

## **INFORMATION ON ADMINISTRATION OF CALIFORNIA'S PAID FAMILY LEAVE PROGRAM**

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The co-chairs of the Joint Legislative Task Force on Family Leave Insurance requested information about the administration of California's paid family leave program. The following information – gathered from relevant California laws, the Employment Development Department's web site, and a telephone interview with California program administrators – is provided in response to that request.

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### **1. Program administration.**

#### **a. Start-up time.**

Approximately fifteen months passed from approval of the legislation on September 25, 2002, to collection of paid family leave contributions beginning January 1, 2004. Approximately twenty-one months passed from approval of the legislation on September 25, 2002, to payment of paid family leave benefits beginning July 1, 2004. Note that the Employment Development Department (the "agency") already collected other employment-based taxes and paid unemployment insurance and state disability insurance benefits.

#### **b. Major implementation steps.**

The agency decided to have only one office handle paid family leave claims. A key goal was to have consistent decision-making, and the agency believed that having a single office would help achieve that goal. The agency secured a facility for the office, including a call center, in Fresno.

The agency contracted for development of an IT system for the program. (The original deadline for completing the work was July 1, 2004, when payment of paid family leave benefits began. Various issues, however, required re-building the system in 2005. The system was fully functional in June 2006.) The agency also hired and trained new IT staff to maintain the system.

The agency hired and trained new program staff. The same civil service classifications are used for paid family leave program staff as for unemployment insurance staff.

The agency developed procedures and policies (e.g., relating to required documentation to receive benefits and to administrative review of agency decisions).

The agency developed mechanisms for coordinating the paid family leave program with the unemployment insurance and state disability insurance programs. Coordination is required for multiple reasons, including the following:

- Claimants may not receive benefits from more than one source.
- Unemployment insurance and paid family leave programs send combined 1099 forms to claimants.
- All programs must pay their fair share of rent, utilities, and other overhead expenses.

- All programs use the same wage information to determine benefit amounts. (Note that data sharing has been in place since the state disability insurance program was established in 1946. No concerns have been raised by the U.S. Department of Labor.)

The agency also developed an education outreach program.

**c. Overhead.**

The agency's administrative costs are generally between five and seven percent of benefit payments. In SFY 2006-07, administrative costs were 3.72 percent of benefits payments.

**2. Application process.**

The claimant completes the application form. See Attachment #1 – "Claim for Paid Family Benefits," DE 2501F. The applicant may obtain the form directly from the agency or from his or her employer. Note that the form may not be downloaded, duplicated, or reproduced because it is designed to facilitate the use of advanced "data capture" technology. There is not a web-based application form. The agency is developing a web-based system, but expects the work to take about three years.

The claimant mails the completed application form to the agency's document imaging center in Sacramento. The claimant submits one application. Weekly applications are not required.

Along with the application form, the claimant submits required documentation. For bonding, claimants are required to provide documents such as a birth certificate or adoption agreement.

For bonding claims that follow pregnancy-related disability insurance claims, a short application form is available.

Upon receipt, the agency's document imaging center in Sacramento processes the application and forwards it electronically to the agency's paid family leave program in Fresno.

The agency's program staff reviews the application to determine whether the claimant is eligible or not. If the claimant is eligible, payments are sent to the claimant. (An "auto-pay" system issues payments every two weeks over the six-week benefit period.) If not, a written notice of the agency's determination is sent to the claimant. See Attachment #2 - Sample Letters.

By law, the agency's program staff is required to process application forms within fourteen days of receipt. However, most are processed within seven to ten days of receipt, and some are processed on the day of receipt.

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