

California Paid Family Leave: Effective Date Looming

California's controversial paid family leave law goes into effect beginning January 1, 2004. The new paid leave law ushers in a number of key changes for employers, including the introduction of a notification requirement. This means that commencing January 1, 2004, employers with California employees must provide a new California Employment Development Department (EDD) form notice to any new California hires, or existing employees taking leave under the new Paid Family Leave program.

Notice Requirement

Specifically, employers must provide a copy of the brochure "Paid Family Leave" (EDD Form DE 2511) to each newly hired employee as of January 1, 2004 and to each employee leaving work to care for a seriously ill family member or to "bond" with a new child beginning July 1, 2004. Form DE 2511 and other materials regarding Paid Family Leave (PFL), can be ordered (in English or Spanish) through EDD's website, <http://www.edd.ca.gov/direp/dipub.htm#pfl>.

PFL Background

Back in 2002, California passed a paid family leave bill into law. The bill was structured to allow eligible California employees to take up to six weeks of *paid* leave to care for their own serious illness, the serious illness of a family member, or to bond with a newborn or newly-adopted child.

Which Employers are affected?

Any employer with employees covered in California's state disability program (even "voluntary" disability programs offered in lieu of California SDI) must comply with the paid family leave obligations. The new law does *not* expand the number of employees currently eligible for job-protected family leave under state or federal law. Instead it permits qualifying workers to draw a monetary benefit from the state disability (or alternate) program. Job retention protection will not necessarily apply unless the worker also happens to qualify for job-protected leave under state or federal law. (Such as for FMLA purposes, by working for more than 1250 hours in the prior 12 months, for an employer with 50 or more workers.)

How is leave funded?

The law requires *employees* to pay additional taxes into the state disability fund beginning January 1, 2004. The paid leave program is designed to be entirely funded by employee contributions through payroll deductions. Employers must begin remitting those withheld payments at that time. All employees who qualify for family leave would then become eligible to receive actual paid leave drawn out of the fund, *beginning July 1, 2004*.

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Other Implications

The new California law also expands the state's existing disability insurance program and allows employees to receive 55 percent of their pre-leave wages during the leave period, up to weekly limits prescribed by California law. However, employers can require employees to use up to two weeks of earned but unused vacation time prior to the use of the fund.

Some contend that the paid leave concept will promote leave and entice workers to take leave that may not be necessary, or that may not have otherwise been considered. In any event, California's experiment with funded family leave is sure to generate national attention and may result in similar requirements in other states. If you have other concerns about how your workforce will be affected by this new law, please contact your Willis representative.

U.S. Benefit Office Locations

Benefits Brokerage & Consulting Services Rx Purchasing Coalition HR Consulting Data Analysis Benefits Administration Retirement Services
Predictive Modeling Call Center Services Voluntary Benefits Consumer Driven Healthcare Legislative & Compliance International Benefits

Anchorage, AK
(907) 562-2266

Eugene, OR
(541) 687-2222

Naples, FL
(239) 514-2542

St. Louis, MO
(314) 721-8400

Atlanta, GA
(404) 224-5000

Florham Park, NJ
(973) 410-1022

Nashville, TN
(615) 872-3700

San Diego, CA
(619) 297-7111

Baltimore, MD
(410) 527-1200

Ft. Worth, TX
(817) 335-2115

New Orleans, LA
(504) 581-6151

San Francisco, CA
(415) 981-0600

Birmingham, AL
(205) 871-3871

Greenville, SC
(864) 232-9999

New York, NY
(212) 344-8888

San Jose, CA
(408) 452-7555

Boston, MA
(617) 437-6900

Knoxville, TN
(865) 588-8101

Orange County, CA
(714) 953-9521

Seattle, WA
(206) 386-7400

Cary, NC
(919) 459-3000

Lexington, KY
(859) 223-1925

Orlando, FL
(407) 302-4972

Tampa, FL
(813) 281-2095

Charlotte, NC
(704) 376-9161

Los Angeles, CA
(818) 548-7500

Philadelphia, PA
(610) 964-8700

Washington, DC
(301) 530-5050

Chicago, IL
(312) 621-4700

Louisville, KY
(502) 499-1891

Phoenix, AZ
(602) 787-6000

Wichita, KS
(316) 264-5311

Cleveland, OH
(216) 861-9100

Miami, FL
(305) 373-8761

Portland, OR
(503) 224-4155

Wilmington, DE
(302) 477-9640

Columbus, OH
(614) 766-8900

Milwaukee, WI
(414) 271-9800

Raleigh, NC
(919) 459-3000

Dallas, TX
(972) 385-9800

Mobile, AL
(251) 433-0441

Rochester, NH
(603) 332-5800

Detroit, MI
(248) 735-7580

Minneapolis, MN
(763) 302-7100

Roswell, NM
(505) 317-3397