

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: June 5, 2007
POSITION: Oppose

BILL NUMBER: SB 727
AUTHOR: S. Kuehl
RELATED BILLS: AB 537 (Swanson)

BILL SUMMARY: Family Temporary Disability Insurance Expansion

This bill would expand the circumstances under which an employee is entitled to utilize the Paid Family Leave Program to include grandparents, grandchildren, siblings, and parents-in-law.

FISCAL SUMMARY

The PFL Program is self supporting and paid for by employee contributions. Any increase in benefit payments and administrative costs are borne by the Unemployment Compensation Disability Fund.

It is not known how many additional claims would be filed based on the expansion. The Employment Development Department has indicated that a 25 percent increase in claims is estimated to cost \$6 million in 2007-08 (half-year) and \$13 million in 2008-09. The associated state operation costs are estimated to be \$130,000 and 1.6 positions in 2007-08 and \$298,000 and 3.5 positions in 2008-09. Any additional increase above the 25 percent would have a corresponding increase in costs.

Any need for increased expenditure authority would be considered during the annual budget process.

COMMENTS

The Department of Finance is opposed to this bill because it would create additional Unemployment Compensation Disability Fund costs which are not included in the 2007-08 Governor's Budget.

Current law, the Paid Family Leave Program (PFL), a component of State Disability Insurance, provides employees with wage replacement benefits for 6 weeks of leave within any 12 month period for the following reasons:

- To care for a seriously ill child, spouse, parent or domestic partner.
To bond with a child who was born to, adopted by, or placed for foster care with the employee.
Defines "child," "domestic partner," "parent," "spouse," and "serious health condition."
Does not ensure job protection for employees taking leave.

This bill would:

- Expand the circumstances under which an employee is entitled to utilize the PFL to include grandparents, grandchildren, siblings and parents-in-law.
Clarify that an employee that qualifies for PFL must take that leave concurrently with the federal Family Medical Leave Act and the California Family Rights Act (CFRA) if the leave also qualifies under these programs. By taking the leave concurrently, the employee receives job protection.

AB 537 (Swanson) would make similar changes to the CFRA. This program currently provides up to 12 weeks of unpaid protected leave during any 12-month period to bond with a child who was born to, adopted by, or placed for foster care with the employee, or to care for the employee's parent, spouse, or child who has a serious health condition.

Analyst/Principal (0200) K. Shelton Date Program Budget Manager Todd Jerue Date

Department Deputy Director Date

Governor's Office: By: Date: Position Approved Position Disapproved

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)

AUTHOR

AMENDMENT DATE

BILL NUMBER

S. Kuehl

June 5, 2007

SB 727

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2006-2007	FC	2007-2008	FC	2008-2009	
7100/EDD	SO	No		--	C	\$130	C	\$298	0588
7100/EDD	LA	No		--	C	\$6,000	C	\$13,000	0588

<u>Fund Code</u>	<u>Title</u>
0588	Unemployment Compensation Disability Fd