SDI/PFL Coordination Program

BUTTE COUNTY
STATE DISABILITY/PAID FAMILY LEAVE INSURANCE (SDI/PFL)
COORDINATION PROGRAM

Butte County and the State Employment Development Department (EDD) have an arrangement to coordinate accrued sick leave (or its equivalent accrual) and California State Disability insurance/Paid Family Leave Insurance (SDI/PFL) benefits. This document describes the County's SDI/PFL Insurance Coordination Program and contains all the necessary instructions for employees wishing to coordinate their paid leave time with SDI/PFL benefits.

The Butte County Coordination Program will utilize available leave accruals in accordance with the County Mandatory Leave Usage Policy.

I. California State Disability Insurance/Paid Family Leave Insurance

The California State Disability Insurance (SDI) program provides weekly partial wage replacement benefits to employees who are unable to work due to various "qualifying events." Under SDI leave situations, these events include the employee being disabled by a condition, illness or accident that is not job related. For purposes of the SDI program, California law defines "disability" as any illness or injury, either physical or mental (including pregnancy, childbirth or related medical conditions), that prevents a covered employee from performing regular or customary work. SDI benefits may be received for up to fifty-two (52) weeks, per EDD approval.

The California Paid Family Leave (PFL) program pays benefits to a covered worker who misses work for a qualifying event. Events could include time off to care for the employee's child, spouse, parent or registered domestic partner who has a serious health condition, or to care for a spouse's or domestic partner's child who has a serious health condition. It also includes compensation for time taken off to bond with the employee's newborn child of less than 12 months of age or with a minor child newly placed with the employee in connection with adoption or foster care, or to bond with a spouse's or registered domestic partner's newborn child or minor child newly placed with them in connection with the adoption or foster care. PFL benefits may be paid for a total of six (6) weeks during a rolling 12-month period.

SDI/PFL benefit levels depend on the employee's earnings, with weekly and maximum benefits being based on a formula determined by EDD. SDI benefits are payable starting on the eighth (8^{th}) calendar day of absence from work, or the first day of hospitalization, whichever comes first. Under most circumstances, PFL benefits are payable starting the eighth (8^{th}) calendar day of an absence from work because of a qualifying event.

Note: An SDI claim for pregnancy-related disability, followed immediately by a PFL claim to cover bonding with your newborn is considered a single qualifying event not requiring secondary waiting period.

It is the employee's responsibility to file an SDI/PFL claim as soon as the employee is eligible, as determined by EDD. An SDI claim is filed with EDD and includes certification from the employee's health care provider. A PFL claim is also filed with certification from a health care provider unless it is for bonding leave in which case it is filed directly with EDD. **The County is not involved in the EDD application/benefit payment process.** The County's Human Resources Department's role is limited to verifying employment, pay rate; any compensation earned and leaves type used during the period of leave, and the dates of absence due to a qualifying event.

II. State Disability Insurance/Paid Family Leave Insurance Coordination

SDI/PFL Coordination is a benefit where, an employee uses his/her accrued time off while receiving SDI/PFL benefit payments. Coordination has the effect of approximating full compensation during the absence from work by combining sick leave (or other required accruals) and SDI/PFL benefits, as long as the employee's leave balance(s) permits.

The County will utilize the employee's EDD benefit payment stub as the basis for coordination of gross wages. This is accomplished by subtracting SDI/PFL benefits paid to the employee by EDD from the employee's gross wages, and then dividing the SDI/PFL benefit adjustment by the employee's current County hourly rate, totaling the number of leave hours to be returned in a pay period.

Example (based on 14 day benefit payment):

Prequalifying event gross wages	$1,651.07
Minus SDI/PFL benefit amount received by employee	$920.00
Adjusted gross pay	$731.07

For the purposes of this example, assume hourly rate of $20.6384. Divide SDI/PFL benefit adjustment of $920 by Butte County hourly rate of $20.6384 = 44.5771 hours of leave accrual being returned to the employee.

Employees shall utilize available leave accruals in accordance with the Mandatory Leave Usage Policy by coding their timesheet with sick leave (or other required accruals) and/or "non-compensable" time, for a total of 80 hours each pay period. This process has been carefully developed to extend the duration of accrued leave balances with the intent that the employee's combination of paid leave accruals and SDI/PFL benefits does not exceed his/her prequalifying event gross salary.

There are several advantages to supplementing disability benefits with accrued sick, vacation, holiday, administrative or compensatory time:

- Employee receives compensation approximately equivalent to full pay based on their gross salary (through a combination of accrued leave usage and EDD payments) if employee has sufficient accrued time available.
- Employee continues to accrue sick, vacation, administrative and holiday time on the adjusted accrual usage.
- County sponsored premiums for employee medical, dental and vision benefits will continue to be paid by the County as long as the employee continues on FMLA/CFRA/PDL and/or appropriate paid status by the County.
- Disability payments are non-taxable.
- Retirement contributions continue (based on adjusted gross wages paid through payroll).

III. Conditions of Coordination:
Employees must be covered by SDI/PFL and have an EDD-approved claim for benefits to be coordinated. Employees in the following Units are currently covered:

- BCEA-General
- BCEA-SSW
- BCMEA
- PEA
- PPOA
- PPOA- Management
- Non-Represented
- Confidential

In addition, employees must submit the **<u>initial</u>** EDD benefit payment stub into the Human Resource Department within *<u>thirty (30) days of the claim effective date</u>*, in order to calculate the appropriate level of coordination. If an employee fails to submit the required documents within 30 days, the wages earned by the employee will be reported to EDD, and the employee will not be eligible for benefits coordination. ***If an employee experiences a delay in receipt of the EDD benefit payment stub, the employee is responsible for contacting the Payroll division of the Butte County Human Resources Department immediately.*** Situations where employees are incapacitated will be considered on a case by case basis; and documentation may be required.

a. Due to payroll processing and EDD deadlines, employees will be overpaid prior to any adjustments being made (if the employee has enough accruals to cover this period) due to the potential to be fully paid by the County and by EDD. Adjustments for said overpayments will not be made until the employee returns to work and a final audit is complete.

b. The second and all **<u>subsequent</u>** EDD benefit payment stubs must be turned in to the Payroll division of the Butte County Human Resources Department *<u>within two (2) business days of receipt</u>*. Failure to submit subsequent EDD payment stubs by the time the County processes payroll will result in the same number of accrual hours used during the prior pay period to be populated for the current pay period. ***As noted above, if an employee experiences a delay in receipt of the EDD benefit payment stub, the employee is responsible for contacting the Payroll division of the Butte County Human Resources Department immediately.***

Options for submitting EDD Benefit payment stubs include, but are not limited to:

- Email to HR.Payroll@buttecounty.net
- Utilize Smart Phone to take picture and email to address above
- Fax to (530) 538-2028
- Hand deliver to 3A County Center Drive, Oroville 95965

c. Employees must use accrued time off in accordance with Mandatory Leave Usage Policy, if leave balances are available to cover the 7-day waiting period required by EDD. If the employee's available accrual balances are less than 40 hours during the waiting period, the balance(s) not covered by leave hours will be coded as "Non-Compensated" time, and the employee will not be compensated for those hours by SDI/PFL or by the County.

d. For benefit protected leaves of absence, such as FMLA/CFRA/PDL, the County will continue to pay the full employer share of the health insurance costs. Failure to pay the employee share of the insurance premiums while on protected leave will result in cancellation of insurance coverage.

e. For qualified leaves of absences **not** protected by FMLA/CFRA/PDL, the coordination of accrual usage will result in continued full employer paid health insurance premiums, when the employee has sufficient accrual balances as defined above. Employees without sufficient accrual balances will be responsible for full insurance premiums (Employee and Employer contribution).

f. Employees will accrue paid time off during the period of time being coordinated, based on the adjusted leave usage.

g. At the conclusion of the coordination period, a final audit will be performed by County payroll and any overpayment shall be repaid to the County in the form of payroll deductions.

h. Failure to enter into a repayment agreement within 14 calendar days after the final audit is completed and sent to the employee will result in wage information for the disability period to be reported to EDD as a possible overpayment. Any potential overpayment at this point would then be addressed between the employee and EDD.

i. The proposed repayment agreement will not exceed 25% of employee's gross wages per pay period; unless requested by the employee.

If you have any questions, call Human Resources – Payroll