



Supplementing Paid Family Leave & Pregnancy Disability Leave

July 2022

It is proposed that Words Alive supplement California State payments for Paid Family Leave and Pregnancy Disability Leave for current, regular full-time or part-time employees such that employees receive 100% of their regular salary while on qualified paid leave. Employees who elect to take additional unpaid leave would not receive additional payments from Words Alive.

Benefits: This proposal deepens Words Alive's commitment to our employees, allows for thoughtful and equitable family planning, and supports employees through significant life changes and challenges. It also deeply aligns with the fundamental values of our organization and our mission.

While we are lucky to be in a state that administers a state program for paid leave – one of only 11 states to do so, funded through a payroll tax – the state benefit pays only about 2/3 of an employee's regular salary during the leave period. For families for whom taking a temporary pay reduction imposes a hardship, parents may choose not to take the full leave time authorized to them under the law. Therefore, supplementation of the leave benefits is an equity action that assures that employees can decide what is best for their family without financial influence.

Considerations: 1) While employees are receiving the state benefit, the employer is relieved of that salary expense (though not the health benefits, which the employer must continue to pay). Those salary savings can be used to hire a temporary employee to cover the responsibilities of the employee on leave. This proposal would reduce the salary savings by roughly 1/3. 2) There is no guarantee that employees who take advantage of paid leave return to work for any amount of time.

Part I: Supplementing Paid Family Leave

The California Family Rights Act (CFRA), consistent with the Federal Family and Medical Leave Act, provides eligible employees with up to 12 weeks of unpaid, job-protected leave to care for their own serious health condition or a family member with a serious health condition, or to bond with a new child. This leave is available to both parents, including parents who adopt a child. This leave need not be taken immediately after the arrival of a new child.

California augments this right through a state insurance program, the California Paid Family Leave (PFL) program, which pays employees 60-70% of their regular salary for 8 of the 12 protected leave weeks. If eligible, one can receive benefit payments for up to 8 weeks within any 12-month period.

Proposal: Words Alive will supplement PFL payments to employees taking qualified CFRA leave so that employees receive 100% of their regular salary while on qualified leave during the 8 weeks when they are receiving PFL benefits. Unpaid CFRA leave (up to 4 additional weeks) remains unpaid leave by Words Alive. Employers are obligated to continue to pay health care insurance throughout any CFRA leave period.

Financial Implication: Below is a simulation for a full-time, manager-level employee based on an average annual salary of \$58,000, and assuming the state pays 65% of wages:



	<u>Leave Type</u>	<u>State Program for Wages</u>	<u>Weekly Salary</u>	<u>Wages Paid to Employee from State (65%)</u>	<u>Words Alive - Salary (35%)</u>	<u>Words Alive - Benefits (100%)</u>
Week 1	CFRA with Paid Family Leave	Paid Family Leave	\$1,115.38	\$725.00	\$390.38	\$120
Week 2	CFRA with Paid Family Leave	Paid Family Leave	\$1,115.38	\$725.00	\$390.38	\$120
Week 3	CFRA with Paid Family Leave	Paid Family Leave	\$1,115.38	\$725.00	\$390.38	\$120
Week 4	CFRA with Paid Family Leave	Paid Family Leave	\$1,115.38	\$725.00	\$390.38	\$120
Week 5	CFRA with Paid Family Leave	Paid Family Leave	\$1,115.38	\$725.00	\$390.38	\$120
Week 6	CFRA with Paid Family Leave	Paid Family Leave	\$1,115.38	\$725.00	\$390.38	\$120
Week 7	CFRA with Paid Family Leave	Paid Family Leave	\$1,115.38	\$725.00	\$390.38	\$120
Week 8	CFRA with Paid Family Leave	Paid Family Leave	\$1,115.38	\$725.00	\$390.38	\$120
Week 9	CFRA with Paid Family Leave	None	\$1,115.38	\$0.00	\$0.00	\$120
Week 10	CFRA with Paid Family Leave	None	\$1,115.38	\$0.00	\$0.00	\$120
Week 11	CFRA with Paid Family Leave	None	\$1,115.38	\$0.00	\$0.00	\$120
Week 12	CFRA with Paid Family Leave	None	\$1,115.38	\$0.00	\$0.00	\$120
		Totals	\$13,384.62	\$5,800.00	\$3,123.08	\$1,445.54

In this simulation, Words Alive’s financial obligation is roughly \$4,568 (35% of the employee’s regular salary plus health insurance coverage for 12 weeks).

Based on budgeted salary for the role, the organization would save \$8,816, which could be applied toward hiring a temporary employee.

Part II: Supplementing Pregnancy Disability Leave

Pregnant employees in California may take up to four months of job protected leave during any period of time during which they are unable to work due to pregnancy, childbirth, or a related medical condition under the Pregnancy Disability Leave Act (PDL). This time may be taken before or after the birth of the child.

Employees can file for State Disability Insurance (SDI) when they qualify for PDL. Disability benefits are usually 10-12 weeks based on conditions of the pregnancy. Payments are 60-70% of weekly wages. Employees can take up to 4 of the available weeks prior to their due date.

Parents who have given birth almost always elect to take CFRA-eligible leave after exhausting their Pregnancy Disability Leave.

Proposal: Words Alive will supplement SDI payments to employees taking qualified PDL leave so that they receive 100% of their regular salary while on qualified paid leave. Unpaid disability leave remains unpaid by Words Alive. Employers are obligated to continue to pay health care insurance.

Financial Implication: This simulation for a full-time, manager-level employee, based on an average annual salary of \$58,000, covers both PDL and CFRA, and assuming the state pays 65% of wages.



Dates	Leave Type	State Program for Wages	Weekly Salary	Wages Paid to Employee from State (65%)	Words Alive Salary (35%)	Words Alive - Benefits (100%)
Week A	Pregnancy Disability Leave**	State Disability Insurance	\$1,115.38	\$725.00	\$390.38	\$120
Week B	Pregnancy Disability Leave	State Disability Insurance	\$1,115.38	\$725.00	\$390.38	\$120
Week C	Pregnancy Disability Leave	State Disability Insurance	\$1,115.38	\$725.00	\$390.38	\$120
Week D	Pregnancy Disability Leave	State Disability Insurance	\$1,115.38	\$725.00	\$390.38	\$120
Due Date						
Week 1	Pregnancy Disability Leave	State Disability Insurance	\$1,115.38	\$725.00	\$390.38	\$120
Week 2	Pregnancy Disability Leave	State Disability Insurance	\$1,115.38	\$725.00	\$390.38	\$120
Week 3	Pregnancy Disability Leave	State Disability Insurance	\$1,115.38	\$725.00	\$390.38	\$120
Week 4	Pregnancy Disability Leave	State Disability Insurance	\$1,115.38	\$725.00	\$390.38	\$120
Week 5	Pregnancy Disability Leave	State Disability Insurance	\$1,115.38	\$725.00	\$390.38	\$120
Week 6	Pregnancy Disability Leave	State Disability Insurance	\$1,115.38	\$725.00	\$390.38	\$120
Week 7	Pregnancy Disability Leave	State Disability Insurance	\$1,115.38	\$725.00	\$390.38	\$120
Week 8	Pregnancy Disability Leave	State Disability Insurance	\$1,115.38	\$725.00	\$390.38	\$120
Week 9	CFRA with Paid Family Leave	Paid Family Leave	\$1,115.38	\$725.00	\$390.38	\$120
Week 10	CFRA with Paid Family Leave	Paid Family Leave	\$1,115.38	\$725.00	\$390.38	\$120
Week 11	CFRA with Paid Family Leave	Paid Family Leave	\$1,115.38	\$725.00	\$390.38	\$120
Week 12	CFRA with Paid Family Leave	Paid Family Leave	\$1,115.38	\$725.00	\$390.38	\$120
Week 13	CFRA with Paid Family Leave	Paid Family Leave	\$1,115.38	\$725.00	\$390.38	\$120
Week 14	CFRA with Paid Family Leave	Paid Family Leave	\$1,115.38	\$725.00	\$390.38	\$120
Week 15	CFRA with Paid Family Leave	Paid Family Leave	\$1,115.38	\$725.00	\$390.38	\$120
Week 16	CFRA with Paid Family Leave	Paid Family Leave	\$1,115.38	\$725.00	\$390.38	\$120
Week 17	CFRA with Paid Family Leave	None	\$1,115.38	\$0.00	\$0.00	\$120
Week 18	CFRA with Paid Family Leave	None	\$1,115.38	\$0.00	\$0.00	\$120
Week 19	CFRA with Paid Family Leave	None	\$1,115.38	\$0.00	\$0.00	\$120
Week 20	CFRA with Paid Family Leave	None	\$1,115.38	\$0.00	\$0.00	\$120
		Totals	\$26,769.23	\$14,500.00	\$7,807.69	\$2,891.08

Here, Words Alive’s financial obligation is \$10,699 (35% of the employee’s regular salary plus health insurance for 24 weeks). Words Alive would save \$16,070, which could be applied toward hiring a temporary employee.

Resources: Employment Development Department website: <https://edd.ca.gov>.