







7/24/2022

The Honorable Chris R. Holden
1021 O St, Room 5650
Sacramento, CA 95814

Dear Assemblymember Holden,

Subject: SB 951 (Durazo) Increasing Wage Replacement Rates for PFL + SDI: Support

On behalf of the following organizations we write in strong support of SB 951. We believe that every Californian should be able to take paid time off from work to recover from illness, care for their family or bond with a new child without jeopardizing their economic security.

California's State Disability Insurance (SDI) and Paid Family Leave (PFL) programs have served workers in our state for decades. Together, these two programs form a critical safety net that is intended to ensure that Californians are able to recover from a serious illness, bond with a new child or care for a seriously ill family member and still meet their financial obligations. However, because SDI and PFL provide only 60% of most workers' wages, they remain out of reach for many Californians. The COVID-19 crisis has highlighted both the importance of these programs, as well as the inequities and barriers that workers face in accessing them.

SB 951 proposes to increase wage replacement rates, beginning in 2025, to 90 percent for lower-wage workers, those who earn up to 70 percent of the state average quarterly wage and to 70 percent for all other workers.

Because current wage replacement rates are not enough to provide livable support to low-wage workers, who are more likely to be women, born outside of the United States, or to identify as Black or Latinx,¹ low-wage workers end up subsidizing higher wage workers' leaves through their contributions to the Disability Insurance (DI) Fund. Almost all employees in California pay into the DI fund with each paycheck, but middle and high income earners - who also have greater access to savings and employer-paid sick and vacation time - are far more likely to take leave and apply for PFL or SDI benefits. This inequity is magnified by the fact that low-wage workers in California, disproportionately those who identify as Black or Latinx, women and immigrants², already face health disparities due to systemic racism, sexism and xenophobia. Paid Family Leave and State Disability Insurance are important interventions to address social determinants of health because they allow workers to care for their and their family's health without losing their full income. They reduce the likelihood of premature birth and infant

¹ <https://laborcenter.berkeley.edu/low-wage-work-in-california-data-explorer/>

² <https://laborcenter.berkeley.edu/low-wage-work-in-california-data-explorer/>

mortality³, promote breastfeeding⁴, and reduce nursing home admissions.⁵

Workers who cannot afford to live off of 60% of their wages are currently forced to keep working, often endangering their or their family's health. Only workers earning less than \$27,213 a year (one third the median wage) currently receive a wage replacement rate of 70%, meaning that even full time workers earning minimum wage (\$15 an hour, or \$30,000 a year in 2022) do not qualify for the 70% wage replacement rate. If the Legislature takes no action this year, current wage replacement rates will sunset and the wage replacement rate for both SDI and PFL will actually decrease to 55% for all workers, placing these programs even more out of reach.

We cannot afford to move backwards, especially when we know how important this safety net is for California's families. Californians must be able to heal, care for family, or welcome a new child, regardless of their income. The 90% wage replacement rate proposed by SB 951 would ensure that low-wage workers, many of whom already struggle to support their families with their full wages, have the same right to be there for their families without risking their economic stability.

Further, SB 951 proposes to increase wage replacement rates without increasing contributions for low wage workers. To do this, SB 951 would require all workers to contribute to the DI fund equitably, based on their entire income, just like low-wage workers currently do. 91% of California workers would not see any change in their contributions, and the state would be able to afford meaningful benefits and access to leave for workers earning low wages.⁶

In order for SDI and PFL to really work for Californians earning low wages, we must increase wage replacement levels. California led the way by passing the first paid family leave law. It is time for us to lead by making our paid family leave program the most equitable in the nation - the ability to heal, bond with a child, or care for an ill family should not be limited to those with middle or high incomes. For all of these reasons, we urge your strong support for SB 951.

Sincerely,

A Better Balance
ACCESS Reproductive Justice
ACLU California Action
Alliance for a Better Community

³ Christopher J. Ruhm. 2011. "Policies to Assist Parents with Young Children." *Work and Family* 21(2); Maya Rossin. 2011. "The Effects of Maternity Leave on Children's Birth and Infant Health Outcomes in the United States." *Journal of Health Economics* 30(2); Sakiko Tanaka. 2005. "Parental Leave and Child Health Across OECD Countries." *The Economic Journal* 115(501): F7-F28; C.R. Winegarden and Paula Bracy. 1995. "Demographic Consequences of Maternal-Leave Programs in Industrial Countries: Evidence from Fixed-Effects Models." *Southern Economic Journal* 61(4): 1020-35; Pamela Winston. 2014. *Work-Family Supports for Low Income Families: Key Research Findings and Policy Trends*. Washington, D.C.: U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation.

⁴ Paid Family Leave: A Crucial Support for Breastfeeding. CLASP and BreastfeedLA. Retrieved December 11, 2018, from <https://www.clasp.org/sites/default/files/public/resources-and-publications/files/Breastfeeding-Paid-Leave.pdf>

⁵ Arora, K., & Wolf, D. A. (2017, November 3). Does Paid Family Leave Reduce Nursing Home Use? The California Experience. *Journal of Policy Analysis and Management*, 37(1), 38-62. DOI: 10.1002/pam.22038.

⁶ US Census Bureau Current Population Survey 2021 March Supplement

American Association of University Women California
American Medical Womens' Association
Association of California Caregiver Resource Centers
Bet Tzedek Legal Services
BreastfeedLA
Buen Vecino
California Association of Food Banks
California Breastfeeding Coalition
California Catholic Conference
California Child Care Resource & Referral Network
California Employment Lawyers Association
California Health Professional Student Alliance
California Immigrant Policy Center
California Labor Federation
California Latinas for Reproductive Justice
California Nurse-Midwives Association
California Pan-Ethnic Health Network
California Partnership to End Domestic Violence
California Physicians Alliance
California WIC Association
California Women's Law Center
California Work & Family Coalition
Campbell High School Teachers Association
Caring Across Generations
Center for Community Action and Environmental Justice
Center for Workers' Rights
Central Coast Early Childhood Advocacy Network
Centro Legal de la Raza
Children Now
Children's Defense Fund-California
Chinese Progressive Association
Citizens for Choice
Clergy and Laity United for Economic Justice
Coalition of California Welfare Rights Organizations
Coalition Of Union Labor Women, Sacramento Capital Chapter
COLAGE
Electric Universe
Equal Rights Advocates
Evolve California
Families In Transition of Santa Cruz County, Inc.
Family Caregiver Alliance
Family Values @ Work
Feminist Majority Foundation
First 5 Association of CA
First 5 California

First 5 Humboldt
First 5 LA
First 5 Monterey County
First 5 San Mateo County
First 5 Sonoma County
First 5 Ventura County
Food Empowerment Project
Friends Committee on Legislation of California
GRACE – End Child Poverty
Girls Republic
Global Communities, Healthy Start
Hand in Hand: the Domestic Employers Network
Healthy Kids Happy Faces
Human Impact Partners
Inland Empire Breastfeeding Coalition
Inland Equity Partnership
Jewish Center for Justice
Justice At Last
LA Alliance for a New Economy (LAANE)
La Raza Centro Legal
LA Best Babies Network
Legal Aid at Work
Maternal and Child Health Access
Mixteco/Indigena Community Organizing Project
Mother's Own Milk Matters
NARAL Pro-Choice California
National Association of Social Workers, California Chapter
National Council of Jewish Women California
National Council of Jewish Women Los Angeles
National Employment Law Project
National Partnership for Women & Families
National Women's Political Caucus of California
Nevada County Citizens for Choice
North Bay Labor Council
Nourish California
Nursing Mothers Council
Orange County Equality Coalition
Our Family Coalition
Parent Voices California
PICO California
Pilipino Workers Center
Positive Discipline Community Resources
Prevention Institute
Public Counsel

Public Health Alliance of Southern California
Rape Counseling Services of Fresno
Restaurant Opportunities Centers of California
San Diego County Breastfeeding Coalition
San Francisco Senior and Disability Action
Santa Clara County Wage Theft Coalition
SEIU California
Small Business Majority
Southern California Coalition for Occupational Safety and Health (SoCalCOSH)
Street Level Health Project
TechEquity Collaborative
Thai Community Development Center
UFCW Western States Council
UNITE-LA
United Ways of California
Walnut Avenue Family & Women's Center
Warehouse Worker Resource Center
Watsonville Law Center
Women For: Orange County
Working Partnerships USA
Worksafe
YWCA Golden Gate Silicon Valley