Instructions for Calculating Supplemental Compensation
For an Employee with Multiple Employers with Tips

As a Covered Employer with an employee that has more than one employer, you must only pay Supplemental Compensation corresponding to your portion of the Covered Employee's Normal Gross Weekly Wages. Your employee is required by law to notify you if they have more than one employer and provide information about wages and reported tips from other employers in order to receive Supplemental Compensation.

The goal of this calculation is to establish the Normal Gross Weekly Wages including reported tips, the total Supplemental Compensation and the employer's portion of the weekly Supplemental Compensation amount.

Terms:

A = EDD Weekly Benefit Amount

B = Total Normal Weekly Wage including reported tips for all employers

C = Remainder after EDD Weekly Amount

D = Employer 1 Normal Weekly Wage without reported tips

E1 % = Employer 1 percentage of Remainder after EDD Weekly Amount

E = Employer 1 amount of Weekly Supplemental Compensation to pay employee

Calculation: (E1 %) x C = E

Documents Needed: The EDD Notice of Computation Form (DE 429D) or the employee's weekly benefit amount provided by EDD, Employer Payroll Records covering the lookback period (as defined in the Ordinance and below), and the San Francisco Paid Parental Leave Form will provide the information needed to complete the calculation.

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 employee's total Normal Gross Weekly Wages including reported tips for all employers from employer payroll records and the San Francisco Paid Parental Leave Employee Form.

Total Normal Weekly Wage (B) = __________

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 in the Labor and Employment Code Article 14.2(b).

The grids below will help you calculate the employee's average, Total Normal Weekly Wage including tips. If your employee was on unpaid or partially paid leave for any of these pay periods (such as pregnancy disability leave) do not include those pay periods in calculating the Normal 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 bonding.

Fill in your employee's pre-tax wages in the E1 Wages grid row and reported tips in E1 Tips based on how the employee is paid: bi-weekly, semi-monthly, or weekly and add the starting pay period date in the top of each column. For each additional employer reported on the San Francisco Paid Parental Leave Employee Form, enter the weekly wages and tips in E2 Wages and E2 Tips in the additional grids. If there are more than two, add additional rows as needed. Note that commissions and bonuses may be included when they qualify as "wages" under CA law.

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 wages and average tips is the employee's average, total normal weekly wage or (B).

Weekly pay:

Pay Period Start Date													Sum
E1 Wages													
E1 Tips													
$E_{2,3}$ Wages													
$E_{2,3}$ Tips													

Add the sum of wages divided by 12 _____ = Avg Wages and sum of tips divided by 12 _____ = Avg Tips

The sum of average wages and average tips will be the Total Normal Weekly Wage or (B)_____

Bi-weekly pay:

Pay Period Start Date							Sum
E_1 Wages							
E_1 Tips							
$E_{2,3}$ Wages							
$E_{2,3}$ Tips							

Add sum of wages divided by 12 _____ = Avg Wages and sum of tips divided by 12 _____ = Avg Tips

The sum of average wages and average tips will be the Total Normal Weekly Wage or (B)_____

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Semi-Monthly pay:

Pay Period Start Date							Sum
E_1 Wages							
E_1 Tips							
$E_{2,3}$ Wages							
$E_{2,3}$ Tips							

Add the sum of wages divided by 13 _____ = Avg Wages and sum of tips divided by 12 _____ = Avg Tips

The sum of average wages and average tips will be the Total Normal Weekly Wage or (B)_____

Step Three: Is the Total Normal Weekly Wage including reported tips greater than $2,700 (2023 and 2024 Maximum PPLO Benefit Amount)?

If yes, then use $2,700 for "B" in the calculation below.

If no, then use "B" from above.

Step Four: determine the Remainder after EDD Weekly Benefit amount by subtracting A from B.

B – A = C ________ Remainder after EDD Weekly Benefit amount

Step Five: Calculate the Employer 1 (E1) average weekly wages paid to the employee without tips (D) by dividing the sum of E1 wages from the grid above by the appropriate factor.

D = _______ Employer 1 Total Normal Weekly Wage without reported tips

Step Six: Divide the Employer 1 average weekly wage without reported tips (D) by the Total Normal Weekly Wages (B) to determine the Employer 1 percentage of the Remainder after EDD Benefit Amount.

D/B= _________ (E1 %) or Employer 1 Percentage of the Remainder after EDD Benefit Amount

Step Seven: Multiply the Employer 1 percentage (E1%) by the Remainder after EDD Weekly Benefit Amount (C) to get the employer weekly Supplemental Compensation amount. This is the amount the employer will pay weekly to a covered employee.

(E1 %) X C = E __________ Employer 1 Weekly Supplemental Compensation amount

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

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