

March 24th, 2020

Do You Have Uncertainty Submitting Payroll, Specifically During This Pandemic?

While we know the safety and health of you and your loved ones is the highest priority, we also know that in the world of small business, employees can be like an extension of your family. Ensuring that your business and your employees are safe and cared for is a top priority for many management and executive teams. A critical component of that care is the timely processing of payroll.

During difficult times, especially times of unprecedented crisis, there will be many questions about how to process payroll for employees, most specifically, employees who have no hours to report.

While HR is here to provide support, most questions will be answered by management and executive staff. These critical decisions are business decisions that need to be made at the highest level. If you are feeling uncertain about what to do when it comes to processing payroll, here are a few suggestions to consider.

At payroll processing time, what are the possibilities for an employer who has employees with no hours to report?

Option 1

The business could pay the employee(s) fully for not working.

1. This is clearly based on business position, philosophy, current and future projections and funding.
2. We would advise this to be reviewed on a week by week basis as conditions can change very quickly in crisis environments.

Option 2

Pay the employee(s) based on their available PTO bank.

1. This is clearly based on business position, philosophy, current and future projections and funding.
2. We would advise using the number of hours an employee would work during a normal and usual pay-period.
 - a. *i.e. employee has a PTO bank of 128 hours and the pay-period is 80 hours, use only 80 PTO hours for the current pay period.*

Option 3

1. Pay employees a combination of Option 1 & Option 2.

Option 4

1. Perform layoffs or furloughs* of staff. Please note current advice (as of March 24th, 2020) is that aid is coming on both the state and federal level for employers who maintain staff levels. Aid will come in the form of both loans (which may be forgiven) and grants. Please plan and make decisions accordingly. Please see NEMR's communication from March 23rd, 2020 for a comprehensive resource list of programs currently available.

The logo features the text "NEMR UPDATE" in a bold, sans-serif font. "NEMR" is on the top line and "UPDATE" is on the bottom line. To the left of the text is a circular icon containing a stylized document or book symbol. The entire logo is set against a yellow background that tapers to the right.

a. Basic definitions for this example

i. Furlough

1. *When an employer furloughs its employees, it requires them to work fewer hours or to take a certain amount of unpaid time off. For example, an employer may furlough its nonexempt employees one day a week for the remainder of the year and pay them for only 32 hours instead of their normal 40 hours each week. An employer may require all employees to go on furlough, or it may exclude some employees who provide essential services.*

ii. Layoff

1. *A layoff is a temporary separation from payroll. An employee is laid off because there is not enough work for him or her to perform. The employer, however, believes that this condition will change and intends to recall the person when work again becomes available.*

iii. Reduction in Force (RIF)

1. *A reduction in force (RIF) occurs when a position is eliminated without the intention of replacing it and involves a permanent cut in headcount.*

In all four options above, we recommend employees receive a brief communication from the business lead regarding the intended plan. As always, NEMR Total HR is available to assist in advising and crafting this message.

Additional information will be forthcoming. If you have any questions, please ask a member of your NEMR Total HR support team. We are here to support you!

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