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New Parents Applaud Paid Family Leave Law

A state program that takes effect Thursday will let employees take six weeks off with partial pay. Some employers fear disruption.

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When lawmakers passed California's paid family leave law two years ago, they probably had workers like Carla Dartis Carter in mind.

The 45-year-old Oakland woman wants to take time off work to spend with her newly adopted son. The law, which goes into effect Thursday, will allow her to do that — without torching her personal finances.

"It's a stress reliever, the whole notion of not wondering how am I going to pay the electric bill," said Carter, who with her self-employed, musician husband adopted 6-month-old Jeremy this month.

As of Friday, more than 3,000 people had applied for the program, which will allow most workers to take up to six weeks off to attend to a new baby or adopted child, or care for an ailing spouse or parent, while receiving at least part of their pay.

The law, the first of its kind in the nation, has raised the hackles of businesses that fear the loss of key employees for extended periods. But parents like Carter are welcoming it with open arms — 90% of the requests for the program have come from new parents.

"I just want to bond with my adopted son," said Carter, who works for a Los Altos nonprofit and appeared at a Sacramento news conference Tuesday with supporters of the law.

The law, which was sponsored by Sen. Sheila Kuehl (D-Santa Monica) and got a high-profile boost from actor-director Rob Reiner, bolsters family leave rights guaranteed under existing state and federal laws. It provides workers with as much as 55% of their pay while they're off work. Maximum weekly payments will be \$728 this year and \$840 in 2005.

Carter, for example, plans to take all six weeks of partially paid leave allowed under the new program, as well as an additional six months of unpaid leave as allowed under current law.

"Workers have often been forced to choose between their job and their family. This allows them to get some wages while they are out," said Netsy Firestein, executive director of the Labor Project for Working Families, a Berkeley-based nonprofit. "It reflects how families really live today and the

stresses they are under. It's a wage replacement fund."

The law covers all California workers who pay state disability insurance taxes, no matter how few hours they work or how small their employer.

The program is being financed with a 0.08% payroll tax that began Jan. 1. On average, workers will pay \$4 a month in family leave tax, with a maximum annual payment of \$55, according to the state Employment Development Department, which administers the program.

"Employers will be able to retain skilled employees without having to pay for their time off," Kuehl said. "Families will be stronger, workplaces will be stabilized and, as families are more secure, communities will be strengthened as well."

Despite the law's broad application and the fact that the tax has been coming out of workers' paychecks for six months, only 22% of Californians know it exists, according to a UCLA study.

"It's extraordinary," said Ruth Milkman, a UCLA sociology professor and author of the statewide study, which was completed for the California Family Leave Research Project.

"I think more people will find out through word of mouth, and I think employers will start telling their employees."

Although they don't have to pay for the new benefits, some employers in California are concerned about the effect lengthy worker absences will have on their businesses.

Tom Cantella, president of Vernon-based sausage maker **Papa Cantella's Inc.**, said that he employed only about 50 people and couldn't afford to lose workers for long periods of time.

"I'm sure this is something I'm going to worry about," said Cantella, whose business had about \$10 million in sales last year. "It's hard to be in business already in California."

Small companies like Papa Cantella's are going to be hit the hardest by workers taking time off, said Allan Zaremborg, president of the California Chamber of Commerce, which twice tried to block the paid family leave law. "They don't have the flexibility to manage the loss of workers," he said.

Moreover, "our employers tell us they are already at a competitive disadvantage when it comes to other states, and this makes it worse," Zaremborg said. "I'm not sure if this is good for employers or employees."

Gov. Arnold Schwarzenegger, who has pledged to support a healthy business climate in the state, hasn't commented on the paid family leave law, spokesman Vince Sollitto said.

Businesses also are worried that the payroll tax hike won't be enough to pay for the benefits, leading to a shortfall in the state's disability insurance program. From Jan. 1 to May 21, the tax had brought in \$129.3 million. The program is expected to cost \$300 million to \$400 million a year.

"I'm not sure [the disability fund] will be solvent," Zaremborg said.

However, Suzanne Schroeder, a spokeswoman for the Employment Development Department, said the tax rate on workers could be adjusted at the end of this year to make sure there was enough money in the fund. Employers will not be tapped for funds, she said.

Some employers said they believed the program would be good for their companies in the long run.

Eric Maryanov, president of **All Travel**, a Los Angeles travel agency, said the program would help him retain good employees by allowing him to compete with bigger firms that in the past were better positioned to more easily allow workers to take paid leave.

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