

## PAID LEAVE AND UNEMPLOYMENT BENEFITS

Employees are required to use all available paid leave prior to filing for unemployment insurance benefits, which includes vacation, sick leave (if available) or Paid Time Off (PTO). This is true for part time employees who also accrue paid leave.

This is necessary for several reasons, primarily to preserve the Unemployment Insurance Trust Fund for the duration, including:

- Employees receive more pay from paid benefits than they are entitled to under unemployment insurance (claimant with four dependents and minimum benefit is \$87/week for a claimant with no dependents).
- Requiring the exhaustion of available paid leave will decrease the number of claimants filing claims now.
- Employers are not being charged for any COVID-19 related claims being made by their employees.
- It is unclear at this time when or how much federal reimbursement we will receive for COVID-19 claims, so we need to ensure our trust fund lasts as long as possible.
- Employers' rules regarding access to sick leave will determine whether sick leave will be exhausted before filing for unemployment insurance. For employers requiring actual illness of self or dependent and an individual is not sick but laid off, that leave is not viewed as accessible and would not need to be exhausted.
- Employers that utilize PTO that does not distinguish between vacation and sick leave, would require employees to exhaust PTO before an employee is eligible for unemployment.

- If an employer lacks the financial resources to pay leave out as it is used, the employee will be deemed as having exhausted their leave and will be eligible for unemployment benefits.
- If your employer uses paid time off to pay employee's share of health insurance costs during a layoff, an employee will not have to exhaust paid time off first. We do not intend for employees to have to choose between unemployment benefits and health insurance, nor do we want anyone to lose access to their health insurance.
- If it is determined later that all paid leave was not exhausted prior to receiving unemployment benefits, we will work with employees on repayment and we can waive any penalty or interest that might accrue as a result of the overpayment (non-fraud situation).
- We are trying to protect our current employer Table 7 tax rate (average 1.24%) which is determined in large part by UI Trust Fund balance. Readings of the fund balance are made on June 30th and August 15<sup>th</sup> each year, and the date with the larger balance is used.
- A move from Table 7 to table 6 (1.57% average rate) would result in an increase to all employers' UI tax rate by 26.2% and a move to Table 5 (1.95% average rate) would be an increase of 57.3%.
- Employers may apply for the Voluntary Shared Work Program which permits employers to seek an alternative to layoffs — retaining their trained employees by reducing their hours and wages that can be partially offset with unemployment insurance benefits. Employees who remain employed, even part time, under this program, would not be required to exhaust paid time off before qualifying for unemployment benefits.