

State of California

**M E M O R A N D U M**

To: PERSONNEL MANAGEMENT LIAISONS

Date: December 3, 1992

Reference Code: 92-122

THIS MEMORANDUM SHOULD BE DISTRIBUTED TO ALL  
PERSONNEL OFFICERS, WORKERS' COMPENSATION AND  
SAFETY OFFICERS AND PERSONNEL TRANSACTIONS STAFF

From: Department of Personnel Administration

Subject: INDUSTRIAL DISABILITY LEAVE WITH SUPPLEMENTATION

For periods of work related disability commencing on or after January 1, 1993, subject to Government Code Section 19869 et. seq., any employee in Units 1, 3, 4, 6, 8, 10, 11, 15, 18 and 20, who is a member of the Public Employees' Retirement System (PERS) or the State Teachers' Retirement System (STRS), will receive Industrial Disability Leave (IDL). Eligible employees in these units will no longer have the option of electing Temporary Disability (TD) at any time during the 52 weeks that the IDL benefit is available. However, TD will be available to those employees who remain disabled after the IDL benefit is exhausted, or those who are not members of PERS or STRS, as provided for in Government Code Section 19863. In addition, employees in these units will be allowed to use accrued leave credits to supplement Industrial Disability Leave (IDL) benefits, if they wish to do so, in accordance with certain limitations. IDL with supplementation (IDL/S) is subject to all of the existing policies and procedures that pertain to regular IDL, except as noted in this memorandum.

This benefit is not available to any excluded employees (managers, supervisors or confidentials) at this time, nor is it available to any rank and file employee in Units 2, 5, 7, 9, 12, 13, 14, 16, 17, 19 or 21. DPA intends to expand this benefit to include excluded employees by July 1, 1993 after some automated system enhancements and employee communications tools have been fully developed.

In order to assist departmental personnel in implementing this benefit and disseminating information to eligible employees regarding eligibility criteria and enrollment procedures, this memorandum also includes: (1) new forms developed for the application of this benefit, (2) a sample memo and notices to send to affected employees, (3) examples that may be used to explain the benefit and assist in benefit calculations and (4) an informational bulletin that includes commonly asked questions and answers.

**DEFINITIONS**

**Period of Disability** - The "period of disability" starts on the first day of lost work time after the date of injury and continues until the employee's condition is determined to be permanent and stationary or the employee returns to work.

**Full Net Pay** - The Employee's Gross Salary minus Federal and State Tax, OASDI/Medicare and Retirement. Miscellaneous deductions will not be factored into the calculation of the employee's full net pay.

**Gross Salary** - Includes any premium or shift pays that are currently included in IDL calculations.

#### ELIGIBILITY AND ENROLLMENT TIMEFRAMES

Only employees in Units 1, 3, 4, 6, 8, 10, 11, 15, 18, and 20, who are members of the PERS or STRS, are eligible for either basic IDL, or IDL with Supplementation (IDL/S). The employee's "period of disability" must begin on or after January 1, 1993, except as provided below.

- o **Eligible employees who are injured on or after January 1, 1993** - When an injury/illness has been determined to be work related and workers' compensation benefits are approved, an employee will be given 15 calendar days in which to choose IDL or IDL/S. A sample memo which includes employee election options is included with this memorandum as Attachment A. If an employee chooses IDL, then he/she may not elect to supplement at a later date. If an employee chooses IDL/S then the employee may choose to supplement at the level sufficient to yield an amount which approximates his/her full net pay, or a supplementation level that is less than that amount. Once a supplementation level is selected, the employee may elect to decrease the amount at any point in the future, but he/she may not elect to increase the amount. Any subsequent reduction in the supplementation amount will be made on a prospective basis only. Please note that since any employee who is injured in January would receive full net pay for the first 22 dates of disability, the first pay period in which IDL/S would be provided is the February 1993 pay period.
- o **Eligible employees who are currently receiving disability benefits on January 1, 1993** - Any employee who is receiving disability benefits, either IDL or TD, on the effective date of this benefit will have a one-time opportunity to opt into the new benefit. The benefit will only be available to such employees for the remainder of the time that they have eligibility for IDL benefits. The open enrollment period for this election will begin on January 4, 1993 and end on January 29, 1993. All elections will be made prospectively, beginning with the February 1993 pay period. The procedures for this enrollment are outlined in greater detail in the following section.
- o **Eligible employees who are not currently receiving disability benefits on January 1, 1993, but experience a period of disability after that date that relates to an injury sustained prior to 1993.** - The MOU provisions indicate that any employee who experiences a "period of of disability commencing" ... on or after January 1, 1993 is entitled to the new benefit. Therefore if an employee has a loss of time due to a work related injury or illness any time after the effective date, then he/she should be offered an opportunity to opt into the new benefit for the new period of disability, regardless of the date of the original injury. In order to provide equitable treatment of employees in this group and those that were actually on disability on January 1, 1993, the first pay period in which these employees could receive the IDL/S benefit is the February 1993 pay period.

- o **Eligible employees who receive approval of workers' compensation claims that relate to 1992 injuries after January 1, 1993** - Any employee who receives approval of a pending workers' compensation claim after the effective date must be offered the new benefit, but only for any period of time he/she is eligible for IDL in 1993. In order to provide equitable treatment of employees in this group and those that were actually on disability on January 1, 1993, the first pay period in which these employees could actually receive the IDL/S benefit would be the February 1993 pay period.

## PROCEDURES AND RESTRICTIONS

### Routine Processing

The new form DPA 618-S (11/92) has been developed exclusively for the administration of this benefit. A copy of this new form is included with the memorandum as Attachment B. This form limits the employee's choice to either IDL or IDL/S and it delineates the deduction amounts to be used in establishing the basic benefit level. The State Controller's Office is currently working on an automated calculating function that will be used to prepare the Form 618-S and the pay requests. In the meantime, however, the calculations will have to be done manually in accordance with the formula provided on the back of the form.

Once the department has prepared the calculations for the employee regarding the basic IDL benefit and the supplementation feature, the employee will have 15 calendar days to make his/her election. Employees who fail to make an election within 15 calendar days shall be placed on IDL without supplementation. Employees who fail to make the election in a timely manner forfeit the right to supplement the benefit at any future time. Departments are aware, however, that because of delays in the administration of the workers' compensation system, it is not unusual for an employee to be off from work for some time before an injury/illness is determined to be job related. Therefore, the 15 calendar day "election period" commences on the date that the department advises the employee that he/she is eligible for workers' compensation benefits.

### Special "Open Enrollment" Processing

The department must send a notice to all employees who are (1) in Units 1, 3, 4, 6, 8, 10, 11, 15, 18 and 20 and (2) currently on IDL. In addition, this notice must be sent to any employee who opted for TD, but is eligible for IDL and has not been disabled for more than 52 weeks within a two year period. This notice must be sent out by January 1, 1993 and it must advise these employees that they may elect to change to the new benefit.

Two sample notices are included with this memorandum as Attachment C(1) and Attachment C(2). The C(1) Notice is designed for employees who are on IDL and are eligible to enroll in IDL/S. The C(2) Notice is designed for employees who are on TD or TD with supplementation and are eligible to enroll in IDL/S; this notice should not be sent to employees who are on TD because they are not members of PERS or STRS, or those who are on TD because they have already exhausted their IDL benefit.

Any employee who wishes to obtain IDL or IDL/S must contact the Personnel Office by January 29, 1993. If an eligible employee takes no action during the open enrollment period, he/she forfeits any right to opt into

the benefit at a later date, unless failure to act was caused by a delay in approval of disability benefits outside of the employee's control. Employees who do not elect to change to the new benefit retain all of the rights and privileges available to them under the former rules for IDL or TD including the right to change benefit levels on the 23rd date of disability and the 90th date of disability. Employees who are on TD may only elect into IDL/S under this program, they may not opt to select basic IDL without supplementation.

#### Limitations Regarding IDL/S Election

Employees may supplement IDL with any accrued leave credits, including vacation, annual leave, sick leave, CTO or personal leave each month. Employees may choose to supplement with less time, but once the level of supplementation is selected it may not be increased. Supplementation levels can not include fractions of an hour. An employee may decrease the supplementation amount or terminate supplementation at any point, but changes will be made on a prospective basis only. The effective date of any change will be the first of the pay period following the pay period in which the employee's election for change is made.

- o Leave hours needed for supplementation should be drawn from the employee's leave balance in the following priority: (1) Sick Leave, (2) CTO, (3) Vacation or Annual Leave, (4) Other Leave Credits (e.g. Personal Leave, Holiday Credit). Departments may give employees the option to change this priority order as part of the election process.
- o If an employee's leave credits fall below the supplementation amount that was selected and he/she is still on IDL, the supplementation amount should be reduced to the amount of leave credits available each month (except that no fractions of an hour may be used), unless the employee wishes to stop supplementation completely.
- o If an employee is on IDL for a portion of the month and the amount of supplementation selected exceeds the amount necessary to obtain full net pay, then the personnel office must adjust the supplementation amount to insure that the employee's disability payment does not exceed full net pay. It is possible that an employee may not be eligible to supplement at all due to the fact that he/she received pay equal to or exceeding full net pay during the pay period.
- o Income received from supplementation is taxable and will be reported on the employee's W-2 form at the end of the year. Federal and State taxes will be based on the flat tax rates of 20% and 6% respectively. Supplementation Pay is subject to Social Security/Medicare, but not State Retirement. In addition, any miscellaneous deductions, garnishments, and accounts receivables that the State has not already taken from the IDL pay, or any other pay for the pay period, will be taken from the supplementation pay to the extent that there is a sufficient amount to do so.

#### CALCULATING THE SUPPLEMENTATION BENEFIT

Until the automated calculating function is available on-line from the State Controller's Office, departmental personnel will have to calculate the level of supplementation on the worksheet that is provided on the back of the new STD Form 618-S. The formula and sample calculations are provided with this memorandum in Attachment D.

**ADDITIONAL EMPLOYEE INFORMATION**

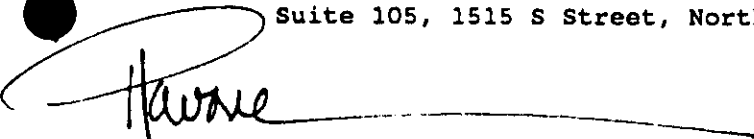
DPA staff is developing an IDL/S bulletin for eligible employees which includes a basic explanation of the benefit and various questions/answers that employees may commonly ask regarding the benefit. A draft of this bulletin is included with this memorandum as Attachment E. We encourage departmental personnel to use this draft during the initial implementation of this benefit and identify additional information that should be included. DPA staff will incorporate departmental input on this document and finalize this communication tool prior to expansion of the benefit to excluded employees by July 1, 1993.

**TRAINING**

There will be several training sessions conducted for Workers' Compensation Specialist and Personnel Transactions staff. Space is limited, so you are interested in attending one of these sessions, please contact Linda McCarthy in the DPA Workers' Compensation and Safety Program at 916-327-4021.

Session 1 - 12/18/92 9:30-11:30 - McCloud Room (STC)  
Session 2 - 12/18/92 1:30- 3:30 - McCloud Room (STC)  
Session 3 - 12/23/92 9:30-11:30 - Stanislaus Room (STC)  
Session 4 - 12/23/92 1:30- 3:30 - Stanislaus Room (STC)

All training sessions will be held in the State Training Center (STC), Suite 105, 1515 S Street, North Building, Sacramento, CA 95814.



Patricia Pavone, Chief  
Benefits and Training Division



ATTACHMENT A

MEMO TO EMPLOYEES WHO ARE NEWLY ELIGIBLE FOR IDL/S



State of California

**M E M O R A N D U M**

To:

Date:

From: **Personnel Transactions**

Subject: **Industrial Disability Leave Benefit Election**

Due to your industrial injury incurred on \_\_\_\_\_, you are entitled to Industrial Disability Leave (IDL). You will receive full net pay for the first 22 working dates you are off the job. Thereafter, you will receive 2/3 of your monthly gross pay for the remaining time that you are off the job, not to exceed a total of 52 weeks within a two year period. You will continue to earn sick leave and/or vacation/annual leave credits and State Service credit while on IDL. Your miscellaneous deductions will continue as long as there is sufficient monies to withhold the deductions, except for deferred compensation or other voluntary pre-tax deductions (e.g. medical and dependent care reimbursement accounts). The State share on health, dental, and vision insurance will be paid if you are enrolled in those benefits, but any employee copayments must be made on a post-tax basis because IDL payments are not taxable and will not be reported on your annual W-2 forms.

You may elect to supplement basic IDL with your earned leave credits, up to your full net pay, after the first 22 working dates. However, please note that supplementation pay is taxable and subject to the limitations listed below.

- o You have until \_\_\_\_\_ to make your election to receive either IDL without supplementation or IDL with supplementation (IDL/S). If you do not make an election by this date, you will automatically be placed on IDL without supplementation. No retroactive changes to IDL/S will be allowed after this date.
- o Assuming that you are on IDL for the entire pay period, you may supplement your IDL with a maximum of \_\_\_\_\_ hours of accrued leave credits (e.g. vacation, annual leave, sick leave, CTO or personal leave) each month, based on a 22 day pay period. However, be advised that supplementation levels may have to be adjusted if you are on IDL for only a portion of the pay period to ensure that your IDL payment plus your supplementation does not exceed your full net pay. You may also choose to supplement with less time, but once the level of supplementation is selected you may not increase the amount. Supplementation levels can not include fractions of an hour. You may decrease the supplementation amount or terminate supplementation at any point, but changes will be made on a prospective basis only. The effective date of any change will be the first day of the pay period following the pay period in which your election for change was made.
- o Leave hours needed for supplementation will be drawn from your leave balance in the following priority: (1) Sick Leave, (2) CTO, (3) Vacation or Annual Leave, (4) Other Leave Credits (e.g. Personal Leave, Holiday Credit).
- o If your available leave credits fall below the supplementation amount that you select and you are still receiving IDL, your supplementation amount will be reduced by your Personnel Office to the amount of

leave credits that you have available each month (except that no fractions of an hour may be used), unless you stop supplementation completely.

- o If you are on IDL/S for a portion of the month and the amount of supplementation selected exceeds the amount necessary to obtain full net pay, then the Personnel Office will reduce the supplementation amount to insure that your disability payment does not exceed your full net pay. It is possible that you may not be eligible to supplement at all due to the fact that you may receive pay equal to or exceeding full net pay during the pay period.
- o Income received from supplementation is taxable and will be reported on your W-2 form at the end of the year. Federal and State taxes will be based on the flat tax rates of 20% and 6% respectively. Supplementation pay is subject to Social Security/Medicare, but not State Retirement. In addition, be advised that any miscellaneous deductions, garnishments, and accounts receivables that the State has not already taken from your IDL pay, or any other pay for the pay period, will be taken from your supplementation pay to the extent that there is a sufficient amount to do so.

Please indicate your benefit selection in the space below and return this letter to your Personnel Office within 15 calendar days, or no later than the date indicated above. Failure to respond in the allowed time will result in you being placed on IDL without supplementation.

\_\_\_ Industrial Disability Leave (IDL) without supplementation

\_\_\_ Industrial Disability Leave with supplementation (IDL/S)

If you select IDL/S please indicate the level of supplementation requested. Please be advised that the Personnel Office may be required to change this supplementation level because of changes in your monthly pay status and available leave credits.

\_\_\_ Full Supplementation in the amount indicated above.

\_\_\_ Partial Supplementation in the amount of \_\_\_\_\_ hours.

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**EMPLOYEE CERTIFICATION AND SIGNATURE:**

I have received a copy of the Industrial Disability Leave Benefit Option Comparison (STD Form 618-S) and I understand that the election I made above regarding my choices related to IDL and IDL/S are subject to the restrictions outlined in this letter.

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Employee's Signature

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Date

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Contact the Personnel Office if you have questions regarding this letter. Please contact the Return to Work Coordinator if you have questions regarding your disability benefits.

**ATTACHMENT B**

**INDUSTRIAL DISABILITY LEAVE BENEFIT OPTION COMPARISON (STD FROM 618-S)**



**INDUSTRIAL DISABILITY LEAVE WITH SUPPLEMENTATION BENEFITS INFORMATION AND OPTION SELECTION FORM**

STD. 618-S (New 11/92)

Employee Name	Date
CBID	Date of Injury
	Response Due Date

We are sorry to learn of your recent misfortune and sincerely hope you make a full recovery. By law, we are required to inform you that you MAYBE entitled to workers' compensation benefits. We do not know if you are eligible now, and will not know until State Compensation Insurance Fund (SCIF) responds to our report.

If its decision is favorable, you have a choice of receiving Industrial Disability Leave payments with or without supplementation of your available leave credits. Also, all medical treatment reasonably required to assist you will be paid in full IF SCIF confirms our responsibility.

The remainder of this notice is to give you some basic information about the choice you MAYBE required to make. Review this information carefully because the choice may also be an irrevocable one. We will contact you within 15 days of the date SCIF confirms our responsibility and your disability by means of SCIF Form 3319 ("Notice about your Workers' Compensation Benefits"). At that time we will send you another of these forms which will have the reverse side filled out. This will provide you with detailed information based on your own salary, voluntary deductions and available leave credits. You will be asked to sign the form and return it to your departmental personnel office. If you have not been contacted within this 15-day period, please call your departmental personnel office.

**DESCRIPTION OF BENEFITS**

Question	Industrial Disability Leave	Industrial Disability Leave Using Available Leave Credits
Is there a waiting period before benefits start?	Yes, three days. This is waived if you are hospitalized, disabled as a result of a criminal act of violence, or off more than 14 days.	
How much may I receive?	Amount varies and is limited to 52 weeks of payments within a two-year period beginning on the first day of disability. Your regular monthly net pay for 1st 22 working days*; 2/3 gross pay thereafter less voluntary deductions for up to an additional 11 months. <b>NONE OF YOUR LEAVE CREDITS ARE USED.</b> *For the first 22 working days on Industrial Disability Leave, if time is lost for any part of a day, it shall be considered as a full date of disability and counted as one date towards the first 22 working days	For the first 22 dates of disability, you will receive your regular monthly net pay. Beginning on the 23rd date you may supplement the 2/3 gross pay with accrued leave credits in an amount necessary to approximate normal net pay. Once the level of supplementation is chosen it cannot be increased but maybe decreased on a prospective basis at your discretion.
What leave credits maybe used?	N/A	Sick leave, CTO-compensating time off, vacation or annual leave, or other leave credits such as personal leave.
Instead of Industrial Disability Leave may I opt to supplement a workers' compensation payment such as temporary disability?	No. This option is no longer available to you as long as you are eligible to receive Industrial Disability Leave. Once IDL is exhausted you may supplement the workers' compensation payment with available leave credits.	
Does the State contribution for my health, dental and other insurance premiums continue?	State contribution continues.	
Do I continue to earn vacation and sick leave credits?	You continue to receive full credit	
Do I continue to earn personal leave credit?	This depends on how much time is lost in any one pay period. If you are off the entire pay period on IDL with or without supplementation no reduction is made in your pay so no personal leave credit is earned.	
Do I continue to make my PERS/STRS contribution and earn full retirement credit?	Yes, you continue to make your full PERS/STRS contribution and you continue to earn full retirement credit.	
Will disability payments from other sources affect my IDL benefits?	Your benefits may be reduced if you receive Social Security disability payments. Any benefit that you pay for yourself will not be affected.	

IF accepts, on our behalf, responsibility for the time lost from work, you will be placed on Industrial Disability Leave for the first 22 dates of absence to make sure you are receiving some form of income while you are deciding whether or not you wish to supplement this payment beginning on the 23rd work day of disability.

In order to continue to receive IDL or IDL/S employees are required to participate in a vocational rehabilitation plan when offered by the State.

We recommend that you keep this notice until your department contacts you. You can then refer to it if you need further information or any questions answered. The rules governing employees of the State University system may be slightly different from those described. If you are an employee of that system please check with your Personnel Department.

## INDUSTRIAL DISABILITY LEAVE - BENEFIT OPTION COMPARISON

Name		CBID	Social Security No.		All computations based on Salary for: _____ pay period
Position Number	Salary Rate	Retirement Rate	Marital Status	Additional Tax	

REGULAR MONTHLY SALARY				INDUSTRIAL DISABILITY LEAVE - FIRST 22 DAYS																																			
GROSS SALARY				\$	GROSS SALARY				\$																														
PERS/STRS				-	ADJUSTED BY: FEDERAL, STATE & OASDI TAXES				-																														
FEDERAL INCOME TAX				-	GROSS IDL BENEFIT PAYMENT				-																														
OASDI				-	LESS	PERS/STRS RETIREMENT				-																													
STATE INCOME TAX				-		TOTAL MISCELLANEOUS DEDUCTIONS				-																													
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LESS MISCELLANEOUS DEDUCTIONS				AVAILABLE LEAVE CREDITS EFFECTIVE																																			
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				HOLIDAY PAY	PERSONAL HOLIDAY	PERSONAL LEAVE	OTHER																																
				<p><b>PLEASE NOTE:</b> ALL CALCULATIONS ARE BASED ON THE PAY PERIOD AND EFFECTIVE DATE INDICATED ABOVE. LEAVE CREDITS NEEDED FOR SUPPLEMENTATION WILL VARY DEPENDING ON THE NUMBER OF WORK DATES IN THE PAY PERIOD.</p>																																			
TOTAL MISCELLANEOUS DEDUCTIONS								-																															
NET PAY								\$																															

INDUSTRIAL DISABILITY BENEFIT OPTIONS AVAILABLE AFTER FIRST 22 DATES			
BASIC IDL		IDL WITH SUPPLEMENTATION	
GROSS SALARY		GROSS SALARY	
LESS 1/3 ADJUSTMENT		LESS 1/3 ADJUSTMENT	
GROSS IDL BENEFIT PAYMENT		PLUS SUPPLEMENTATION	
LESS	PERS/STRS RETIREMENT		LESS
	TOTAL MISCELLANEOUS		
NET IDL BENEFIT PAY		NET IDL/S BENEFIT PAY	

### SPECIAL IDL CONDITIONS & RESTRICTIONS

- ▶ For the first 22 days on Industrial Disability Leave, if time is lost for any part of a day, it shall be considered as a full day of disability and count as one date towards the first 22 working days.
- ▶ Deductions for Deferred Compensation cannot be taken on the basic Industrial Disability Leave benefit. Deductions for Deferred Compensation can only be taken on industrial leave with supplementation (IDL/S) and only if there is enough money generated by the supplementation pay to cover the deduction.
- ▶ Employees must keep their personnel office informed of any industrial disability benefits received from other programs.

Employee's Signature	Date	Personnel Specialist	Date
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ATTACHMENT C(1)

NOTICE TO EMPLOYEES ON INDUSTRIAL DISABILITY LEAVE ON 1/1/93



State of California

**M E M O R A N D U M**

To:

Date:

From: **Personnel Transactions**

Subject: Notice to Employees on Industrial Disability Leave  
Eligibility for Industrial Disability Leave with Supplementation

Effective January 1, 1993 any employee in Units 1, 3, 4, 6, 8, 10, 11, 15, 18, and 20 who is receiving Industrial Disability Leave (IDL), has a one-time opportunity during the month of January, 1993, to enroll in a new benefit that allows eligible employees to supplement their basic IDL payment, after the first 22 dates of disability, with accrued leave credits. This new benefit is called Industrial Disability Leave with supplementation (IDL/S) and it is intended to provide employees with a way to approximate their full net pay during periods of work related disability. If the basic IDL benefit already provides you with your full net pay, then you would not be permitted to elect IDL/S.

According to your disability records, you will have eligibility for IDL for approximately \_\_\_\_\_ more weeks (\_\_\_\_\_ more dates) as of January 29, 1993. Please be advised that this new benefit is only available to you for the duration of the time that you are eligible for IDL after January 29, 1993. You may only make this election during the open enrollment period from January 4, 1993 until January 29, 1993. If you make no election by January 29, 1993, you forfeit your right to select IDL/S at any point in the future as long as you remain on disability related to your current injury. All adjustments to your disability payments made as a result of your election to begin IDL/S will be effective on February 1, 1993; no retroactive adjustment of your benefits is permitted.

Since you are currently on IDL, you may supplement your IDL with a maximum of \_\_\_\_\_ hours of accrued leave credits each month for the period of time that you are receiving 2/3 of your gross salary. This is based on a regular 22 day pay period. However, be advised that supplementation levels may have to be adjusted if you are on IDL for only a portion of the pay period to ensure that your IDL payment plus your supplementation does not exceed your full net pay. You may choose to supplement with less time, but once the level of supplementation is selected you may not increase the amount. Supplementation levels can not include fractions of an hour. You may decrease the supplementation amount or terminate supplementation, but changes will be made on a prospective basis only. The effective date of any change will be the first day of the pay period following the pay period in which your election for change was made.

Leave hours needed for supplementation will be drawn from your leave balance in the following priority: (1) Sick Leave, (2) CTO, (3) Vacation or Annual Leave, (4) Other Leave Credits (e.g. Personal Leave, Holiday Credit).

Notice to Employees On IDL, Page 2

If your available leave credits should fall below the supplementation amount that you select and you are still receiving IDL/S your supplementation amount will automatically be reduced by your Personnel Office to the amount of leave credits that you have available each month (except that no fractions of an hour may be used), unless you stop supplementation completely.

If you are on IDL/S for a portion of the month and the amount of supplementation selected exceeds the amount necessary to obtain full net pay, then the Personnel Office will reduce the supplementation amount to insure that your disability payment does not exceed your full net pay. It is possible that you may not be eligible to supplement at all due to the fact that you may receive pay equal to or more than full net pay during the pay period.

Income received from supplementation is taxable and will be reported on your W-2 form at the end of the year. Federal and State taxes will be based on the flat tax rates of 20% and 6% respectively. Supplementation pay is subject to Social Security/Medicare, but not State Retirement. In addition, any miscellaneous deductions, garnishments, and accounts receivables that the State has not already taken from your IDL pay, or any other pay for the pay period, will be taken from your supplementation pay to the extent that there is a sufficient amount to do so.

Please indicate your benefit selection in the space below and return this letter to your Personnel Office by January 29, 1993. Failure to respond in the allowed time will result in no change being made to your current benefit level.

I would like to keep IDL without supplementation

I would like to elect IDL with supplementation (IDL/S)

If you select IDL/S please indicate the level of supplementation requested. Please be advised that the personnel Office may be required to change this supplementation level because of changes in your monthly pay status and/or available leave credits.

Full Supplementation in the amount indicated above.

Partial Supplementation in the amount of \_\_\_\_\_ hours.

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EMPLOYEE CERTIFICATION AND SIGNATURE:

I understand that the election I made above regarding my choices related to IDL and IDL/S are subject to the restrictions outlined in this letter.

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Employee's Signature

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Date

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Please contact the Personnel Office if you have questions regarding this letter. Please contact the Return to Work Coordinator if you have questions regarding your disability benefits.

ATTACHMENT C(2)

NOTICE TO EMPLOYEES ON TEMPORARY DISABILITY ON 1/1/93



State of California

MEMORANDUM

To:

Date:

From: Personnel Transactions

Subject: Notice to Employees on Temporary Disability  
Eligibility for Industrial Disability Leave with Supplementation

Effective January 1, 1993 any employee in Units 1, 3, 4, 6, 8, 10, 11, 15, 18, and 20 who is a member of the Public Employees' Retirement System (PERS) or the State Teachers' Retirement System (STRS) and is receiving Temporary Disability (TD) has a one-time opportunity during the month of January, 1993, to enroll in a new benefit that allows eligible employees to supplement the basic Industrial Disability Leave (IDL) benefit with accrued leave credits. This new benefit is called Industrial Disability Leave with Supplementation (IDL/S).

According to your disability records, you will have eligibility for IDL for approximately \_\_\_\_\_ more weeks (\_\_\_\_\_ more dates) as of January 29, 1993. Please be advised that this new benefit is only available to you for the duration of the time that you are eligible for IDL after January 29, 1993. You may only make this election during the open enrollment period from January 4, 1993 until January 29, 1993. If you make no election by January 29, 1993, you forfeit your right to select IDL/S at any point in the future as long as you remain on disability related to your current injury. All adjustments to your disability payments made as a result of your election to begin IDL/S will be effective on February 1, 1993; no retroactive adjustment of your benefits is permitted.

If you are currently on TD with supplementation, you may change to IDL/S, but your supplementation amount may have to be changed to a new amount. It is the goal of IDL/S to allow supplementation in an amount that will approximate your full net pay. This may be a reduction in the amount that you are currently receiving on TD with supplementation.

Leave hours needed for supplementation will be drawn from your leave balance in the following priority: (1) Sick Leave, (2) CTO, (3) Vacation or Annual Leave, (4) Other Leave Credits (e.g. Personal Leave, Holiday Credit).

Based on your leave records, you have enough leave credits to provide full supplementation at the amount indicated above for approximately \_\_\_\_\_ months, based on a 22 day pay period. If your available leave credits should fall below the supplementation amount that you select and you are still receiving IDL/S, your supplementation amount will automatically be reduced by your Personnel Office to the amount of leave credits that you have available each month (except that no fractions of an hour may be used), unless you stop supplementation completely.

If you are on IDL/S for a portion of the month and the amount of supplementation selected exceeds the amount necessary to obtain full net pay, then the Personnel Office will reduce the supplementation amount to insure that your disability payment does not exceed your full net pay. It is possible that you may not be eligible to supplement at all due to the fact that you may receive pay equal to or more than full net pay during the pay period.

Income received from supplementation is taxable and will be reported on your W-2 form at the end of the year. Federal and State taxes will be based on the flat tax rates of 20% and 6% respectively. Supplementation pay is subject to Social Security/Medicare, but not State Retirement. In addition, any miscellaneous deductions, garnishments, and accounts receivables that the State has not already taken from your IDL pay, or any other pay for the pay period, will be taken from your supplementation pay to the extent that there is a sufficient amount to do so.

Please indicate your benefit selection in the space below and return this letter to your Personnel Office by January 29, 1993. Failure to respond in the allowed time will result in no change being made to your current benefit level or your rights under the laws and rules related to TD.

I would like to keep my current TD benefit

I would like to elect Industrial Disability Leave with Supplementation (IDL/S)

If you select IDL/S please indicate the level of supplementation requested. Please be advised that the Personnel Office may be required to change this supplementation level because of changes in your monthly pay status and/or available leave credits.

Full Supplementation in the amount indicated above.

Partial Supplementation in the amount of \_\_\_\_\_ hours.

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**EMPLOYEE CERTIFICATION AND SIGNATURE:**

I understand that the election I made above regarding my choices related to TD and IDL/S are subject to the restrictions outlined in this letter.

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Employee's Signature

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Date

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Please contact the Personnel Office if you have questions regarding this letter. Please contact the Return to Work Coordinator if you have questions regarding your disability benefits.

ATTACHMENT D

FORMULA FOR CALCULATING IDL/S AND SAMPLE CALCULATIONS



FULL IDL SUPPLEMENTATION PAY - COMPUTATION FORMULA

1. COMPUTE "FULL NET PAY" FOR TOTAL HOURS WORKED AND ON IDL IN THE PAY PERIOD:
  - a.  $\text{HOURS WORKED*} + \text{IDL FULL HOURS} + \text{IDL } 2/3 \text{ HOURS} = \text{TOTAL HOURS}.$
  - b.  $\text{TOTAL HOURS} \times \text{HOURLY RATE**} = \text{GROSS}.$
  - c.  $\text{GROSS} - \text{MANDATORY WITHHOLDING***} = \text{"FULL NET PAY"}.$
  
2. COMPUTE "GROSS NET" FOR REGULAR PAY DUE FOR THE PAY PERIOD:
  - a.  $\text{HOURS WORKED*} \times \text{HOURLY RATE**} = \text{GROSS}.$
  - b.  $\text{GROSS} - \text{MANDATORY WITHHOLDING***} = \text{REGULAR "GROSS NET"}.$
  
3. COMPUTE "GROSS NET" FOR IDL FULL PAY DUE FOR THE PAY PERIOD:
  - a.  $\text{IDL FULL HOURS} \times \text{HOURLY RATE**} = \text{IDL FULL GROSS}.$
  - b.  $\text{GROSS} - \text{MANDATORY WITHHOLDING***} = \text{IDL FULL "GROSS NET"}.$
  
4. COMPUTE "GROSS NET" FOR IDL 2/3 PAY DUE FOR THE PAY PERIOD:
  - a.  $\text{IDL } 2/3 \text{ HOURS} \times \text{HOURLY RATE**} = \text{IDL FULL GROSS}.$
  - b.  $\text{IDL FULL GROSS} \div 3 \times 2 = \text{IDL } 2/3 \text{ GROSS}.$
  - c.  $\text{IDL } 2/3 \text{ GROSS} - \text{RETIREMENT} = \text{IDL } 2/3 \text{ "GROSS NET"}.$
  
5. ADD "GROSS NET" AMOUNTS FROM STEPS 3, 4 AND 5.
  
6. COMPUTE "GROSS NET" FOR IDL SUPPLEMENTATION PAY:
  - a.  $\text{STEP 2 "FULL NET PAY"} - \text{STEP 6 "GROSS NETS"} = \text{SUPPLEMENTATION "GROSS NET"}.$
  
7. COMPUTE SUPPLEMENTATION GROSS:
  - a.  $\text{SUPPLEMENTATION "GROSS NET"} \div \text{APPROPRIATE MANDATORY WITHHOLDING FACTOR (SEE ATTACHMENT A)} = \text{SUPPLEMENTATION GROSS}.$
  
8. COMPUTE LEAVE CREDIT HOURS FOR SUPPLEMENTATION:
  - a.  $\text{SUPPLEMENTATION GROSS} \div \text{HOURLY RATE**} = \text{LEAVE CREDIT HOURS (ROUNDED TO THE NEAREST WHOLE HOUR)}.$

PARTIAL IDL SUPPLEMENTATION PAY - COMPUTATION FORMULA

1. HOURLY RATE\*\* X LEAVE CREDIT HOURS BEING USED = SUPPLEMENTATION GROSS.

\* HOURS WORKED SHOULD REFLECT PERSONAL LEAVE PROGRAM (PLP) REDUCTION.

\*\* HOURLY RATE PLUS ANY LOCKED IN PREMIUMS OR SHIFT PAY INCLUDED IN IDL CALCULATIONS.

\*\*\* FEDERAL/STATE WITHHOLDING IS BASED ON CURRENT MARITAL STATUS, EXEMPTIONS, TAX RATES USING THE AGGREGATE METHOD.

SOCIAL SECURITY/MEDICARE BASED ON CURRENT TAX RATES.

RETIREMENT BASED ON STATUS IN EFFECT FOR THE PAY PERIOD OF THE PAY FOR THE GROSS SUBJECT TO RETIREMENT (do not include locked-in premiums NOT subject to retirement) USING THE AGGREGATE METHOD.

EXAMPLE 1

EMPLOYEE IS ON IDL 2/3 FOR ENTIRE PAY PERIOD  
SALARY RATE IS 3800.00 PER MONTH  
FEDERAL AND STATE TAX WITHHOLDING IS BASED ON MARRIED AND 2 EXEMPTIONS  
EMPLOYEE IS A P.E.R.S. MEMBER AND IS SUBJECT TO SOCIAL SECURITY/MEDICARE

EMPLOYEE'S "FULL NET PAY" FOR THE PAY PERIOD IS:

\$3800.00	SALARY RATE
412.85	FEDERAL TAX
88.70	STATE TAX
290.70	SOCIAL SECURITY/MEDICARE
- 164.35	P.E.R.S.
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\$2843.40	"FULL NET PAY"

EMPLOYEE'S "GROSS NET" FOR IDL 2/3 PAY IS:

\$2533.33	IDL 2/3 GROSS
- 164.35	P.E.R.S.
-----	
\$2368.98	IDL 2/3 PAY "GROSS NET"

EMPLOYEE'S "GROSS NET" IDL SUPPLEMENTATION PAY IS:

\$2843.40	"FULL NET PAY"
- 2368.98	2/3 IDL "GROSS NET"
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\$474.42	SUPPLEMENTATION PAY "GROSS NET"

EMPLOYEE'S ACTUAL GROSS FOR SUPPLEMENTATION PAY IS THE "GROSS NET" ADJUSTED BY THE MANDATORY WITHHOLDING FACTOR:

$$\$474.42 \div .6635 = \$715.03$$

LEAVE CREDITS EMPLOYEE MUST USE IN ORDER TO RECEIVE SUPPLEMENTATION PAY IS:

$$\$715.03 \div \$21.59 \text{ (EMPLOYEE'S HOURLY RATE)} = 33.11, \text{ ROUNDED TO 33 HOURS}$$

EXAMPLE 2

EMPLOYEE DUE: 2 DAYS REGULAR PAY, 13 DAYS IDL FULL PAY, AND 6 DAYS IDL 2/3 PAY  
 SALARY RATE IS 3041.00 PER MONTH  
 FEDERAL AND STATE TAX WITHHOLDING BASED ON MARRIED WITH 0 EXEMPTIONS  
 EMPLOYEE IS A P.E.R.S. MEMBER AND SUBJECT TO SOCIAL SECURITY/MEDICARE

EMPLOYEE'S "FULL NET PAY" FOR THE PAY PERIOD IS:

\$3041.00	SALARY RATE
362.19	FEDERAL TAX
67.01	STATE TAX
232.64	SOCIAL SECURITY/MEDICARE
- 126.40	P.E.R.S.
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\$2252.76	"FULL NET PAY"

EMPLOYEE'S TOTAL "GROSS NET" FOR ALL PAY DUE IS:

A) 2 DAYS REGULAR PAY:

\$289.60	REGULAR PAY GROSS
0.0	FEDERAL TAX
0.0	STATE TAX
22.15	SOCIAL SECURITY/MEDICARE
- 0.0	P.E.R.S.
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\$267.45	REGULAR PAY "GROSS NET"

C) 6 DAYS IDL 2/3 PAY:

\$579.20	IDL 2/3 GROSS
- 43.45	P.E.R.S.
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\$535.75	IDL 2/3 PAY "GROSS NET"

B) 13 DAYS IDL FULL PAY:

\$1466.04	IDL FULL GROSS
- 82.95	P.E.R.S.
<hr/>	
\$1383.09	IDL 2/3 PAY "GROSS NET"

EMPLOYEE'S "GROSS NET" IDL SUPPLEMENTATION PAY IS:

\$2252.76	"FULL NET PAY"
- 2186.29	TOTAL "GROSS NETS" OF ALL PAY DUE
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\$66.47	SUPPLEMENTATION PAY "GROSS NET"

EMPLOYEE'S ACTUAL GROSS FOR SUPPLEMENTATION PAY IS THE "GROSS NET" ADJUSTED  
 (THE MANDATORY WITHHOLDING FACTOR):

$$\$66.47 \div .6635 = \$100.18$$

SAVE CREDITS EMPLOYEE MUST USE IN ORDER TO RECEIVE SUPPLEMENTATION PAY IS:

$$\$100.18 \div \$18.10 \text{ (EMPLOYEE'S HOURLY RATE)} = 5.53, \text{ ROUNDED TO 6 HOURS}$$

ATTACHMENT E

IDL/S INFORMATIONAL BULLETIN WITH QUESTIONS AND ANSWERS



## Department of Personnel Administration

### Workers' Compensation Benefit Enhancement

# Supplementing Industrial Disability Leave

## Overview

In an effort to streamline workers' compensation disability payment procedures and reduce some of the confusion for employees related to the various types of disability benefits, the Department of Personnel Administration recently negotiated a change to the benefits available to State employees who are injured on the job.

First, employees covered under the new program will no longer be eligible to receive Temporary Disability (TD) benefits unless they have exhausted the Industrial Disability Leave Benefit (IDL) provided by the State as an employer. TD benefits are limited to 2/3 of an employee's average weekly earnings up to a maximum of \$336 per week; IDL benefits are full net salary for the first 22 dates of disability and 2/3 of gross pay for the remaining 48 weeks of disability within two year period. Second, employees will now be able to supplement his/her basic IDL benefit after the first 22 dates of disability with any accrued leave credits including sick leave, vacation, personal leave and compensating time off (CTO). This new benefit is called IDL with Supplementation (IDL/S).

## Who is eligible for IDL/S?

Effective, January 1, 1993, any employee in Units 1, 3, 4, 6, 8, 10, 11, 15, 18 and 20, who is a member of the Public Employees' Retirement System (PERS) or the State Teachers' Retirement System (STRS) is eligible for IDL/S if he/she is injured on the job and

qualifies for workers' compensation benefits.

## How does IDL/S work?

An eligible employee may supplement IDL with any accrued leave credits, such as sick leave, compensating time off, vacation, annual leave, personal leave, or holiday credit each month (note: fractions of an hour may not be used). An employee may choose to supplement with less time, but once the level of supplementation is selected it may not be increased. The supplementation amount may be decreased or terminated at any point, but changes will be made on a prospective basis only. The effective date of any change will be the first day of the pay period following the pay period in which the election for change is made.

Leave hours needed for supplementation will normally be taken from an employee's leave balance in the following priority: (1) Sick Leave, (2) CTO, (3) Vacation or Annual Leave, (4) Other Leave Credits (e.g. Personal Leave, Holiday Pay). However, individual departments may allow an employee's to change this priority order as part of the election process.

## How many hours of leave credit are needed for IDL/S?

The amount of leave credits needed to supplement IDL will depend on many variables including monthly salary, current tax status and mandatory withholding, the number of days on IDL, the number of days in the

pay period, and other pay that is received in the pay period. An employee's Personnel Office can assist in determining the maximum level of supplementation allowed under IDL/S. If an employee does not wish to use the maximum level of supplementation allowed, then he/she may elect to supplement with any amount less than the maximum allowable limit, but remember that the amount may not be increased at a later date.

### **What if an employee's leave credits fall below the supplementation amount needed for full supplementation?**

If the employee's leave credits fall below the supplementation amount that was selected and he/she is still on IDL, the supplementation amount will be reduced to the amount of leave credits that are available each month (except that no fractions of an hour may be used), unless supplementation is terminated completely.

### **If the leave credits available at the time of the injury run out, may the credits earned each month be used for supplementation?**

Yes, an employee may use any leave credits that are earned while on IDL/S.

### **What if an employee is only on IDL for part of the month?**

If an employee is on IDL/S for part of the month and receives regular pay for part of the month, then Personnel will change the level of supplementation to insure that the combined pay approximates but does not exceed the employee's full net pay.

### **What does "Full Net Pay" mean?**

For the purpose of calculating an employee's supplementation level for IDL/S, full net pay means the gross pay minus Federal and State taxes, Social Security/Medicare, and Retirement. Since fractions of an hour can not be used for supplementation and there are several variables that impact salary calculations, full net pay can only be approximated, not equaled.

### **Is IDL/S income treated the same as regular IDL income?**

IDL income is not taxable. However, any additional income that an employee receives from supplementation is taxable and will be reported on the employee's W-2 form at the end of the year. Federal and State taxes will be based on the flat tax rates of 20% and 6% respectively. Supplementation pay is subject to Social Security/Medicare, but not State Retirement. In addition, any miscellaneous deductions, garnishments, and accounts receivables that the State has not already taken from the IDL pay, or any other pay for the pay period, will be taken from the supplementation pay to the extent that there is a sufficient amount to do so.

### **How long does IDL/S last?**

The basic IDL benefit extends for a total of 52 weeks within a two year period. For the first 22 dates of disability, IDL pays full net pay and no supplementation is necessary or permissible. After the first 22 dates, the IDL benefit is reduced to 2/3 of gross pay for the remaining 48 weeks of eligibility for the benefit. During that time, an employee can use leave credits to supplement the basic IDL benefit to increase an employee's pay to approximate an employee's full net pay. The supplementation can continue until (1) the IDL benefit expires, (2) all of the leave credits are exhausted, or (3) the employee voluntarily stops supplementing IDL.

### **What if an employee chooses IDL/S because it is available for his/her current Bargaining Unit and then the employee transfers to a Bargaining Unit that does not have IDL/S?**

The date of injury governs an employee's eligibility for this benefit. If the employee is eligible to choose IDL/S at the time of injury, then he/she may continue to receive it as long as the 52 weeks of IDL have not expired and there are leave credits available.

### **What happens when IDL/S eligibility expires?**

When the IDL benefit is exhausted, an employee will no longer be able to participate in IDL/S. Instead, he/she will be placed on Temporary Disability (TD) for the remainder of the time on

workers' compensation. TD benefits are limited by statute and they are generally less comprehensive than IDL. Employees can continue to supplement TD if they continue to have leave credits available. As a matter of fact, employees need to supplement TD with leave credits if they want the State to continue to pay a portion of their benefits.

### **What are the major advantages and disadvantages of IDL/S?**

The major advantages to IDL/S include (1) the ability to obtain a higher level of compensation while on disability leave than would otherwise be possible on IDL alone and (2) the ability to maintain certain miscellaneous deductions like deferred compensation or other deductions that can not be taken from IDL pay. The major disadvantage to IDL/S is that it may reduce an employee's leave balance to an amount that will be insufficient to meet future needs when the employee returns to work or must convert to TD when the IDL benefit expires.

### **What is the IDL/S enrollment process?**

If and when an injury/illness has been determined to be work related and workers' compensation benefits are approved, the employee will be given 15 calendar days in which to choose either IDL or IDL/S. The Personnel Office will send the employee a memo or notification with a STD Form 618-S (11/92) which includes the calculations related to the amount of leave credits necessary to provide full supplementation for IDL/S and a "ballot" for the employee elect one option or the other.

### **What happens if the employee fails to make a timely election?**

If the employee fails to make an election within the 15 calendar day limit, he/she will automatically be placed on IDL without supplementation. Failure to make an election in a timely manner constitutes forfeiture of the IDL/S benefit.

### **Are there any circumstances when an employee can be denied IDL/S?**

Yes, employees can be denied IDL/S for several reasons, including: (1) the employee is not a member of PERS or STRS, (2) the employee is not a member of one of the Bargaining Units that negotiated the

benefit for its members, (3) the employee fails to make a timely election of the IDL/S benefit, (4) the employee's basic IDL benefit already matches or exceeds his/her full net pay, (5) the employee has exhausted his/her IDL benefit related to a current disability or he/she has no available leave credits and (6) the employee refuses to participate in vocational rehabilitation which results in termination of the IDL benefit.

### **If an employee is denied IDL/S, or is dissatisfied with the supplementation limitations, can he/she file a grievance?**

All appeals of an employee's denial of IDL/S benefits shall follow the procedures outlined in the Government Code and the California Administrative Code, Title 2 that relate to IDL benefits. All disputes relating to an employee's denial of benefits are not grievable or arbitrable.

