Instructions for Calculating Supplemental Compensation
For an Employee with a Single Employer With Tips

If you are a Covered Employer, you must pay supplemental compensation to your covered employees receiving benefits for child bonding under California Paid Family Leave. Your employee is required by law to notify you if s/he has more than one employer in order to receive supplemental compensation.

These instructions will help you calculate the Supplemental Compensation amount owed to the employee if the employee has only one employer and the employee receives tips (gratuities).

Terms:

A = EDD weekly benefit amount

B = Normal Gross Weekly Earnings including reported tips

C = Remainder after EDD Weekly Benefit Amount

D = Weekly wages without tips

E = Employer's weekly Supplemental Compensation amount

Calculation: (D/B) X C = E

Documents Needed:

The EDD Notice of Computation Form (DE 429D) or the employee's weekly benefit amount provided by EDD; and, employer payroll records covering the lookback period (as defined in the Ordinance).

Step One: Find the employee's California Employment Development Department (EDD) weekly benefit amount from the EDD Notice of Computation form provided by the employee or use the weekly benefit amount provided to you by EDD.

EDD Weekly Benefit (A) = __________

Step Two: Determine the current normal gross weekly wages including reported tips from employer payroll records.

Since earnings with tips fluctuate, they **must** be calculated based on the Paid Parental Leave lookback period. The lookback period is defined as "immediately preceding the start of the employee's California Paid Family Leave Period" (or, for parents who give birth and take Paid Family Leave immediately after their pregnancy disability leave ends, their Paid Parental Leave Lookback Period will be the period immediately preceding their pregnancy disability leave). The period contains six bi-weekly or semi-monthly, or 12 weekly pay periods and is codified at 3300H.4(b)1(B).

The grids below will help you calculate the employee Normal Gross Weekly Wage including tips from this period. If your employee was on unpaid or partially paid leave for any of these pay periods do not include those pay periods in calculating the average gross weekly wage. Rather, add in earlier pay periods up to 26 weeks prior to the start date of your employee's California Paid Family Leave for child bonding. Note that commissions and bonuses may be included when they qualify as "wages" under CA law.

Fill in your employee's pre-tax wages in the first grid row and reported tips in the second based on how the employee is paid: bi-weekly or semi-monthly, or weekly.

Sum each row in the final column and determine the average weekly wage and average weekly tip amounts. For weekly and bi-weekly sums, divide by 12 and for semi-monthly divide by 13. The sum of the average wage and average tip is the employee's average gross weekly wage or (B) above.

Weekly pay:

	W1	W2	W3	W4	W5	W6	W7	W8	W9	W10	W11	W12	Sum
Wages													
Tips													
												Total	

Add the sum of wages and tips and by divide 12 _____________ = (B) Normal Gross Weekly Wage with tips

Bi-weekly pay:

	BiWeek1	BiWeek2	BiWeek3	BiWeek4	BiWeek5	BiWeek6	Sum
Wages							
Tips							
						Total	

Add the sum of wages and tips and divide by 12 __________ = (B) Normal Gross Weekly Wage with tips

Semi-Monthly pay:

	SMonth1	SMonth2	SMonth3	SMonth4	SMonth5	SMonth6	Sum
Wages							
Tips							
						Total	

Add the sum of wages and tips and divide by 13 __________ = (B) Normal Gross Weekly Wage with tips

Step Three: Is the normal gross weekly wage greater than $2567 (2022 Maximum PPLO Benefit Amount)?

If yes, then use $2567 for "B" in the calculation below.

If no, then use "B" from above

Step Four: determine the amount remaining after EDD benefit by subtracting A from B

B – A = C __________

Step Five: Calculate the average weekly wages without tips by dividing the sum of wages from the grid above by the appropriate factor to determine the weekly wages without tips or (D).

D = _______

Step Six: Divide the weekly wages without tips (D) by the normal weekly wages (B) and multiply by the supplemental compensation to get the employer weekly supplemental compensation amount. This is the amount the employer will pay weekly to a covered employee.

(D/B) X C = E __________ Employer Weekly Supplemental Compensation amount

Step Seven: If you need to pay Supplemental Compensation daily, divide the weekly amount from Step Six by 5 days. ___________ E/5= Daily Supplemental Compensation amount.

Step Eight: If you need to pay Supplemental Compensation hourly, divide the daily amount from Step Seven by 8 hours. __________ Daily/8 = Hourly Supplemental Compensation Amount.