

**REPORT OF THE  
CHIEF LEGISLATIVE ANALYST**

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DATE: July 1, 2019

TO: Honorable Members of the City Council

FROM: Sharon M. Tso *ST*  
Chief Legislative Analyst

Council File No: 19-0002-S106  
Assignment No: 19-06-0659

SUBJECT: Resolution (Ryu – Martinez - Krekorian) to SUPPORT AB 196 (Gonzalez).

CLA RECOMMENDATION: Adopt Resolution (Ryu – Martinez - Krekorian) to include in the City’s 2019-2020 State Legislative Program SUPPORT for AB 196 (Gonzalez), which would increase Paid Family Leave compensation to 100 percent of an employee’s wage.

SUMMARY

Resolution (Ryu – Martinez - Krekorian), introduced on June 11, 2019, states that California’s State Disability Insurance Program (SDI) makes deductions from employees’ wages in order to provide temporary benefit payments to workers for non-work-related disabilities, including Paid Family Leave (PFL). The State currently provides pregnant mothers up to four weeks of Disability Insurance benefits for a normal pregnancy before their expected due date, six to eight weeks of postpartum disability benefits to recover from the birth of a child, and up to six weeks of Paid Family Leave to bond with a new child. AB 196 (Gonzalez) would increase the compensation rate for individuals receiving up to six weeks of Paid Family Leave from 60-70 percent provided currently, up to 100 percent of an employee’s wage, not to exceed a maximum benefit. Citing positive health outcomes and the City’s commitment to expand family leave benefits, the Resolution calls on the City to support AB 196.

BACKGROUND

Paid Family Leave (PFL) is a State program which provides compensation to individuals who take time off work to care for a seriously ill child, spouse, parent, domestic partner, or to bond with a new child. In 2018, 203,732 PFL claims were filed, approximately 90 percent of which were filed for time off to bond with a newborn child. The program provides a cash benefit of 60 or 70 percent of wages, depending on income. The PFL benefit was just expanded as part of the FY 2019-20 State Budget from six weeks to eight weeks of compensation.

AB 196 expands PFL benefits by providing full wage replacement, up to the existing maximum benefit. According to the Assembly Appropriations Committee, under the previous six week benefit period, AB 196 would result in a projected increase in expenditures of approximately \$350 million in 2020, \$460 million in 2021, \$770 million in 2022, \$810 million in 2023, and \$850 million in 2024. This increase in net benefits paid would result in a 0.1 percent increase in the employee contribution rate in 2021, 2022, and 2024. The California Employment Development Department estimates this would result in a maximum additional yearly contribution of \$132 per worker in 2021, \$138 per worker in 2022, and \$150 per worker in 2024. Should AB 196 become law, these expenditures will increase, based on the new eight week benefit period.

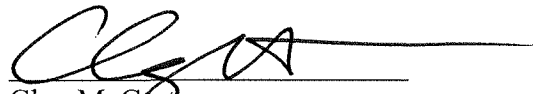
Studies have shown that there are a number of positive health benefits as a result of parents being able to spend time bonding with a new child, including reduced infant mortality rates, fewer postpartum depressive symptoms, and higher worker retention rates. The City is currently considering the implementation of a Paid Parental Leave policy for employees in businesses located in the City. AB 196 would be complementary to the City's proposed program and for this reason the City should support the legislation.

DEPARTMENTS NOTIFIED

N/A

BILL STATUS

06/06/19	Referred to Com. on L., P.E. & R.
05/24/19	In Senate. To Com. on RLS. for assignment.
05/23/19	Passed. Ordered to the Senate.
05/16/19	From committee: Do pass.
04/24/19	From committee: Do pass and re-refer to Com. on APPR.
03/26/19	Amended.
03/25/19	Referred to Com. on INS.
01/10/19	Introduced.



Clay McCarter  
Analyst

Attachment: Resolution (Ryu - Martinez - Krekorian)

**RESOLUTION** RULES, ELECTIONS, INTERGOVERNMENTAL RELATIONS

WHEREAS, any official position of the City of Los Angeles, with respect to legislation, rules, regulations or policies proposed to or pending before a local, state, or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, California's State Disability Insurance (SDI) is a deduction from employees' wages that provides temporary benefit payments to workers for non-work-related disabilities, Paid Family Leave (PFL), and benefits to individuals unable to work because they need to care for a seriously ill family member or to bond with a new child; and

WHEREAS, the State of California currently provides pregnant mothers up to 4 weeks of Disability Insurance benefits for a normal pregnancy before their expected due date, 6 to 8 weeks of postpartum disability benefits to recover from the birth of a child, and up to 6 weeks of Paid Family Leave to bond with a new child entering the family; and

WHEREAS, AB 196 (Gonzalez), introduced on January 10, 2019, would increase the compensation rates for individuals receiving up to 6 weeks of Paid Family Leave to bond with a new child from 60-70 percent provided currently, up to 100 percent of an employee's wages, not to exceed the maximum workers' temporary disability indemnity weekly benefit amount established by the Department of Industrial Relations; and

WHEREAS, presently, workers are required to accept a 30-40 percent reduction in pay if they choose to take time off to bond with a new child or take care of a sick relative; and


WHEREAS, many working families cannot realistically continue to support their families on the significantly reduced wage currently provided through Paid Family Leave, and are forced to neglect their family duties because of financial considerations; and

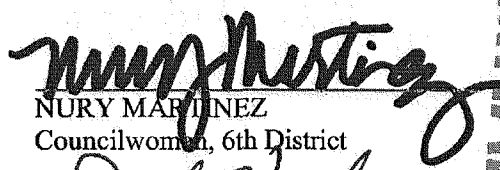
WHEREAS, a number of positive health outcomes, equity and economic benefits result from parents being able to spend time away from work bonding with a new child in their family, including reduced infant mortality rates, fewer postpartum depressive symptoms, higher worker retention rates, and greater gender parity in both the workplace and at home; and

WHEREAS, the City of Los Angeles has demonstrated a commitment to expanding Paid Family Leave and Paid Parental Leave benefits to all workers in Los Angeles; and

WHEREAS, AB 196 (Gonzalez), which would help bring financial security to families who would otherwise be unable to afford to take Paid Family Leave by increasing compensation rates, aligns with the City's commitment to affordability and family;

NOW, THEREFORE BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes into its 2019-2020 State Legislative Program SUPPORT for AB 196 (Gonzalez), which would increase Paid Family Leave compensation to 100 percent of an employee's weekly benefit amount.

PRESENTED BY:   
DAVID E. RYU  
Councilmember, 4th District

  
NURY MARTINEZ  
Councilwoman, 6th District

ORIGINAL

JUN 11 2019

SECONDED BY: 