



March 1, 2022

The Honorable Dave Cortese
State Capitol, Room 6640
Sacramento, CA 95814

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

Dear Senator Cortese,

As a representative of the four million small businesses in California, Small Business Majority writes in strong support of SB 951, which would help more Californian small business owners and employees 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.

Small Business Majority is a national small business organization with multiple offices throughout California, founded and run by small business owners to empower America's entrepreneurs to build a thriving and equitable economy. We actively engage small business owners and policymakers in support of solutions that promote small business growth. A key component of our work involves outreach to small business owners on a range of small business issues, including access to capital, workforce issues, healthcare and more.

California's State Disability Insurance (SDI) and Paid Family Leave (PFL) programs have served small businesses in our state for decades. Together, these two programs form a critical safety net that is intended to ensure that Californians are able to take medical leave and still meet their financial obligations. However, because SDI and PFL provide only 60% of most workers' wages, it is challenging for many working Californians to utilize these programs.

At the same time, small businesses often want to offer paid family or medical leave to their employees, but typically cannot afford to do so. This puts them at a disadvantage when trying to attract and retain top talent since larger firms often provide paid leave benefits. Small employers also support paid leave programs because they think of their employees as family and want their workers to have the freedom to care for their own loved ones when needed.

SB 951 proposes to phase-in increased wage replacement rates for low wage workers so that by January 1, 2025, low wage workers would receive 90% wage replacement for the first 16 weeks of SDI and all eight weeks of PFL. All other workers would receive 70% wage replacement up to the maximum weekly benefit amount for the first 16 weeks of SDI and all eight weeks of PFL. 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, can take care of 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. According to [our polling](#), there is strong support among small business owners for policies to provide wage replacement for various family and medical situations, including parental leave (67% support) and time off to care for an ill family member (68% support).

In order for SDI and PFL to really work for small businesses and employees, we must increase wage replacement levels. We urge your strong support for SB 951.

Sincerely,

A handwritten signature in black ink, appearing to read "Bianca Blomquist", written over a horizontal line.

Bianca Blomquist
Policy Director, California