

UPDATE

WATCH AND LEARN: TRS MEMBER EDUCATION VIDEO SERIES

Have you heard about TRS' Member Education Video Series? The videos provide information and answers to the most common questions TRS members ask about their pension benefits.

Want to learn more about your membership and resources available to you, working after retirement, benefit options, steps to retirement, and more? This is the perfect place to start. No matter where you are in your career, you'll find something useful in each video. It's important to know your benefits and to stay in touch with TRS.

For more information about the series and to view the videos, visit our [website](#). Please share these videos with others! You can also help us spread the word by downloading a [poster](#) from our website and displaying it at your school.

Stay tuned!

WHEN TO SUBMIT ANNUAL ED40 RECORDS

Reporting Employers (REs) must submit ED20 and ED40s for all new employees. The Employment Demographic (ED) records are used to report the new employment and position. The ED40 needs to be submitted in the month that the employee starts their employment and prior to submitting the employee's payroll records for the first time. As a reminder, REs must also submit ED40 records annually for returning employees.

The following is when ED40s should be submitted:

- (1) On the July ED report for employees who have contracts or work agreements that begin in July,
- (2) on the August ED report for employees who have contracts or work agreements that begin in August,
- (3) on the September ED report for employees who have standard (September through August) contracts or work agreements,
- (4) during the year when new employees are added to payroll (an ED20 record, which reports new employee demographic information, should also be sent in the same month), **and**
- (5) any time a person begins a new position, including summer school.

If a person performs multiple jobs under different position codes, an ED40 should be submitted for each position code. However, if multiple jobs fall within the same position code (01, 02, 03, 04, 05, 06, 07, 09), only one ED40 record may be submitted per position code. In that instance, the ED40 record should include information on the employee's primary position.

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REMINDER OF NEW VALIDATIONS ADDED

TRS has found that some REs reported the ED40 records when an employee received their first compensation under the contract rather than when the employee began working under the contract. This caused many employees not to have time worked reported in the first month in the position. In some instances, this prevented the member from earning a year of service.

In an effort to prevent a member from missing days worked, TRS added a new validation code 802. The code states “Must report days worked for the first month of employment in a TRS- eligible position. The TRS- Eligible Contract start date for this position is <<Employment Start Date>>.” This validation will prevent an RP20 or RP25 record from being submitted in the first month without time worked on the record.

As an example, if an employee began work in March 2020 and an RP20 record is added to the March report without listing their days or hours worked, error 802 will populate on the Regular Payroll (RP) report. To correct this error, you will need to enter the days and hours this person worked for the month of March. Per the [Report Formatting](#) guide, if the actual days that the employee worked are not available by the report due date, an estimate may be entered as long as the actual days are corrected in the next month’s reporting. This can be done using an RP25 record on the next month’s RP report or on an RP Adjustment Report once the current month’s RP report has reached a complete status.

In addition, TRS discovered some members who did not have compensation reported for one or more months within their contract. TRS added validation code 801, which states “The contract start date for this position is prior to the current report month and RP transactions for the prior months do not exist.” This validation is currently a warning that will reduce the number of missing payroll transactions for a TRS member. This validation will become an error on a future date.

As an example, if the ED40 was posted with a contract start date of April 1, 2020, and an RP was not reported for April 2020, the RE will receive a warning beginning on the May 2020 RP report regarding the missing April transaction.

Both new validations will help TRS ensure all data has been reported accurately for our members.

HOW TO REPORT CARES ACT FUNDING

As part of the Coronavirus Aid, Relief and Economic Security (CARES) Act, the Texas Education Agency (TEA) has released funding under the Elementary and Secondary School Emergency Relief (ESSER) fund to school districts which will be used to offset a portion of state funds for this year’s ADA hold harmless.

Similar to the American Recovery and Reinvestment Act (ARRA) grant in 2009 and grants issued in 2017-2018 in response to Hurricane Harvey, ESSER is to be treated like general fund revenues for reporting purposes to TRS since it is supplementing state funding. The funds should not be classified as Federal Funds/Private Grant and the RE should not pay Federal Grant contributions.

All other applicable member and employer contributions are due on salaries paid from ESSER funds, including the above state minimum contribution when applicable.

For additional information about CARES Act funding please see TEA’s full [FAQ](#).

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CONTRIBUTION RATES INCREASING FOR FY 2020-21

As a result of the 2019 Texas Legislative Session, the Public Education Employer Contribution rate will be increasing from 1.5% to 1.6% effective with any pay issued on or after Sept. 1, 2020.

The member contribution rate will remain at 7.7% through Fiscal Year 2021 ending on Aug. 31, 2021, and the state contribution rate will remain at 7.5% during this time.

The member and state contribution rates are not scheduled to increase until Fiscal Year 2022, which begins on Sept. 1, 2021.

REMINDER ON HOW TO CORRECTLY REPORT PAYCHECK PROTECTION PROGRAM (PPP) FUNDS

TRS has received questions related to the impact of Paycheck Protection Program (PPP) Loans on reporting Federal Funds/Private Grant contributions for charter schools. If the PPP loan is later forgiven, the funds will fall under Texas Government Code Section 825.406 as Federal Funds/Private Grant compensation.

Charter schools have two options for reporting salaries paid from PPP Loans:

1. The schools can report the funds as 'local/state' funds initially. If the loan is later forgiven, the RE will need to submit RP25s to reclassify the salary as Federal Funds and report the corresponding contributions.

- Under this method, if the loan is not forgiven, no adjustments will be necessary.

Or

2. The charter schools can report salaries as Federal Funds up front. If the loan is not forgiven later, the RE will need to submit RP25s to reverse the Federal Fund compensation and corresponding contributions.

- Under this method, if the loan is forgiven, no adjustments will be necessary.

An employer who uses option 1 above and then fails to report the corrections after the loan has been forgiven may be subject to the consequences described in Section 825.406(g). The retirement system is obligated to report an employer's noncompliance with Section 825.406 to the attorney general, the Legislative Budget Board, the comptroller of public accounts, and the governor.

If your employer is using PPP funds, please be sure that you have forwarded a letter to your RE Coach stating which of the above-mentioned methods that you intend to utilize.

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CLARIFYING THE DEFINITION OF TEMPORARY EMPLOYMENT

Currently, TRS defines temporary employment as “total employment that is expected to last less than four and one-half months in a school year.” For the purposes of this definition, TRS has determined that four and one-half months is equal to 18 weeks.

It is important to note the designation of ‘total employment’ means the total amount of time a person is employed with the RE, not just the actual dates they work. Therefore, if there are periods between assignments when the person is not working, but the person is still considered to be an employee of the RE, that time is counted in the total employment. If the person is not considered employed with the RE between assignments, an ED90 termination record must be submitted at the end of the first assignment.

Below are some scenarios for additional clarification:

Scenario 1: Defined Ending Date

An employee is first hired on Jan. 13, 2020 to work half time or more. At the time they are hired, their assignment will end and their employment will be terminated on May 1, 2020. This is a defined period of less than 18 weeks, so this person may be coded with the Employment Type of M-Temporary and will not be eligible for TRS membership.

Scenario 2: Contract Extension

An employee is hired on Jan. 13, 2020 to work half time or more. At the time they are hired, their assignment will end and their employment will be terminated on May 1, 2020. They would be coded with the Employment Type of M-Temporary and will not be eligible for TRS membership as this is less than 18 weeks.

However, on March 1st, it is determined that their assignment will be extended until June 15, 2020. Since their employment agreement changed, the entire employment will now last longer than 18 weeks. If they are still working half time or more, then the RE would need to submit an ED45 using the END/ADD functionality to **end** the temporary employment as of Feb. 29, 2020, and **add** the TRS-eligible position beginning March 1, 2020.

Scenario 3: Unknown Ending Date

An employee is hired to work on Jan. 13, 2020 to work half time or more. At the time they are hired, it is unknown when this person’s assignment will end. This person must be reported as eligible for TRS membership and coded as half time or more. This person may not be coded as Temporary because their employment is for an indefinite period of time.

Scenario 4: Multiple Assignments

An employee is first hired on Jan. 13, 2020 to work half time or more. At the time they are hired, their assignment will end on Feb. 25, 2020, but they do not terminate their employment at that time. This is a defined period of less than 18 weeks, so this person may be coded with the Employment Type of M-Temporary and will not be eligible for TRS membership.

The same employee accepts another assignment working half time or more beginning April 1, 2020, which has a defined ending date of Aug. 25, 2020. Since this person did not terminate employment at the end of the first assignment, the person must be reported as eligible for TRS membership as of April 1, 2020 and coded as half time or more. This person may not be coded as Temporary for the second assignment because their total employment has been longer than 18 weeks.

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TRS SERVICE CREDIT PURCHASE AND THIRD PARTY EMPLOYERS

While substitutes are not eligible for TRS membership, an employee who substitutes 90 or more days in a school year is eligible to have this time verified by their employer and purchase a year of service credit. The substitute seeking service credit will bring the Verification of Substitute Service and Salary form (TRS 22S) to the employer to complete. The substitute will then send this completed form to TRS, and TRS will use this information to calculate the cost for them to purchase service credit.

With the increase of REs outsourcing some or all of their substitutes to a third party, TRS would like to remind REs that time worked through a third party is not eligible to be verified for the purposes of purchasing service credit. Only time worked as an employee of the RE is considered eligible for purchase.

For further information, please refer to the September 2019 newsletter regarding the outsourcing of substitutes.

https://www.trs.texas.gov/TRS%20Documents/update_sept_2019.pdf#search=outsourcing

REMINDER OF FY 2021 CHANGES TO THE STATUTORY MINIMUM COMPENSATION CALCULATION

As a reminder, beginning with the employee's contract start date for the upcoming fiscal year (FY2021), all employers for whom the statutory minimum contribution is due, are required to calculate the state minimum compensation based on the days in the employee's contract. This applies to all employees working in a position that is subject to the statutory minimum contribution and have a contract *greater than* 187 days.

If an employee with a contract term greater than 187 days begins their FY 2021 contract in July 2020, then the new state minimum compensation begins with their July contract and the new amount must be reported on the July 2020 reports.

As an example, if a teacher's contract is 195 days, on step 1, you will take the daily rate of pay (\$180.000) and multiply it by the number of days in the contract (195) to get the annual state minimum compensation for this individual (\$35,100). If the employer pays the employee's salary over 12 months, then the monthly state minimum compensation amount on the Regular Payroll report will be \$2925.00.

$$\$180.000 \times 195 = \$35,100$$

$$\$35,100 \div 12 = \$2,925$$

Please note that for Teachers, Librarians, Nurses and Counselors ([table 1](#)) whose contracts are *less than* 187 days (such as districts of innovation), the **state minimum salary cannot be reduced lower than the TEA salary schedule**. TEA requires employers to pay the established State Minimum salary, which is based on 187 days, even if the full year contract is fewer than 187 days. For example, a District of Innovation whose contracts are 183 days must still pay the state minimum salary per the TEA schedule.

This requirement change applies to TRS reporting purposes and does not require the employer to pay the employee more than the state minimum salary set by TEA.

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2020-21 TRS-ACTIVECARE ANNUAL ENROLLMENT BEGINS

Annual Enrollment for TRS-ActiveCare participants is from July 15 – Aug. 21. This is the annual opportunity for your employees to make changes to their health benefits without experiencing a special enrollment event.

This year is more important than ever with the health care vendor switching from Aetna to Blue Cross and Blue Shield of Texas, so encourage your employees to carefully consider their options so they can choose a plan that best activates their health.

Visit the [Blue Cross and Blue Shield of Texas TRS-ActiveCare Annual Enrollment website](#) to access Annual Enrollment resources such as the annual enrollment guide and an interactive enrollment video that will guide them through the plan structures and components.

TRS-ACTIVECARE COVID-19 COVERAGE

As the COVID-19 situation continues to evolve in Texas, we know many of us face new challenges and emotions. We know this is especially true for our public education community, who has had to adapt to the pandemic in more creative ways than most. Some helpful reminders:

- Our plans continue to offer free diagnosis and treatment of COVID-19 and access to \$0 TRS Virtual Health visits. [Review all benefits here.](#)
- CVS Caremark offers home delivery of prescription medications and relaxed refill requirements. [Read more here.](#)
- The Centers for Disease Control and Prevention (CDC) has recently updated their list of people who are at higher risk. [Learn more here.](#)

Since COVID-19 is a rapidly changing situation, we'll continue to work closely with our health plan vendors to ensure our participants have guidance and access to care. If there are any changes to COVID-19 coverage, we will notify you immediately.

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TRS-CARE REMINDERS FOR RETIRING EMPLOYEES

Health care represents a large part of the retirement benefit that TRS offers eligible members. Tell your employees to consider their health care options as they plan for retirement. Here are some tips you can share with them:

1. Submit your [*Change of Beneficiary for Continuing Optional Retirement Annuity \(Option Three and Four\)*](#) form (TRS 30D) as soon as possible. Once we process it, we'll send eligible members an application for TRS-Care. You must return the application if you wish to enroll in coverage. If we don't receive the TRS-Care application, there could be a delay in enrollment or lapse in coverage before the desired effective date. Coverage cannot begin prior to your retirement date. If you submit your TRS-Care application after your enrollment period, you cannot enroll in coverage unless you experience a special enrollment event, such as a marriage, a divorce, an involuntary loss of outside creditable coverage, or when you turn 65.
2. Get familiar with TRS-Care and what benefits it will offer. We offer TRS-Care Medicare Advantage and TRS-Care Medicare Rx for those who are 65 and older and/or Medicare-eligible. We also offer TRS-Care Standard – a high-deductible health plan that combines medical and prescription services – to those who are not eligible for Medicare. Visit [Health Care Benefits](#) for enrollment guides, plan highlights and more benefit resources.
3. If you or your dependents are eligible for Medicare, you must make sure it will take effect before or on the day TRS-Care coverage begins. Purchase and enroll in Medicare Part B as soon as possible, ideally two to three months before your TRS-Care takes effect, to ensure timely processing with social security so you don't have a lapse in coverage. If you are eligible for premium-free Medicare Part A, sign up for it. If you can't get it at no cost, you only need Part B. Visit [ssa.gov](#) for more information on enrolling in Medicare. Visit [medicare.gov](#) for information about Medicare coverage.
4. If you are a member with the Employee Retirement System (ERS), the University of Texas (UT) system, or the Texas A&M University system and wish to enroll in TRS-Care, you will need to submit documentation proving you are ineligible to receive ERS or UT retiree health benefits. Contact your Human Resources department to obtain this documentation, then submit it to TRS-Care. We must receive and approve this information before we can send you an application.