This Q&A document addresses questions that were submitted by employers during and after the 11/4/2021 Annual Leave Reporting webinar.

Other essential resources for Annual Leave Reporting:
» Pre-recorded webinar available to view on-demand on the Employer Programs page.
» Employer Manual Chapter 9 Supplement - Annual Leave Reporting
» Summer 2021 and Fall 2021 editions of the PERAphrase Employer Newsletter
Should you have additional questions, please email employer.reps@mnpera.org.

ABOUT LEAVE REPORTING

1. What changed?
   A legislative change was enacted to shift the reporting of leave statuses to an annual basis rather than during the pay period in which they occurred. This was intended to standardize the leave reporting process.

2. What did not change?
   No change was made to PERA’s definition of an authorized leave of absence.

3. How does PERA define an Authorized Leave of Absence (LOA)?
   PERA’s definition of an authorized leave of absence is listed in Minn. Stat. §353.01, Subd. 31. This language was not changed by the new reporting process.

   Subd. 31. Authorized leave of absence. “Authorized leave of absence” means any period during which a member is authorized by an employer to refrain from active employment, with or without pay, evidenced by appropriate record of the employer and promptly transmitted to the association.

4. When is an absence an authorized leave of absence?
   PERA does not determine how an employer classifies which leaves are an authorized leave of absence. We recommend that each employer review their own internal policies for guidance. If your entity defines leaves of absence, those are the periods that should be reported to PERA if they result in unpaid hours.

   Questions to consider:
   » Does your entity have a definition for leaves of absence and criteria for approval?
   » Do existing personnel policies or collective bargaining agreements address leaves of absence?
   » Are leave approval processes applied consistently for each employee?
   » Are certain leaves authorized and documented by Human Resources or other central administrator?

WHAT TO REPORT

1. How should we decide which leaves to report?
   Employers should report all authorized leaves of absence (LOA) that result in any unpaid time for the member. You do not need to report any leaves that are fully paid by use of an employee’s sick, vacation, or other paid time off. A LOA is any period during which a member is authorized by an employer to refrain from active employment, evidenced by appropriate record of the employer. PERA relies upon each individual employer to apply their own policies regarding what qualifies as an authorized LOA for their entity.
2. **What types of leaves should be reported?**
   There are five categories of leaves that must be included on the Annual Leave Report. Each has a unique code because rules for member purchasing depend on the type.
   - » 81 - Periodic Repetitive Leave (often described as “furlough”)
   - » 82 - Budget Savings (another type of “furlough”)
   - » 83 - Authorized Leave (includes Medical, Parental, and Personal)
   - » 84 - Military Leave
   - » 85 - Worker’s Compensation

3. **Why does the report combine several different leave types under the category of Authorized Leave?**
   For the purposes of the annual report, Code 83 - Authorized Leave is a grouping of leaves that PERA previously classified as Medical, Parental or Personal. This category also includes any unpaid FMLA leave. These leaves were combined on the report because they all follow the same rules for member purchasing.

4. **Are we required to report only unpaid leave time OR both paid and unpaid leave time off?**
   Only unpaid hours should be reported. If all missed time during the LOA is fully paid through the use of sick or other personal time, you do not need to include these leaves on your report. A word of caution with Worker’s Compensation leaves, as Worker’s Compensation is not PERA-eligible salary – the member may have received full pay for the leave, but not for PERA purposes.

5. **How should we report an employee whose LOA is only partially covered by their sick or personal time?**
   Report only the total number of unpaid hours. Do not list any time that was paid.

6. **Should we report unpaid time for an employee who calls in sick for one day and has no sick leave or personal time to cover the missed hours?**
   Generally, a leave of absence is an officially excused period of time off duty which differs from the periodic absences an employee typically reports on a timesheet approved by their supervisor. Whether a LOA is authorized for a single unpaid day off is determined by the procedures of your individual entity.

7. **For school employees that don’t work during the summer (paraprofessionals and cooks), is that considered a leave?**
   No, because the summer months are not part of the employee’s regularly-scheduled work.

8. **Our township meets once a month and each person is paid a meeting rate. If a person who has PERA misses one or more meetings, is this considered leave and have to be reported?**
   You do not need to report unpaid meeting hours unless your entity has authorized a LOA for the missed time.

9. **If an employee is on an unpaid absence for disciplinary reasons, should these hours be reported?**
   No. An absence due to disciplinary reasons is not considered an eligible leave for purchase and should not be included on the annual leave report.

**HOW TO REPORT**

1. **How do I determine the leave start date? Is it the first day they are not physically at work, or the first day they become unpaid?**
   The Leave Start Date is the first day with unpaid time and the Leave End Date is the last day of unpaid time.

2. **What happens when an individual receives a pay increase during their LOA?**
   Provide an average of the two rates on your report. You are not required to prorate the amount. For example, the member’s leave began on February 2, 2020 and initial rate of pay was 20.00. On March 1, 2020, the member’s rate changed to 20.40. The leave ended on March 8, 2020. As two rates occurred during the leave, you would find the average (20.00 + 20.40 = 40.40 and 40.40/2 = 20.20). You will report 20.20 for the entire unpaid leave period.

3. **Can the hourly rate be reported with 4 digits after the decimal or will it need to be just 2?**
   ERIS will accept an hourly rate with additional numbers after the decimal, but the rate will be rounded to two digits during processing.
4. In the “Total Hours” column, should we list the total number of hours a member missed from work during their leave or the total number of unpaid hours?

Report only the total number of unpaid hours. Paid leave hours should not be reported.

5. What is the lowest number of unpaid hours that can be reported in the Total Hours column of the new Annual Report?

One hour is the minimum number of unpaid hours accepted by the report. Do not list unpaid time that totals under 60 minutes.

6. What if an employee’s schedule varies each pay period from 72 to 80 hours what should you record for missed hours?

If this person’s LOA spans multiple pay periods, you may use the average number of pay period hours when calculating the total number of unpaid hours.

7. Is it okay to continue reporting leaves on a Demographic file?

If you currently report leaves in ERIS or by transmitting a demographic file, you may continue to do so. Any leaves reported throughout the year will be prepopulated on your annual report by default and you may review and modify the dates of those records. Please note that demographic reporting of leave status and dates is not a substitute for the Annual Leave Report which collects additional salary information.

SPECIAL SITUATIONS

1. How should we report an employee who had multiple leaves during the year?

When an employee has multiple periods of leave during the year, each should be reported separately unless they are the same type and occur within 30 days of each other.


2. What about a leave that crosses over from one year to the next?

If an employee’s leave continues into a subsequent year, employers will report the leaves over two annual reports.

Example:

   » Local government employee with unpaid LOA from 9/1/2021 to 3/31/2022
   » 9/1/2021 to 12/31/2021 is listed on the 2021 report (due by 1/31/2022)
   » 1/1/2022 to 3/31/2022 is listed on the 2022 report (due by 1/31/2023)

3. How should we report an employee who had a LOA and terminates mid-year?

As always, it is critical that you report all terminations timely and you are required to report any LOA within 30 days of termination. There is a separate process for reporting the leaves of terminated employees because they have only six months to purchase the unpaid time.

Beginning in 2022, when you report member terminations throughout the year, PERA will send a request and instructions prompting you to report any leaves on the member’s account management screen in ERIS. At the end of the year, you will not list this terminated member on the Annual Leave Report.

ERIS QUESTIONS

1. What if I submit my report and then need to make an addition or correction?

Call PERA’s Employer Response Line at 651.296.3636 or 1.888.892.7372 and select option 4.

2. Can I start a manual entry report and edit it later?

Yes, the manual entry option allows you to save the data and return to it at a later time. Once you submit the report, however, it is no longer available to edit.
3. **Is there a formatted Excel spreadsheet to use for the upload?**
   We do not have an Excel template available at this time. Please see the Chapter 9 Supplement for layout and format instructions.

4. **I have access to the ERIS system but do not see the option to enter a leave report manually. Can you please direct me?**
   The manual entry option is only available when an Annual Leave Report is due to be completed. Local government employers report by calendar year and will receive an alert in mid-December. Schools report by fiscal year and their report will become available in mid-June. When there is no report due, the only option displayed is file format testing.

**WHY REPORT LEAVES?**

1. **Why would a member want to make a payment for their unpaid leave?**
   PERA uses three factors to determine a member’s monthly benefit: service, age, and salary. Two of the factors—service and salary—may be affected by an unpaid leave. This optional leave purchase can be helpful to members who want to avoid a possible reduction in their benefit calculation. To help members determine if the purchase would be beneficial, monthly estimates and purchase information will be mailed to impacted individuals.

   Members may choose to purchase their unpaid leave with PERA to increase their overall service credit, and possibly boost their highest average salary. If the member is missing service during the leave, then the purchase will increase the benefit amount. If the member is only missing partial salary during the leave, then it depends if the salary purchase is in the member’s final average salary period. Generally, the highest average salary period occurs when the member is within five years from retirement, but it truly depends on where the member’s highest average salary occurs in their career.

   Additional details are provided in the [Leave Purchases](#) member fact sheet.