



San Francisco Approves Fully Paid Parental Leave

San Francisco is the first city in the country to approve six (6) weeks of fully paid leave to parents to care for a new child, including adopted and foster children. Passed on April 5, 2016, the Paid Parental Leave Ordinance (PPL) applies only to private employers, and takes effect based on an employer's size as follows:

- January 1, 2017, for 50 or more employees
- July 1, 2017, for 35 or more employees
- January 1, 2018, for 20 or more employees

When determining size under this law, employers should consider their total workforce regardless of how many employees work at a specific location. Even if an employer does not employ 50, 35, or 20 employees within the city of San Francisco, the employer may still be covered and required to comply with this law. The employee counts are regardless of the employee's location.

Summary of the Law

The San Francisco PPL will require all covered employers to pay 45% of an employee's regular weekly gross wages, for a six (6) week period. The law includes a maximum cap on wage replacement, which is defined by the maximum benefit available under the California Paid Family Leave (PFL) program. The California PFL is a state insurance program that pays employees 55% of their regular weekly gross wages to take time off after the birth or adoption of a child. This program is funded entirely by employee payroll contributions through the State Disability Insurance (SDI) program. Between the San Francisco PPL and the California PFL program, eligible employees should receive 100% wage replacement, up to the maximum cap, for six (6) weeks.

More about the Law

- Covered employers may require employees to use up to two (2) weeks of accrued vacation time when their California PFL starts. Vacation time can be counted toward the six (6) week paid parental leave period.
- In order to receive San Francisco PPL, employees may be required to sign a form created by San Francisco's Office of Labor Standards Enforcement (OLSE). By signing this form, employees are agreeing to reimburse their employer for any supplemental compensation received, in full, if the employee voluntarily separates from the company within 90 days of the end of their leave period, if the employer makes a written reimbursement request.
- If an employee is terminated during their leave while they are receiving California PFL benefits, the employer's San Francisco PPL obligation continues for the remainder of the PFL benefits period.

Covered Employees

Employees are covered if they meet the following requirements:

1. Must work eight (8) hours or more per week within San Francisco boundaries;
2. Must spend at least 40% of their work week within San Francisco boundaries;
3. Must have worked for the employer for at least 180 days before taking leave; and
4. Must be eligible to receive funds under the California PFL program for baby bonding purposes.



Recordkeeping and Posting Requirements

Covered employers must retain the records documenting any San Francisco PPL paid to its employees for three (3) years. Employers must make the records available to San Francisco's Office of Labor Standards Enforcement (OLSE) upon request. Employers will also be required to post a notice informing employees of their rights under this law in English, Spanish, Chinese, and any other language spoken by at least 5% of the employees at a specific location.

Next Steps for Employers

1. San Francisco employers will need to comply with this new law by beginning in 2017 according to the above schedule.
2. If you have employees working in San Francisco or plan to in the future, you should review your current parental leave benefits.
3. Be attentive to the total employee headcount to see when this law will take effect for your organization and be mindful if you are on the border of the 50-, 35-, or 20-employee threshold, respectively.
4. Be prepared to update your employee handbook with this new policy.
5. If you are one of our full-service clients, we will work with you to review your current parental leave policy to ensure it is compliant with this law.
6. If you already have a parental leave policy that provides at least six (6) consecutive weeks of fully paid parental leave in any 12-month period for new child bonding, regardless of whether it includes California PFL benefits, you are not required to provide this supplemental compensation.
7. As more guidance on this new law becomes available, we will notify our clients of any additional details.

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