



The Vita Viewpoint Important Information for Decision Makers

Governor Davis Signs Major Paid Family Leave Bill What Employers Need To Do Now

Earlier this year we alerted clients to the new Paid Family Leave (PFL) program that goes into effect on January 1, 2004. Administration of this new program was assigned to the Employment Development Department's Disability Insurance branch.

EDD has prepared two communication pieces that all affected employers must use to communicate the PFL program to their employees. These required documents are included as attachments to this email:

- Employer PFL Poster – must be displayed with other California mandated posters.
- Employee PFL Brochure – must be distributed to all employees eligible to receive benefits.

A brief recap of the PFL program follows:

- The law takes effect January 1, 2004 and applies to any "temporary family disability" occurring after July 1, 2004.
- The law provides partially paid leave to workers who take time off work to care for a seriously ill child, spouse, parent, domestic partner, or to bond with a new child.
- The law sets up a State Disability look-alike program to pay "partial replacement compensation" for up to six weeks in any 12 month period. The law also allows employees to take an additional six weeks of unpaid leave.
- The law requires a doctor to verify a serious illness or a new child before an employee can take a leave.
- In addition, the legislation requires employees to take two weeks of unused vacation time before they receive the paid leave and to provide verification that no other family member can serve as a caregiver.
- Benefits provided to employees are similar to CA SDI benefits with weekly payments ranging from \$50 to \$490 per week and caps payments at 55% of earnings for the period of leave.
- The law requires employees to cover the full cost of the program via payroll taxes or premium payments.
- Premium for this benefit will be combined with SDI premium – Initial cost of the plan will add \$0.08 per \$100 of earnings. Insurance professionals fear that this modest premium will be entirely inadequate to fund the huge potential cost of the program, leading to either: insolvency, enormous premium increases to employees, or mandated cost sharing by employers.

For questions or additional information, please contact Vita Benefits Group at (650) 968-8811.