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Increase in Paid Family Leave Benefits

On April 11, 2016, Governor Brown signed AB 908 into law, increasing the existing benefits available under California's Paid Family Leave program. Paid Family leave is a wage replacement program administered by the State of California through the Employment Development Department ("EDD"). It allows employees to collect a percentage of their wages for up to six weeks every 12-month period when they are on an employer approved leave of absence, such as a leave of absence under the California Family Right Act, Family Medical Leave Act, or another employer approved leave of absence.

Paid Family Leave can be used by the employee when they are on a leave of absence to bond with a minor child during the first year after the birth or placement of the child in connection with foster care or adoption or to care for a seriously ill child, parent, grandparent, grandchild, sibling, spouse, or domestic partner. It does not create a separate leave of absence. To receive Paid Family Leave, an employee must make a claim for benefits directly with the EDD.

Under the existing law, qualifying employees who make a claim for Paid Family Leave benefits are eligible to receive up to 55% of their salary as a wage replacement. Employees must also go through a seven-day waiting period before they are eligible to start receiving benefits. Beginning January 1, 2018, the new bill increases the amount an employee can receive up to 70% of their wages, subject to limitations based on their income. The new bill also eliminates the seven-day waiting period and allows employees to immediately begin receiving benefits once they have been approved by the EDD.

What This Means for Employers:

Employers are required to provide the Paid Family Leave brochure (DE 2511) to all new employees and existing employees who make a request for a qualifying leave of absence. Employers may also provide the Paid Family Leave claim form, though they are not required to. Employers should inform their employees of all available leaves of absence and explain that they may be eligible for wage replacement benefits through the Paid Family Leave program.

The goal of this article is to provide employers with current labor and employment law information. The contents should neither be interpreted as, nor construed as legal advice or opinion. The reader should consult with Barsamian & Moody at (559) 248-2360 or toll-free at (888) 322-2573, for individual responses to questions or concerns regarding any given situation.

