Would you like to know the costs to increase your level of indemnity coverage for Emergency Services Volunteers? This helpful calculator can assist you in determining the approximate costs for the Year 2002 in three easy steps.

**Member Services**

**CIRA:**  
TAC has sponsored the creation of the County Information Resources Agency (CIRA) to provide assistance to county government in all matters relating to their technology needs. There is no cost to become a CIRA member!

**Health and Employee Benefits:**  
OASys, TAC's new on-line administrative system for HEBP members is now on-line!

**Retiree Benefits:**  
Read the latest edition of [Nationwide's Focus newsletter](#), designed to help plan sponsors stay in touch with the latest developments in the deferred compensation field.

[Visit the Calculator](#)

[calculate the cost](#)

<http://www.county.org/cms/wc/calculate.asp>



# Texas Association of Counties

## Workers' Compensation Self-Insurance Fund

### 2002 Actuals - Payroll Reporting System

#### Workers' Compensation Self-Insurance Fund

##### Actual Payroll Entry Form

Coverage Effective: 01/01/2003; Entity Name: test1; Contract Number: 9998

**Instructions:** Please follow the steps below to submit your Actual payroll data. Reminder, for security purposes, your session will end if there is no activity within 45 minutes on this page.

#### step 1

Do you need to add a new class code or endorsement code for this year? If **YES**, select the "Add Class Code" button and/or the "Add Endorsement Code" button. Be prepared to send a copy of your resolution if you add an endorsement.

Add Class Code

#### step 2

Did you complete step 1? If **NO**, go back to **step 1**. If **YES**, review your payroll data and then enter this year's estimates in the boxes below.

**Important:** If applicable, you do not need to enter payroll amounts for your endorsements with the exception of code 88102. Just enter the number of employees and the payroll will be calculated for you based on the endorsement you selected.

Code	Classification	Est. Payroll Previously Reported	Est. No. of Employees Previously Reported	Actual Payroll (i.e. 9000)	Actual No. of Employees	Message:
33650	WELDER	22008	1	<input type="text" value="0"/>	<input type="text" value="0"/>	
54030	CARPENTRY NOT OTHERWISE CLASSED	88160	6	<input type="text" value="0"/>	<input type="text" value="0"/>	
55060	ROAD EMPLOYEES-PAVING, REPAVING	438467	26	<input type="text" value="0"/>	<input type="text" value="0"/>	
73800	DRIVERS	109678	8	<input type="text" value="0"/>	<input type="text" value="0"/>	
94020	GARBAGE COLLECTION & DRIVERS	45744	3	<input type="text" value="0"/>	<input type="text" value="0"/>	

#### step 3

Did you complete step 2? If **NO**, go back to **step 2**. If **YES**, press the "Calculate Entries". You may make changes to your entries at this time. After all your changes are complete, press the "Calculate Entries" button again. When prompted with a **message**, type an explanation for your changes in the message box next to each of the class code/s if one has been provided.

Calculate Entries

#### step 4

Did you complete step 3? If **NO**, go back to **step 3**. If **YES** and you are satisfied with your entries, print this page for your records. Press the "Send Data" button to submit your data.

Send Data

## How does it work?

- When you have successfully registered to use the system, your current year's *estimated* payroll information will be displayed.
- Here, you will enter in your payroll for Actual or Estimates.
- You may also add new class codes to your report as well as add volunteers or make existing changes to your volunteer data.
- When you have completed entering your payroll information, press the "Send Data" button.



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## Workers' Compensation Self-Insurance Fund

### **It is that simple!**

- A few last notes...
- As an added benefit to using the system, we will also be offering a means for you to report your Aircraft Exposure data if applicable and in the near future your Building Exposure information.
- By next October we should have edit capabilities which will allow you to go in and make changes to your payroll data after it has been submitted. This will allow you to break up the payroll reporting process over more than one day and allow you to make changes to your report, without calling, up until the report is due.



### **Other Resources Available**

- In the Workers' Compensation section of County.org the following resources are available.
  - Publications
    - WC guide to payroll classification
  - Helpful Tools
    - WC Payroll reporting system
    - Volunteer cost calculator to estimate the cost of adding volunteers.



### Other Resources Available

- Forms
  - TWCC1 -TWCC6 available for download
  - TWCC Notices in both English and Spanish available for download
  - Sample resolutions to add volunteers or increase volunteer benefits
  - Aircraft and Building exposure summary reports
- FAQ
- Who to Contact
  - lists reps and contact information for each county



# Texas Association of Counties

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## Workers' Compensation Self-Insurance Fund

### **The End**

- You may contact me at any time if you have any further questions

Chris S. Shaw

Business Analyst Program Administration

Texas Association of Counties

1(800) 456-5974

ChrisS@county.org