

Los Angeles' Paid Parental Leave Initiative Policy Proposal

Background

Childcare for an infant in Los Angeles costs more than \$14,300 per year¹, making it one of the largest household expenses for Angelenos, even exceeding the cost of in-state college tuition at a public four-year institution. Not surprisingly, more than half of working parents have reported finding it difficult to balance their job and family responsibilities².

Understanding that the early years of a child's development lay the foundation for success, several cities and states, including San Francisco³ New York⁴, Washington⁵ and New Jersey⁶ have passed or expanded paid family leave policies. Recently, Governor Gavin Newsom announced a task force to study expanding California's Paid Family Leave program to up to six months of partially paid leave so parents or other family members can care for a newborn, newly adopted or recently placed foster child.

Knowing the challenges that exist for working parents in Los Angeles – juggling responsibilities at work and home, an increase in the cost of living and a crisis of affordability, and a lack of wage parity and workplace advancement for people who chose to take parental leave to care for a child, amongst others – the City of Los Angeles should implement a program to supplement the State's parental leave benefits, ensuring that parents are no longer required to choose between work and caring for their children.

Policy Proposal

The City of Los Angeles should implement an Ordinance that would require employers in the City of Los Angeles to supplement State Disability Insurance and/or Paid Family Benefits for parents who choose to take time away from work to care for a newborn, adopted or foster child.

- **Duration of Leave:** The State of California provides up to four weeks of Disability Insurance benefits for a normal pregnancy before an expected due date, up to six weeks (for normal delivery) or eight weeks (for Cesarean section) of Disability

¹ kidsdata.org: A Program of the Lucile Packard Foundation for Children's Health (2014) *Annual Cost of Child Care, by Age Group and Type of Facility*, Retrieved from <https://www.kidsdata.org/topic/1849/child-care-cost>

² Pew Research Center (2015) *Raising Kids and Running a Household: How Working Parents Share the Load*, Retrieved from <http://www.pewsocialtrends.org/2015/11/04/raising-kids-and-running-a-household>

³ City and County of San Francisco (2019), Retrieved from <https://sfgov.org/olse/paid-parental-leave-ordinance>

⁴ State of New York (2019), Retrieved from <https://paidfamilyleave.ny.gov/>

⁵ State of Washington (2019) Retrieved from <https://esd.wa.gov/paid-family-medical-leave>

⁶ State of New Jersey (2019) Retrieved from <https://myleavebenefits.nj.gov/labor/myLeaveBenefits>

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Cam from HENDAR Chair

Insurance benefits after delivery to recover from childbirth, and six weeks of Paid Family Leave benefits to bond with a newborn child after pregnancy. We propose that the City implement a Paid Parental Leave program that would run concurrently with the State Disability Insurance and/or Paid Family Leave benefits for up to a total of 18 weeks, which would include a scenario in which four weeks of leave is taken before the birth of a child, a Cesarean section is performed allowing for up to eight weeks of recovery leave after the birth of a child, and up to 6 weeks of newborn bonding time.

- **Level of Compensation:** The State of California⁷ provides partial pay (60-70 percent, depending on income, of wages earned during the previous 5-18 months) to employees who decide to take time off before an expected due date, for recovery after the birth of a child, and/or for time to bond with a new child entering the family through birth, adoption, or foster care placement. We propose that employers within the City of Los Angeles provide for supplemental compensation (30-40 percent depending on income) in an amount such that the California State Disability Insurance and/or Paid Family Leave wage replacement, plus the supplemental compensation equals 100 percent of the employee's gross weekly wage, up to a total compensation amount equal to the annually adjusted cost of living for one parent and one child in Los Angeles.
- **Eligibility:** Employees working within the City limits, whose employers withhold a percentage of employee earnings for annual State Disability Insurance Tax payments, and have satisfied the State eligibility requirements for prepartum and/or postpartum leave will be eligible to receive supplemental compensation under the City's program.
- **Implementation:** Understanding the initial administrative and financial challenges such a program may create, we propose that the implementation of the program be phased in over a period of 3 years, with large businesses implementing supplemental compensation requirements in year one, medium size businesses implementing in year two, and small-to-mid-size businesses implementing in year 3.
- **Small Business Exemption or Creation of a Risk Pool:** While a small business exemption or risk pool will need to be studied further, our initial proposal would provide either an exemption from the law for small businesses, a deduction from the City's business tax, or a risk pooling program that small businesses could enter into that would help mitigate any unanticipated one-time costs associated with an employee taking time away from work prior to the birth of a child, for recovery after the birth of a child, or for bonding time with a newborn, adopted or recently placed foster child.

⁷ State of California (2019), Retrieved from https://www.edd.ca.gov/disability/paid_family_leave.htm

Los Angeles' Paid Parental Leave Initiative FAQ

What is paid parental leave?

Paid parental leave allows employees to continue to earn their pay while they take time away from work during a pregnancy, ahead of the birth of a child, or to care for a newborn, newly-adopted or newly-placed foster child.

How does paid parental leave benefit the health and well-being of families?

Research shows that the impact of paid leave extends far beyond the workplace, to critical health outcomes for babies and parents, positive effects on infant and child health and wellbeing, maternal health and well-being, gender equality, and business and the economy.

A 2011 study conducted by the National Institutes of Health showed that ten additional weeks of paid maternity leave could [reduce infant mortality by as much as 10 percent](#). Another study found that a mother's return to full-time work before her child reached 12 weeks resulted in reduced breastfeeding, [reduced well-baby care medical visits, and more](#). In fact, data from the first decade of statewide Paid Family Leave in California reveal that [paid family leave doubled the median duration of breastfeeding](#) for all new mothers who utilized it, and [women who take longer maternity leaves report an overall improvement in health](#), fewer depressive symptoms, and a reduction in severe depression.

For additional information, see the recent [Better Life Lab report](#) which examines paid family leave impacts in four areas: infant and child health and wellbeing, maternal health and well-being, gender equality, and businesses and the economy.

How will paid leave benefit my company?

Businesses that have implemented paid leave policies have noted the advantages of [employee recruitment, retention, and reduced turnover costs](#). A recent McKinsey study of employees with paid parental leave benefits found that 77 percent of respondents indicated that the amount of paid leave offered by an employer affects their decision when choosing one company over another, and [50 percent said they would rather have more parental leave than a pay raise](#).

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According to another study, women who return to work after taking paid leave are nearly [40 percent less likely to receive public assistance](#). When Google extended its paid maternity leave benefits from 12 to 18 months and increased employee compensation levels from partial salary to full salary, the rate of new mothers leaving the company was [cut in half](#), and when Aetna increased its benefits, the retention rate among new parents jumped from [77 percent to 91 percent](#).

Additionally, data from the first decade of California's statewide Paid Family Leave program shows better rates of retention among workers in low wage jobs – when such workers were able to take paid family leave, [83 percent returned to the same employer](#) compared to 72 percent who did not have paid family leave.

Read the [Boston Consulting Group's report](#) on how paid family leave is good for business, and [Panorama's report](#) on the five business benefits of paid family leave.

How does paid family leave impact gender equity?

[A McKinsey study](#) found that women at all levels are underrepresented at U.S. corporations, less likely to advance than men, and experience a widening pay gap as their careers progress. Paternity leave helps reduce [the wage disparities between men and women](#), and those countries that offer paternity leave have been the most successful in [closing the wage gap between men and women](#). Additionally, paid paternity leave has profound implications for fathers and for increased equality at home. A Cornell study found that [fathers' participation in household and childcare duties](#) increased 250 percent when they had five weeks of paid paternity leave. And paternity leave has been found to improve gender equality [increase fathers' satisfaction](#) with the contact they have with their children.

Doesn't California already have a paid family leave law?

Yes, California was a pioneer in the development and implementation of a Paid Family Leave law. Enacted in 2002 and becoming effective in 2004, the law provides up to 6 weeks (independent of prepartum and postpartum Disability Insurance benefits) of partial pay to employees who take time off from work to care for a seriously ill family member (child, parent, parent-in-law, grandparent, grandchild, sibling, spouse, or registered domestic partner) or to bond with a new child entering the family through birth, adoption, or foster care placement. Currently, [California's Paid Family Leave](#) program provides an employee with 60-70 percent (depending on income) of their salary for up to six weeks to care for a newborn, newly-adopted child or newly-placed foster child.

How would Los Angeles' program work?

Under Los Angeles' proposed Paid Parental Leave (PPL) program, employers within the City of Los Angeles would provide supplemental compensation (30–40 percent depending on income) in an amount such that the California State Disability Insurance and/or Paid Family Leave wage replacement, plus the supplemental compensation, equals 100 percent of the employee's gross weekly wage, up to a total compensation level equal to the annually adjusted cost of living for one parent and one child in Los Angeles.

Why is the City of LA proposing up to 18 weeks of Paid Parental Leave?

Several [studies](#) have found that paid parental leave can contribute to [fewer low-birth-weight and early-term babies](#), fewer infant deaths, fewer cases of child maltreatment, higher rates of breastfeeding, well-baby care and immunizations, longer parental lifespan, improved mental health, and [increased long-term achievement](#) for children. Quite frankly, studies show that the longer a mother or father are able to spend with their children after birth, the better. Currently, the length of paid leave for new and adoptive mothers in OECD countries averages [18 weeks](#), with some countries like Bulgaria and the U.K. offering close to one year.

The State of California currently provides for Disability Insurance benefits for up to four weeks before an expected due date, up to six weeks (for normal delivery) or eight weeks (for Cesarean section) of Disability Insurance benefits after the delivery of a child to recover from childbirth, and six weeks of Paid Family Leave benefits to bond with a newborn, adopted or recently placed foster child.

Knowing the tremendous cost of living for many Angelenos and the benefits that paid parental leave programs can have on infant and child health and wellbeing, maternal health and well-being, gender equality, and businesses and the economy, our intention is to complement all phases of the statewide prepartum and/or postpartum Disability Insurance and/or Paid Family Leave programs. If an employee in Los Angeles is eligible to receive State Disability Insurance benefits before or after the birth of a child and/or Paid Family Leave benefits after the birth of a child, they will also be eligible for supplemental compensation from their employer.
