

# Clearing Salary Variance Exceeded Exception

The **Salary Variance Exceeded** exception occurs if the wages reported for a member are significantly higher than what had been previously reported for them. This typically occurs as the result of a stipend, balloon check, severance pay, etc.

1. To clear this exception, go to the **Reporting Exceptions** page and click on **Review** for the member you are working on.

Reporting Exceptions 

<input type="checkbox"/>		Member Name	SSN	Batch Number	Exception Status	Date	Override Warnings	Exception Types
<input type="checkbox"/>	<a href="#">Review</a> <a href="#">Delete</a>	[REDACTED]	***_**	121752	In Error		No	Member Warning Member Error Pay Period Warning Pay Period Error
<input type="checkbox"/>	<a href="#">Review</a> <a href="#">Delete</a>	[REDACTED]	***_**	121752	In Error		No	Pay Period Warning Pay Period Error
<input type="checkbox"/>	<a href="#">Review</a> <a href="#">Delete</a>	[REDACTED]	***_**	121752	In Error		No	Member Warning Member Error
<input type="checkbox"/>	<a href="#">Review</a> <a href="#">Delete</a>	[REDACTED]	***_**	121752	In Error		No	Member Error
<input type="checkbox"/>	<a href="#">Review</a> <a href="#">Delete</a>	[REDACTED]	***_**	121752	In Error		No	Member Warning

2. After clicking **review**, you will be taken to a screen that shows the specific exception(s) associated with the selected record. These appear in the **Exceptions Found** section at the top of the screen. Click on the **exception card** to clear it.

Exceptions Found

**Pay Period (PP 1945)** 

The allowable salary variance percentage between this pay period and the prior reported pay period for the variance category of Annual Base Salary has been exceeded. The allowed variance for this employer and variance category is defined as 5.00%.

**Pay Period (PP 1945)** 

Salary variance has been exceeded for Annual Base Salary. The salary must be corrected or a Salary Variance Reason selected.

Exception Status: In Error

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Batch: 121752 Report End Date: 9/24/2022

Member Detail

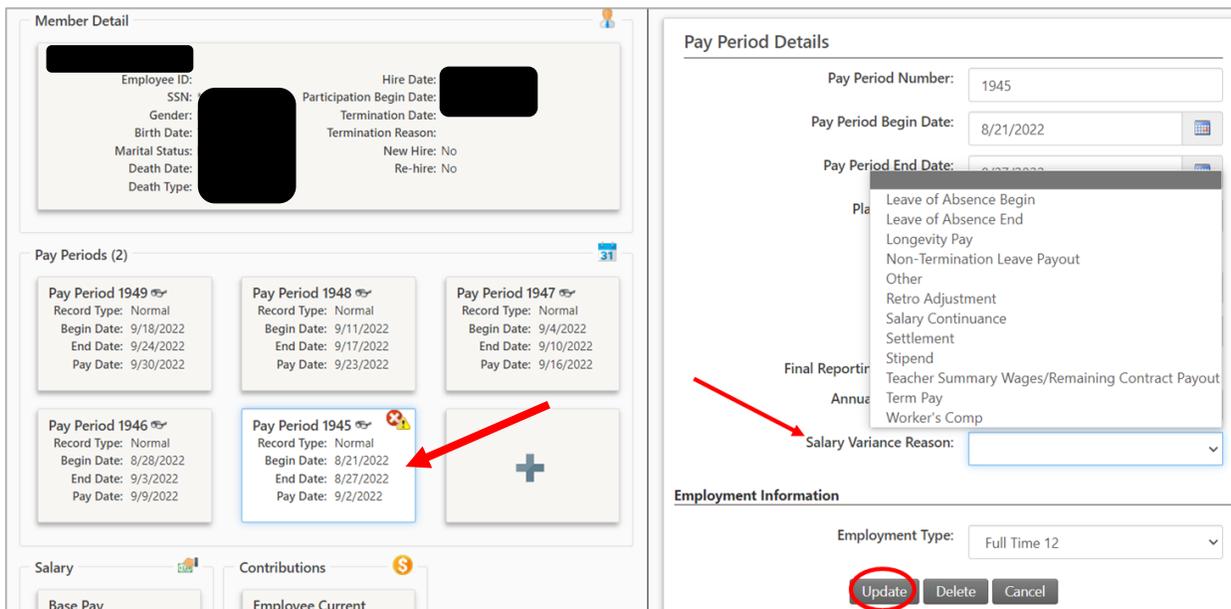
Employee ID: [REDACTED] Hire Date: [REDACTED]

Edit Current Originally Reported Last Posted

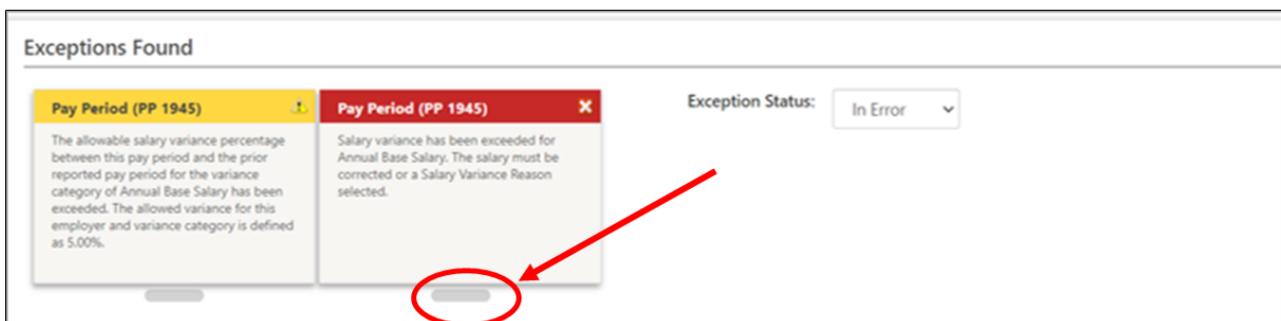
Member Details

First Name: [REDACTED]

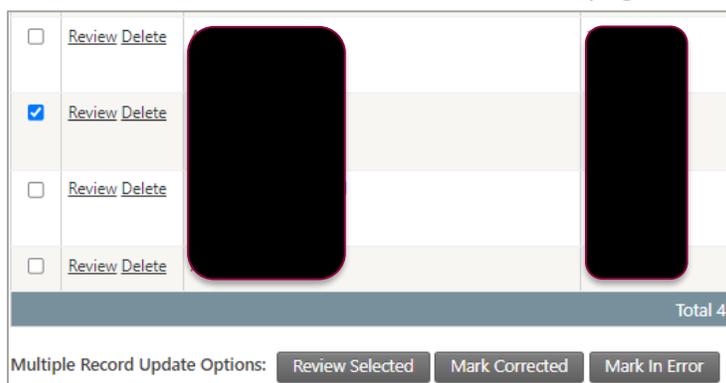
- To clear this exception, click on the pay period to open the **Pay Period Details** screen, choose a reason for the salary variance from the drop-down menu, then click **Update**. Detailed explanations of the reason types can be found on the next two pages. Please review this information before choosing “other” as a reason.



- After correcting the exception, it is not yet “cleared.” There are two ways to mark it as cleared. The first is to click on the elongated oval shape underneath the exception card. Clicking on the oval marks the exception cleared and it turns green.



Or, return to the exception screen where all the exceptions are listed, check the box next to the exception, and click **Mark as Corrected** at the bottom of the page.



## SALARY VARIANCE REASON OPTIONS

**Salary Continuance** – Use this field when a member is on an employer-sponsored disability plan. A completed Salary Continuance form referencing batch number is also needed. In this instance, the pay period is removed from the scheduled batch and the member and the pay are moved into a new unscheduled batch with the same pay period information. Additionally, a Salary Continuance record is generated for the member.

The Salary Continuance form is available at: <https://www.nhrs.org/docs/default-source/employers-forms/salary-continuance.pdf>

**Worker's Comp** – Employer-funded supplemental wages can be reported; however, worker's compensation (WC) wages are not Earnable Compensation and should not be reported. The variance is due to the member being on WC, which is why the member had reduced wages, or coming back off WC, which is why their wages have increased and gone back to normal. No further action occurs after selecting this field.

**Longevity Pay** – Annual longevity is acceptable for all tiers. End-of-career longevity pay is only allowed for Tier A. If this field is selected as the reason and a Termination Date is reported, a batch notice occurs at posting for the member. Otherwise, no further action occurs after selecting this field.

**Settlement** – If selected as the reason, settlement paperwork should be emailed to [joy.tardif@nhrs.org](mailto:joy.tardif@nhrs.org). Wait for NHRS approval, this will kick off a workflow for NHRS. Take no further action until contacted.

**Term Pay** – Payout of unused sick and vacation time. Only reportable for Tier A members. If this field is selected, during the next trial or posting, the DRS validates that the pay period/member is associated to a Tier A plan. Otherwise, another exception error occurs; in this instance, the employer must pick another salary variance reason or change the salary.

**Retro Adjustment** – This would be selected if your member received a pay increase, and you are catching up to pay the difference in wages owed. A batch notice is generated for the Retro Adjustment.

**Stipend** – Many employers pay a wide variety of stipends to members who perform extra duties. For further guidance on whether a stipend is reportable, please review the Statutory Interpretive Memos (IM 2012-2, IM 2015-1, IM 2015-2, and IM 2015-4), see: <https://www.nhrs.org/employers/employer-resources/laws-administrative-rules/statutory-interpretive-guidance>

If the wages represent additional pay for extracurricular and instructional activities paid to teachers, paraprofessionals, and support staff, the additional pay is reportable as Base Compensation for Tier A and Tier A/C Members and COB for Tier B and Tier C Members. No further action occurs after selecting this field.

**Teacher Summer Wages/Contract Payout** – For Balloon payments or additional payouts to complete a teacher contract. Only acceptable if the member is under a teacher plan. If this field is selected, during the next trial or posting, the DRS validates that the member is on a teacher plan for the pay period.

**Non-Termination Leave Payout** – Payout of unused sick and vacation time to a member who is still an active employee; only allowed for Tier A. If this field is selected, during the next trial or posting, the DRS validates that the member is on a Tier A plan for the pay period.

**Leave of Absence Begin** – Selected when the variance is due to a member beginning a leave of absence. When this field is selected, a Leave of Absence Begin Date date-picker will display, allowing the user to select a start date. At posting, a Leave of Absence record is created in the member's account for informational purposes with a Begin Date derived from the date entered as the Leave of Absence Begin Date. A batch notice is created to indicate a leave began. The member's Pay Status is set to "LEAVE" for that pay period and future pay periods until an end date is entered. No further action occurs after selecting this field.

**Leave of Absence End** – Selected when the variance is due to a member ending a leave of absence. When this is selected, a Leave of Absence End Date date-picker will display, allowing the user to select a date. At posting, a batch notice is created to indicate a leave ended. The member's Pay Status is set to "ACT" (i.e., active) for that pay period. No further action occurs after selecting this field.

Other – If no other reason is acceptable, notify the NHRS relationship manager assigned to your employer or email [exceptions@nhrs.org](mailto:exceptions@nhrs.org) with an explanation of reason. If this field is selected, the DRS generates a warning exception to force NHRS to review the variance.

### **WHAT IF THE WAGES HAVEN'T CHANGED?**

A salary variance exception may be the result of the participation date being reported incorrectly. When an employer gets a salary variance exception, first verify that the wages and the annual salary are correct. If the wages and annual base are the same and nothing has changed in this batch or the prior batch, verify the participation date.

If the participation date is being reported differently than what was previously reported or is different than what is in the member's record, then the date is what is causing the salary variance exception. This happens because the DRS is trying to look at the wages in the member's record to compare them to what is being reported in the current batch. If the dates don't match, the DRS cannot verify whether the wages have changed, triggering the exception. In this scenario, the employer will need to contact NHRS to allow this exception once the participation date is corrected and updated.