

## OUR INSIGHTS

### California Governor Signs Paid Family Leave Expansion Into Law

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On April 11, 2016, California [Governor Jerry Brown signed legislation](#) that will increase the wage replacement rate under the Paid Family Leave program for California workers from its current level of 55 percent to 60 or 70 percent (depending on the worker's income). [Assembly Bill No. 908 \(AB 908\)](#) will revise the formula used to determine benefits available to workers pursuant to the state unemployment compensation disability law and the family temporary disability insurance program. As of 2018, the bill will also eliminate the seven-day waiting period for receiving temporary disability benefits.

Currently, California unemployment compensation disability law provides a formula for determining benefits available to disabled workers. According to the law, the weekly benefit for an individual who has quarterly base wages of greater than \$1,749.20 is calculated by multiplying his or her base wages by 55 percent and dividing the result by 13. (California bases disability payments on a worker's highest-earning quarter during a roughly one-year "base period.")

Once the governor signs the bill, workers experiencing periods of disability commencing after January 1, 2018, but before January 1, 2022, will be entitled to the following weekly benefit amounts:

- Individuals whose wages over the highest-income quarter during the base period are less than \$929 will be entitled to a **minimum of \$50**.
- Individuals whose wages are \$929 or greater *but* less than one-third of the state average quarterly wage will be entitled to **70 percent** of the amount of wages paid during the individual's highest-income quarter during the base period, divided by 13.
- Individuals whose wages during the highest quarter were at least one-third of the amount of the state average quarterly wage will be entitled to the greater of the following sums:
  - 23.3 percent of the state average weekly wage; or
  - 60 percent of the worker's wages during the highest quarter divided by 13.

The increased wage replacement rate will not exceed the maximum workers' compensation temporary disability indemnity weekly benefit amount established by the Department of Industrial Relations pursuant to existing law.

Commenting on the new law, Governor Brown stated, "Families should be able to afford time off to take care of a new child or a member of their family who becomes ill." AB 908 comes just one week after [Governor Brown](#) signed a bill raising the state's minimum wage to \$15.00 per hour by 2022.

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Hera S. Arsen, J.D., Ph.D., is Managing Editor of the firm's publications, overseeing the firm's print and online legal publications and content. Hera, who joined Ogletree Deakins in 2003, is directly responsible for writing and editing the firm's national legal content, including coverage of federal agencies and the Supreme Court of the United States. She also oversees the Ogletree Deakins blog, which covers the latest legal news from over 20 practice-areas and jurisdictions. As leader of the...

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