



Wisconsin Compensation Rating Bureau

MEMORANDUM

Covid-19 and Wisconsin Worker's Compensation Rate Relief for Employers Who Pay Furloughed Employees

Paid Furloughed Employees are employees in the state of Wisconsin who are paid wages or salary by their employers as a gesture of goodwill but perform absolutely no services on behalf of their employer. Paid Furloughed Employees have no exposure for injury arising out of their employment because they are not working.

The Office of the Commissioner of Insurance has approved a filing submitted by the Wisconsin Compensation Rating Bureau that creates the ability for employers who make such payments to report payroll for paid furloughed workers without being charged a rate that would otherwise be reflected in the employers' workers compensation insurance premium.

The payroll must still be reported and the employer must keep detailed records regarding all payroll for reporting purposes.

This document is a memorandum only. It does not contain certain explanations, requirements and/or limitations that apply.

For more information and to stay current on the issues surrounding payroll for paid furloughed workers please ask your agent, or insurer, or visit:

www.wcrb.org and click on "Wisconsin Workers Compensation Covid-19 Updates".



Wisconsin Compensation Rating Bureau

Covid-19 and Wisconsin Worker's Compensation Furloughed Employee Updates and FAQ's

Note: This is a LIVE document and subject to change as additional questions and issues arise.

1. WCRB has established a new unit statistical code for reporting certain payroll for this unprecedented event: Carriers may implement code 0012 as a class code in their operating system.

Unit Statistical Code 0012 - Paid Furloughed Workers During A Governmental Emergency Order Impacting Employment

2. Who is considered a paid furloughed employee for WI worker's compensation insurance purposes?

By definition, a paid furloughed employee is one who is still being paid where they have been given a temporary layoff, an involuntary leave or another modification of normal working hours for a specified duration. This is for payments made by the employer during the paid furloughed time under the Governmental Emergency Order regardless of when it was earned.

3. Is paid furloughed time the same as idle time?

No. Paid furloughed time is the time period where a state-wide emergency order has been issued by a public official and is for an extended period. The employee is not performing work duties for the employer.

Idle time is "down" time when an employee is waiting for materials or products in order to perform their duties. The employee is still under the total direction and control of the employer

4. If a paid furloughed employee continues to be paid by their employer, is their payroll excluded from the employer's worker's compensation insurance premium?

If an employer continues to pay furloughed employees their normal wages and the employer keeps separate, accurate and verifiable records, the payroll will not be included for the basis of premium

5. How is the payroll to be split when an employee works part of a day and is furloughed part of the day?

If the employee is performing work duties for any portion of the day, no division of payroll is acceptable.

6. What if an employer does not have documentation on the work that is furloughed versus the work that is actually being done?

If accurate, verifiable payroll records are not maintained, 100% of the wages are assigned to the employee's normal classification.

WI Basic Manual Rule IV E.2.b.2. states:

“Estimated or percentage allocation of payroll is not permitted.”

7. What if Code 0012 is used fraudulently by an employer to falsely lower WC premiums?

Code 0012 can ONLY be used if an emergency order is issued by a governmental official. Code 0012 is defined as: Paid Furloughed Workers During A Governmental Emergency Order Impacting Employment. If a governmental emergency order is not in effect, code 0012 cannot be used. During a declared government emergency order, improper use of this code or the use of false or misleading documentation in support of reallocation of payroll to this code is a violation of the law and may subject the employer/owners to fines, penalties and/or imprisonment for fraud.

8. Is a \$0.00 rate appropriate for code 0012?

Yes. The WCRB believes there is no justification for charging premium based on payroll that creates no worker's compensation exposure.

9. Is there an end date to when code 0012 can be used?

Statistical code 0012 **Paid Furloughed Workers During A Governmental Emergency Order Impacting Employment** will be a permanent reporting code and will be implemented whenever an emergency order is in effect.

10. Is the term Governmental Emergency Order defined?

Governmental Emergency Order means any order, decree, stipulation, or determination, promulgated or entered by any public official or governmental body representing the state in which a statewide emergency is declared.

11. Is the term public official defined?

Public Official means someone who has authority to exercise the power of the state government and does so in his or her official capacity as an employee of the state government.

12. Should there be a waiting period before code 0012 can be used?

No. The use of statistical code 0012 is directly linked to an executive order made by a state official with the authority to do so. In the case of COVID-19, it's Governor Ever's Executive Order #72, which is currently effective from March 17, 2020 through April 24, 2020.