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: \((D/B) \times C = E\)

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 birth mothers transitioning directly to Paid Family Leave, the period immediately preceding her 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:**

<table>
<thead>
<tr>
<th>W1</th>
<th>W2</th>
<th>W3</th>
<th>W4</th>
<th>W5</th>
<th>W6</th>
<th>W7</th>
<th>W8</th>
<th>W9</th>
<th>W10</th>
<th>W11</th>
<th>W12</th>
<th>Sum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages</td>
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<tr>
<td>Tips</td>
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</tbody>
</table>

Total

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

**Bi-weekly pay:**

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<thead>
<tr>
<th>BiWeek1</th>
<th>BiWeek2</th>
<th>BiWeek3</th>
<th>BiWeek4</th>
<th>BiWeek5</th>
<th>BiWeek6</th>
<th>Sum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages</td>
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<td>Tips</td>
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</table>

Total

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

**Semi-Monthly pay:**

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<tr>
<th>SMonth1</th>
<th>SMonth2</th>
<th>SMonth3</th>
<th>SMonth4</th>
<th>SMonth5</th>
<th>SMonth6</th>
<th>Sum</th>
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<tr>
<td>Wages</td>
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</table>

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 $2167 (2020 Maximum PPLO Benefit Amount)?

If yes, then use $2167 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).

\[ D = \]

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**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.

\[(D/B) \times C = E\]  
**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. \[E/5= \text{Daily Supplemental Compensation amount.}\]

**Step Eight:** If you need to pay Supplemental Compensation hourly, divide the daily amount from Step Seven by 8 hours. \[\text{Daily}/8 = \text{Hourly Supplemental Compensation Amount.}\]