

Office of Management and Budget
Payroll and Miscellaneous Fiscal Policies

August 1, 2011

Policy 117 - Worker's Compensation

Employees who are eligible to receive disability benefits for a lost time claim can continue to receive full salary by choosing to use leave to **supplement** their benefits. Any employee that is receiving worker's compensation benefits should complete the Worker's Compensation Leave Option form, in the Risk Management Manual 9.7-6. If an employee chooses to use leave to supplement their benefits the disability check stubs must be turned over to the agency payroll clerk to receive this benefit. The amount paid by WSI will be deducted from your paycheck. State law prohibits employees from receiving both worker's compensation benefits and full leave benefits simultaneously.

Worker's compensation benefits are not taxable. Therefore, when an employee turns over a copy of the disability check stub, the following adjustments should be made:

A) Payroll

Make a negative one-time adjustment for the amount of the worker's compensation check. (It will be a reduction of pay). The employee will keep the worker's compensation check.

B) Leave Adjustment

- Determine difference between regular pay and amount paid by worker's compensation for the hours gone.
- Find out the hourly rate for the month that the person was gone, then take the hourly rate times the number of hours gone that month.
- Determine what this amount is equal to in leave.
- Adjust the leave taken. First annual leave and/or comp is reinstated and then sick leave.
- If a holiday falls within the timeframe that worker's compensation is received, the holiday needs to be docked from the hours adjusted back. The hours adjusted back are figured only on the leave hours that were taken.

Example

- Monthly salary \$1600 – worker's compensation paid \$500
- Employee off 9 days = 9 days X 8 hrs/day = 72 hours
- 22 days in the month x 8 hrs/day = 176 hours in the month.
- $\$1600/176 = \9.09 (hourly rate)
- $\$9.09 \times 72 \text{ hours} = \654.48
- $\$654.48 - \500 (WC payment) = \$154.48
- $\$154.48/\$9.09 = 17$ hours leave employee should be docked.
- Reinstated 55 hours of leave (72 hours taken – 17 hours that should have been used)