

EMPLOYER 101: Part I

Your Roles and Responsibilities 2023



School Employees Retirement System of Ohio | Employer Services



Topics

Employer Overview

Membership

Compensation

Contribution Reporting and Payment



Employer Overview



Introduction
Resources
Responsibilities



Introduction to Employer Reporting

Employers' roles and responsibilities include:

- Providing member enrollments for all SERS members, including reemployed retirees
- Reporting contribution detail for members
- Remitting corresponding payments
- Submitting any corrections to ensure member account accuracy
- Requesting membership or compensation determinations in cases of uncertainty
- Completing wage certifications



Employer Responsibilities

Membership

- Contact Employer Services with membership questions
- Enroll new employees in eSERS, including reemployed retirees
- Upload SSA -1945 via eSERS
- Forward ARP information, for colleges and universities only

Reporting & Payment

- Request compensation determination for any additional payments, bonuses, or stipends prior to submitting payroll
- Submit contribution reporting via eSERS
- Address any errors or warnings on the contribution report
- Submit the contribution file for posting
- Pay liabilities in the Payment Remittance application



Employer Responsibilities

Annual Processes

- Provide a salary estimate, for Foundation-participating districts only
- Review Foundation Deduction Notice via eSERS, for Foundation-participating districts only
- Employer Statement balance
- View and pay Surcharge invoice

Additional Responsibilities

- Explain SERS' retirement and alternative retirement plans to new employees
- Retain exemption forms
- Complete certified wages in eSERS once final payroll information has been obtained



Employer Responsibilities

Continuous Training

- Sign up for Employer One-on-One training to sit with an Employer Outreach specialist to work out any pain points your district may be experiencing
- Sign up for virtual Employer training sessions (eSERS Demo, Employer Education Series, Sound Bite)
- Attend in-person workshops
- View web training videos and past webinars



Membership



Who is a Member?
Membership Breakdown
Contracted Services
SERS or STRS?
Membership



Who is a SERS Member?

- A SERS member is anyone who works in a public school in a non-teaching position.
- Paragraphs (B)(1), (B)(2), and (B)(3) of section 3309.01 (B) of the Ohio Revised Code describes three separate definitions of “employee” for SERS-covered members



Who is a SERS Member?

A SERS member is any person:

Employed by a school in a position for which the Ohio Department of Education (ODE) does not require a license under Ohio Revised Code 3319.22-3319.31.



Who is a SERS Member?

A SERS member is any person:

Who performs a service that is common to the normal daily operation of a school even though the person is employed and paid by one who has contracted with an employer to perform the service.



Who is a SERS Member?

A SERS member is any person:

Employed in a non-faculty position in a school, college or other institution — wholly controlled and managed — and wholly or partly supported by the state or political subdivision.



Membership Breakdown

What is “common to the normal daily operation”?

1. Any service required to be provided by the educational unit by law, statute, or rule.

Example: A school district is required to provide meals, transportation, and nursing services.



Membership Breakdown

What is “common to the normal daily operation”?

2. Any service necessary on a regular continuous basis to the efficient operation of an educational unit.

Example: Information Technology (IT services), grounds maintenance, cleaning services.



Membership Breakdown

What is “common to the normal daily operation”?

3. Through custom and usage, has become a service commonly provided or procured by an educational unit on a regular continuous basis.

Example: Security Services



Membership Breakdown

Services **not** “common to the normal daily operation,” include:

- Service to vending machines
- Service to equipment under an equipment warranty or purchase/lease service agreement
- Service and/or repair to equipment and/or facilities of the employer on an emergency basis
- Providing trash pick-up and disposal
- Providing student transportation in vehicles that are not identified by law or marked as “school buses”
- Advising and/or consulting on a temporary basis

Persons performing such services are not SERS’ members.



Contracted Services

Persons employed by a contractor to perform a service “common to the normal daily operation” must be enrolled in SERS.

There is no exemption from the requirement to enroll even if:

- A different employee is sent every day.
- The work is part time.



Contracted Services

Enrollments are needed for each new employee.

Claiming that employees are independent contractors does not avoid membership in SERS.



SERS or STRS?



- Teacher's aides/Paraprofessionals
- Bus drivers
- Food service personnel
- Custodial or maintenance personnel
- Technology coordinators
- Treasurers
- Business managers
- Secretarial or clerical personnel



SERS or STRS?



- Regular preschool teachers, including head teachers and aides
- Special education preschool teachers, including aides but not head teachers
- Latchkey employees
- Early childhood instructors
- Ticket takers
- Security officers
- Auxiliary services personnel (in positions that do not require licensure under Ohio law)



SERS or STRS?



- Full-time and part-time teachers
- Preschool directors
- Special education preschool head teachers
- Adult education instructors
- Substitute teachers
- Tutors



SERS or STRS?



- County board of developmental disabilities teachers
- Superintendents
- Psychologists
- Guidance counselors
- Auxiliary service personnel (in positions that require licensure under Ohio law)



SERS or STRS?

With a question of membership, ask yourself:

1. For coaches: Does the individual hold a valid teaching license?
2. For nurses: Does the position require an Ohio Department of Education (ODE) school nurse license or is the individual a registered nurse (RN) with a bachelors degree?
3. For speech and language pathologists and audiologists: Did your school receive an exception from ODE under Section 3319.224 of the Revised Code?



Membership

Enrollment

Employees and reemployed retirees can only be enrolled electronically through eSERS.

Use the “Upload Enrollment Files” or “Manual Enrollment Entry” applications.

You will not be able to submit contribution reporting for an individual until an enrollment is uploaded or manually entered into eSERS.

The SSA also can be uploaded into eSERS.



Membership

Determinations

A determination request should include a completed Membership Determination form, and the job description and/or contract.

Upon review, Employer Services will make a determination.

If there are any questions, you may submit additional information, and a final determination will be provided.

After the final determination, an appeal may be taken to the Board.

Any decision made by the Board is final.



Membership

Payment of Unreported Time

If it is determined that the employee is a SERS member, and services have already been provided, you have 30 days to certify all earnings paid to the employee on the **Certification of Salary for Non-contributing Service** form.



Membership

Payment of Unreported Time

If it is determined that the payment is compensation for SERS' purposes, a charge will be made to the employer for both the employee and employer contributions, plus interest.

Once calculated, the district has 30 days to provide payment. The liability will be available in the Payment Remittance application on eSERS.

Failure to certify the earnings will result in a charge based on estimated figures.



Membership

Exemption

Employees who may choose exemption include:

- Students who are not members at the time of employment, and are employed by the school, college, or university in which the student is enrolled and regularly attending classes.
- Emergency employees serving on a temporary basis.
- Individuals who are employed in a program established under any federal job training program.



Membership

Exemption

Such individuals must complete a **Request for Exemption from Membership Form** within the first month of employment. The district keeps the form on file indefinitely.

This exemption is **irrevocable**.



Membership

Optional Membership

School board or governing board members have the option to contribute to SERS.

- Membership in SERS or Social Security must be chosen within the first 30 days of taking office.
- If the board member chooses membership in SERS, a **New School or Governing Board Member Election for Membership to SERS** form will need to be completed and submitted to SERS.



Membership

Optional Membership

Once membership is chosen, it is **irrevocable**.

Governing authorities of community schools cannot belong to SERS.



Membership

Exclusion from Membership

Those excluded from membership include:

- Individuals who participate in an Alternative Retirement Plan (ARP) established by a college or university.
- University of Akron police officers who are covered by the Ohio Public Employees Retirement System (OPERS).



Membership

Exclusion from Membership

- Individuals who have a license and are employed in an educational position through programs under federal law and financed by federal funds for which no license may be required.
- New employees hired at the University of Akron after September 28, 2016 will be covered by the Ohio Public Employees Retirement System.



Membership

Exclusion from Membership

Community School Operators:

As a general rule, individuals employed after July 1, 2016, by community school operators who were withholding and paying Social Security taxes for employees on or before February 1, 2016, are excluded from membership.



Membership

Employment of Retirees

A retiree of SERS or another Ohio system may be employed by a school in a position in which SERS contributions are required without limitation on the number of days or earnings.

All reemployed retirees are required to contribute to SERS if employed in a SERS-covered position.

Retirees should consider waiting two months so that they do not have to forfeit payment for each month worked during that waiting period.

The reemployed retiree will need to be enrolled and contributions will need to be remitted.



Membership

Employing Disability Benefit Recipients

A SERS disability benefit recipient cannot be employed by a SERS-covered employer; if a recipient is employed, the benefit ends.

Schools that hire a disability benefit recipient must file notice of the employment, including the date of employment, with SERS.



Membership

Employing Disability Benefit Recipients

A disability benefit recipient of another Ohio retirement system should contact the other system to determine any restrictions on returning to other public employment.

A member is not eligible for a SERS disability benefit if the person is receiving a disability benefit from another Ohio retirement system.



Membership

Alternative Retirement Plan (ARP)

An ARP is only an option for newly hired full-time employees of colleges and universities.

Employers are responsible for notifying SERS of an employee who is eligible for an ARP within 10 days of the employee's first day of employment by submitting a Notice of Employment or Reclassification of Employee Eligible for Alternative Retirement Plan form.



Membership

Alternative Retirement Plan (ARP)

Eligible employees have 120 days from their first day of full-time employment to enroll in the ARP.

An employee who chooses the ARP must sign the Retirement Plan Election Form and return it to the employer, who is required to file it with SERS within 10 days.

Once submitted, is **irrevocable**.



Membership

Multiple System Coverage

An employee who has more than one job may contribute to more than one Ohio retirement system.

For each covered job, the appropriate contributions should be sent to the proper retirement system.



Compensation



What is Covered Compensation?

Compensation Subject to SERS

Compensation Not Subject to SERS

Compensation Determinations



Compensation

What is Covered Compensation?

Covered compensation includes all salary, wages, and other earnings paid to an employee by reason of employment.

Compensation is determined prior to the amount deducted as the employee's contributions and before any of the compensation is treated as deferred income for federal income tax purposes.



Compensation

It is important to remit contributions promptly and accurately. Employee and survivor benefits are dependent of accurate compensation information.

Contributions are to be remitted to SERS no later than five business days after each Pay Date.



Compensation

Compensation Subject to SERS Contributions

- Regular salary or wages
- Overtime earnings
- Pay for used vacation and sick leave
- Paid holidays
- Calamity days
- Across-the-board retroactive wage settlements
- Longevity pay
- Merit increases



Compensation

Compensation Includes

A lump-sum payment in lieu of a salary or wage increase to all persons in a class of employees, in the same dollar amount or percentage, and in accordance with a written contract.

Payments paid on behalf of the individual to an eligible retirement plan, such as an IRA, 457(b), 403 (b), or 401(k).



Compensation

Compensation Includes

Back pay awards that reinstate an employee to the employee's position without interruption or loss of time.

Payments made by the employer to the employee for Workers' Compensation Salary Continuation.



Compensation

Compensation NOT Subject to SERS Contributions

- Payments for accrued but unused sick leave, personal leave, vacation leave, or compensatory time.
- Amounts paid to provide life insurance, sickness, accident, endowment, health, medical, hospital, dental, or surgical coverage; other insurance for the employee; or amounts paid to the employee in lieu of providing the insurance.



Compensation

Compensation NOT Subject to SERS Contributions

- Incidental benefits, including lodging; food; laundry, including clothing/uniform allowance; parking; services furnished by the employer; use of the employer's property or equipment, including cell phones; and reimbursement for job-related expenses authorized by the employer, including moving and travel expenses; and expenses related to professional development.



Compensation

Compensation NOT Subject to SERS Contributions

- Compensation made to, or on behalf of, an employee that is in excess of the allowable amount under federal tax law.
- Anything of value paid to an employee based on or attributable to retirement or an agreement to retire.



Compensation

Compensation NOT Subject to SERS Contributions

- One-time and/or lump-sum payments made that were not made for additional services rendered, or not based on an employee's standard rate of pay, such as:
 - Severance
 - Incentive bonuses for low use of leave
 - Signing bonuses
 - Wellness Incentive



Compensation

Compensation NOT Subject to SERS Contributions

- Payments made as a differential wage payment for an employee who enters active military duty for more than one month.



Compensation

Compensation Determinations

You need to send SERS:

- Complete information about the compensation
- Settlement or grievance paperwork

SERS may request additional information to make a determination.



Compensation

Compensation Determinations

Next Steps:

- If it is determined that the payment is compensation for SERS' purposes, a charge will be made to the employer for both the employee and employer contributions, plus interest.
- Once the cost has been calculated and submitted, you have 30 days to send the payment. The liability will be available in the Payment Remittance application on eSERS.



Contribution Reporting and Payment



Report, Post, Pay
Reporting and Payment
Submitting Reports
Reporting Adjustments
Submitting Payments
Remitting Payments
Forms of Payment
Penalties



Contribution Reporting and Payment

Report, Post, Pay

Report: Sending a report through eSERS is the first step in the reporting process.

Post: Once all errors are corrected in the file, submit your file for posting, the second step in the process.

Pay: Once the file has been uploaded, all errors and warnings have been addressed, and the file has been posted, the final step is to pay the liabilities that are created.



Contribution Reporting and Payment

Reporting and Payment

The Contribution Report is the employer's responsibility. It details the employees for whom you report and remit contributions.

Contribution Rates:

- Employee Contribution – 10%
- Employer Contribution – 14%



Contribution Reporting and Payment

Submitting Reports

Contribution Reports must be submitted through eSERS using the Manual Contribution Entry application or the Upload Contribution Files application.

Once the file is uploaded and processed, an eSERS message board message will be sent.



Contribution Reporting and Payment

Submitting Reports

The message will tell you:

- Your file has processed; or
- You have errors, and they need to be corrected.



Contribution Reporting and Payment

Submitting Reports: Sending a Report

To send a report, you will need:

- **Contribution Cycle Code** – Created by the Payroll Schedule
- **Social Security number and Name** for your employee(s)
- **Period Begin Date** – Beginning date of earnings period
- **Period End Date** – Ending date of earnings period
- **Earnings Code** – Identifies type of contributions being reported



Contribution Reporting and Payment

Submitting Reports: Sending a Report

To send a report, you will need:

- **Covered Compensation** – Employee's gross compensation
- **Contributions** – Amount of employee contributions being remitted
- **Days** – Number of days employee is being paid for the period
- **Hours** – Number of hours employee is being paid for the period



Contribution Reporting and Payment

Submitting Reports: Other Reporting Items

If the contributions are post-tax, the amount is placed in the “Employee Post-Tax Contribution” field.

If the contributions are covered by an authorized and accepted employer Pick-up Plan as pre-taxed, the amount is placed in the “Employee Pre-Tax Contribution” field.



Contribution Reporting and Payment

Submitting Reports: Reminders

Only report days and hours that have been paid in the earnings period being reported.

Days and hours worked in one earnings period but paid in the following earnings period should be reported on the next Contribution Report.

Days worked cannot exceed number of days in the payroll schedule.



Contribution Reporting and Payment

Submitting Reports: Reporting Days and Hours

There is a Supplemental Earnings Code for your coaches or supplemental employees that allows their contributions to be reported on a regular payroll report with extra days and hours.

This only works if you are using the same Pay Date in eSERS.



Contribution Reporting and Payment

Reporting Adjustments

Check that the original reporting was uploaded using the Employer Reporting Detail Lookup application.

Use adjustments to add or remove **previously submitted** reporting.



Contribution Reporting and Payment

Reporting Adjustments

You may have to make an adjustment for:

- Contribution amounts
- Tax treatment of contributions
- Days reported
- Hours reported
- Reporting to the wrong retirement system



Contribution Reporting and Payment

Submitting Payments

There are two different methods of paying employer charges:

- Direct Pay
- Foundation Program



Contribution Reporting and Payment

Submitting Payments: Contribution Payments

Employers must remit employee and employer contributions to SERS **no later than five business days after each Pay Date.**

Community Schools are required to use the Ohio Department of Education (ODE) Foundation Program to pay employer liabilities.



Contribution Reporting and Payment

Remitting Payments

Payment remittances can only be completed in eSERS.

If an organization is remitting payments for multiple employers, enter separate remittance documents for each employer.



Contribution Reporting and Payment

Remitting Payments

Remittances are required for:

- Employee Contributions
- Employer Contributions
- SCP Payroll Deductions
- Surcharge
- Penalties



Contribution Reporting and Payment

Forms of Payment

ACH Debit

This is the **preferred method** of payment; employers can activate their accounts in eSERS.

EFT

An electronic wire transfer you initiate with the bank.



Contribution Reporting and Payment

Contribution (payroll) Reporting

- Contribution (payroll) reporting is due **no later than five business days from the Pay Date**.
- The district will be penalized \$100 per day for each business day you do not submit, complete, or correct contribution reporting.
- The Contribution Report needs to be submitted AND posted (not in “Review” status) in order for the report to be considered on time.
- This also includes completing a payment remittance.
- The maximum accrued amount allowed is \$1,500 per report.



Contribution Reporting and Payment

Employer Liability for Reporting Errors

- It is the employer's obligation to report to SERS for its employees and contractors, and SERS relies on employers to accurately report contributions.
- The employer is required to reimburse SERS for any penalties that SERS incurs as a result of an employer reporting error.
- This includes when the tax basis, pre-tax/post-tax, for contribution is incorrectly reported. The employer is responsible for any penalties SERS may incur if the funds are distributed and the taxable amount is incorrectly reported to the IRS and the individual on the individual's 1099-R Form.



Contribution Reporting and Payment

Employee Contributions

- Employee contributions are to be remitted **no later than five business days from the Pay Date**.
- The district will be penalized \$100 per day for each business day the employee contributions are not submitted on time.
- The penalty accrues until the contributions are received by SERS.



Contribution Reporting and Payment

Employer Contributions

- Employer contributions are to be remitted **no later than five business days from the Pay Date.**
- The district will be penalized \$100 per day for each business day the employer contributions are not submitted on time.
- Employers that choose to make their Employer Contribution payments through the Foundation Program are always considered on time.
- The penalty accrues until the contributions are received by SERS.



Contribution Reporting and Payment

Penalties

Penalty Process: A notification will be sent to the eSERS message board advising the district that it is in penalty status.

- If the payment remittance was missing, and a payment was received, you will receive an email from an Employer Services representative.
- Once the missing item is submitted, a penalty invoice will be available for the employer in the Payment Remittance application.
- Penalties also include late contractor reporting and payment



Contribution Reporting and Payment

Payment of Penalties

Follow the same steps to pay the penalty liability as you would a contribution reporting liability.



Contribution Reporting and Payment

Penalties: Tips for Avoiding a Penalty

- ❖ Do not use the “Expected Liability” option in the Payment Remittance application.
- ❖ Make sure the report has posted and is not in “Review” or “Valid” status.
- ❖ Use a **current** pay date when submitting an adjustment, not the pay date for the pay period that you are adjusting.
- ❖ Make sure that the tax treatment, pre-tax/post-tax, is accurately reported



Contribution Reporting and Payment

Penalties: Tips for Avoiding a Penalty

- ❖ Complete a Payment Remittance when submitting a payment to SERS; if there is not a Payment Remittance for a payment, it is viewed as incomplete reporting.
- ❖ Check the “Next 5 Reports Due” panel on your eSERS home screen to check any upcoming due dates.

