

DIRECTIVES TO EMPLOYEES

Based on City Council Resolution 20-053 declaring a local emergency, the City informed employees of the following:

- Based on the temporary reduction in work hours, City employees not reporting to work were encouraged to file for unemployment insurance (UI) benefits with the State Employment Development Department (EDD)
- Moreover, employees who filed for UI benefits would (1) be permitted to utilize accrued leave, **including negative leave**, and (2) continue to receive health care coverage**
- Employees who DO NOT file for UI benefits would (1) be required to utilize their accrued leave, **and if exhausted would be on leave without pay (LWOP)**, and (2) continue to receive health care coverage



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CARSON'S WORKFORCE

Total number of City employees	840
• Full-time	282
• Part-time (incl. seasonal employees)	558
Employees reporting to work	245
• Full-time	195
• Part-time	50
Employees NOT reporting to work	595
• Full-time	87
• Part-time	345
• Part-time (summer seasonal)	163



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CARSON'S PART-TIME WORKFORCE

Of the 345 part-time employees asked not to report to work, **136 part-time employees have filed for UI benefits** and informed the City of their claim, as of April 15, 2020.

The remaining **209 part-time employees** have disregarded the City Council request and either (1) opted to use their accrued leave or (2) opted to be on LWOP.



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STATE UNEMPLOYMENT BENEFITS

State UI benefits provide partial wage replacement to employees who lose their job or have their hours reduced.

- Eligible employees must be: (i) physically able and available to work and (ii) ready to accept work immediately. (EDD states that employees temporarily unemployed due to COVID-19 who expect to return to work are **not** required to actively seek work each week they are off.) **Carson part-time employees are eligible.**
- Eligible employees can receive UI benefits ranging between \$40-\$450 per week, depending on their total income from the prior 12-18 months.
- Governor Newsom waived the one-week waiting period for UI benefits, meaning those who file a EDD claim are eligible to receive UI benefits during their first week off work.



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FEDERAL UNEMPLOYMENT BENEFITS

On March 27, 2020, Congress passed a \$2 trillion package known as the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

- CARES Act provides an additional **\$600 per week** in federal UI benefits for all employees who (1) file a State UI claim and (2) are eligible to receive State UI benefits. **Carson part-time employees are eligible.**
- The additional \$600 per week is **not dependent on income**, meaning **some employees may receive more in total UI benefits than their normal total wages.**



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EDD CLAIMS PROCESS

Employees can file their EDD application for UI benefits by phone, fax/mail, or online (which is the fastest method).

- The EDD is supposed to process UI claims within 2-3 weeks. However, since 2.7 million Californians filed for unemployment within the past 4 weeks, the claims process may take longer.
- Since many Carson employees have filed for unemployment 2-3 weeks ago, the EDD should have processed their claims and issued their check or will issue their checks very soon.
- Employees are required to certify their UI benefits **every two weeks**, by informing the EDD of the pay they received, if any, during that prior two-week period and their availability to work. The requirement to seek employment has been waived.



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UI BENEFITS CALCULATION

The maximum State UI benefit an employee may get is \$450 per week, depending on their income. Combining this amount (State UI \$450 per week) with the \$600 per week in federal UI benefits, an eligible employee may get up to **\$1,050 per week** in total UI benefits.

The EDD requires all who file to report **all wages** or income received every two weeks. **Wages and income include not just pay for hours worked, but also pay from other employers, receipt of bonuses, use of holiday, vacation, or sick leave accruals, and other pay.**

The amount of State UI benefit per week will be reduced by any wages or income received each 2-week period. The first \$25 or 25% of wages/income, whichever is greater, is not counted. **This means 75% of all wages or income (including leave accruals) received by the employee in a 2-week period will be deducted from the UI weekly benefit.**



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EXAMPLE 1

An employee earning **\$150 per week** (\$7,800 per year), whose hours were reduced to zero and is not using any accrued leave or paid by another employer, will receive approx. \$75 per week in State UI benefits.

This employee will also receive an additional \$600 per week in federal UI benefits that is not contingent on any income. So the employee will receive **\$675 per week** in total UI benefits.

This total amount (\$675 per week) is more than this employee normally earns in a week (\$150 per week).

Therefore, as explained in the beginning an employee following the request of the City Council will (1) get paid more money, (2) continue to receive health care coverage, if any, and (3) also save Carson money!



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EXAMPLE 2

An employee earning **\$1,000 per week** (\$52,000 per year), whose hours were reduced to zero and is not using any accrued leave or paid by another employer, will receive \$450 per week in State UI benefits.

This employee will also receive an additional \$600 in federal UI benefits that is not contingent on any income. So the employee will receive **\$1,050 per week** in total UI benefits.

This total amount (\$1,050 per week) is more than the employee normally earns in a week (\$1,000 per week).

Therefore, as explained in the beginning an employee following the request of the City Council will (1) get paid more money, (2) continue to receive health care coverage, if any, and (3) also save Carson money!



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CITY EMPLOYEES WHO HAVE ALREADY FILED FOR UI BENEFITS

Of the 136 part-time employees who have filed for UI benefits, **100% of these part time employees are better off** with their UI benefits and **will NOT have to use any accrued leave or negative accruals**. In other words, these employees fall within Examples 1 or 2 of the previous slides -- the State UI benefits and federal UI benefits combined will be equal to or provide more pay than they would normally earn from the City, without requiring additional City expenditures. **These employees save the City approximately \$93,500 in accrued leave every pay period – which in 2 months is \$374,000.**

The entire City community owes a debt of gratitude to these employees who are doing their part to promote financial savings and ensure fiscal responsibility in light of the budget deficit.



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IF ALL PART-TIME CITY EMPLOYEES FILED FOR UI BENEFITS

If the remaining 209 part-time employees who did not file for UI benefits did file claims with EDD, then the employees would save an additional estimated \$75,000 every pay period, **which in 2 months is approximately \$300,000 dollars.**

So if all 345 part-time employees filed for UI benefits, a total of \$168,500 will be saved every pay period. If the City resumes full operations by May 15, a combined total of \$674,000 will have been saved.



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CALPERS SERVICE CREDIT & COMPENSATION

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CALPERS SERVICE CREDIT AND FINAL COMPENSATION

Some employees have expressed concern over how their off work status may affect their CalPERS retirement, namely their **service credit** and **final compensation** for retirement purposes.

This is how CalPERS determines Service Credit:

- One (1) year service credit is granted for full-time employees working at least **10 months** (approximately 1,720 hours) out of the year
- As long as the time off work due to COVID-19 is less than approximately 2 months, such that full-time employees are able to meet the above threshold, **then their service credit will NOT be affected**
- For CalPERS-eligible part-time employees, they will accrue service credit at a slower rate



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CALPERS SERVICE CREDIT AND FINAL COMPENSATION

This is how CalPERS determines Final Compensation:

- Final compensation is the highest average annual compensation earnable over a 12 or 36 month period, depending on the employee's retirement formula
- "Compensation earnable" is comprised of the (i) employee's payrate, and (ii) special compensation (such as certificate pay)
- While an employee is off work due to COVID-19, the **employee's payrate is NOT affected**, and any **special compensation as a percentage of payrate** (e.g. 5% of an employee's payrate for certificate pay) **is NOT affected**
- So being off work with reduced compensation during the emergency does NOT affect an employee's final compensation.
- Nevertheless, the Council action was clear, if for any reason any employee who followed Council's request is adversely impacted, the Council has stated that "you will be made whole."



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CONCLUSION

The Disaster Council and City Council are meeting on a weekly basis to determine the best course of action to protect the City employees, residents and community.

City facilities are closed until May 15, at least, and City will make necessary changes to continue protecting employees and the community and minimize disruptions in pay.



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