

Paid Family and Medical Leave: Securing Financial Stability and Good Health for Working Families

A Briefing Book on Establishing Laws that Provide Paid Leave for Workers

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At some point, nearly all workers need time away from work to deal with a serious personal or family illness or to care for a new child.

Yet workers in the United States too often face economic insecurity when illness or family caregiving needs arise. Just 11 percent of the workforce has access to paid family leave through their employers, and fewer than 40 percent of workers have access to personal medical leave through an employer's temporary disability insurance program.

The United States can do better. Numerous studies and evidence from existing paid leave programs demonstrate the benefits of family and medical leave policies for workers, caregivers, businesses and the economy.

Successful state models show that progress is possible. California and New Jersey have successful and effective paid family leave insurance programs that have helped hundreds of thousands of workers care for family members in need. Five states and Puerto Rico have had temporary disability insurance programs in place for decades, which provide paid medical leave for a worker's own serious health condition.

A growing majority of people in the United States support a national paid family and medical leave standard. That's because households in which all adults work are the norm and the population is aging. Paid leave helps businesses and workers prosper, and it provides significant benefits to the children and older adults that workers often care for.

Now is the time for bold policies to protect working families' economic security. Paid family and medical leave is key among these much-needed public policy standards.

Join the campaign for paid family and medical leave. Learn more at www.PaidLeave.org.

Paid Family and Medical Leave: The Basics

Paid leave policies expand on the foundation of the federal Family and Medical Leave Act.

- ▶ The Family and Medical Leave Act of 1993 (FMLA) provides up to 12 weeks of *unpaid* leave. It ensures that workers' jobs are protected when they need leave to care for their own or a family member's serious health condition or to bond with a new child.
- ▶ But millions of workers who have access to FMLA leave can't afford to take it¹ – forcing them to sacrifice their health or their families' needs for a paycheck. In addition, due to eligibility requirements, the FMLA covers only about half of the workforce,² leaving roughly *75 million* workers with no protection under federal law.³

What is paid family and medical leave?

- ▶ Paid family and medical leave ("paid leave") policies provide workers with a portion of their wages while they are away from work to:
 - ▶ Address a serious health condition (including pregnancy);
 - ▶ Care for a family member with a serious health condition; or
 - ▶ Care for a newborn or newly-adopted child or newly-placed foster child.
- ▶ Paid leave policies should protect workers in need of leave from retaliation at work.

Paid leave is available to relatively few workers – and generally unavailable to those who need it most.

- ▶ Only 11 percent of U.S. workers have access to paid family leave through their employers.⁴
- ▶ Fewer than 40 percent of workers have access to paid personal medical leave through employer-sponsored temporary disability insurance.⁵
- ▶ Low-income workers are less likely to have access to any type of leave – yet they are the ones most in need of financial support when illness strikes or when a new child joins the family.⁶
- ▶ Only half of first-time mothers take paid leave around their child's birth, indicating that paid leave is not available to many women who need it.⁷

But where paid leave programs exist, workers, families and employers have benefitted.

- ▶ Paid family leave programs in California and New Jersey have provided more than one million periods of leave to workers who are caring for a new child or ill family member.
- ▶ Paid leave helps women stay in the workforce and is associated with higher wages over time.⁸
- ▶ Paid leave enhances worker loyalty and increases workers' likelihood of returning to work after taking leave.⁹

1 Cantor, D., Waldfogel, J., Kerwin, J., et al. (2001). *Balancing the Needs of Families and Employers: Family and Medical Leave Surveys. 2000 Update*. Department of Labor & Westat publication. Retrieved 9 April 2012, from <http://www.dol.gov/whd/fmla/chapter2.htm>

2 Waldfogel, J. (2001, September). Family and Medical Leave: Evidence from the 2000 Surveys. *Monthly Labor Review*, 124(9), 17-23. Retrieved 9 April 2012, from <http://www.bls.gov/opub/mlr/2001/09/art2full.pdf>

3 U.S. Department of Labor, Bureau of Labor Statistics. (2010). *Employment status of the civilian noninstitutional population by age, sex, and race (Table 3)*. Retrieved 9 April 2012, from <http://www.bls.gov/cps/cpsaat03.pdf> (Unpublished calculation)

4 U.S. Department of Labor, Bureau of Labor Statistics. (2011, September). *Employee Benefits in the United States National Compensation Survey: Employee Benefits in the United States, March 2011 (Table 17)*. Retrieved 19 January 2012, from <http://www.bls.gov/ncs/ebs/benefits/2011/ebbl0048.pdf>

5 U.S. Department of Labor, Bureau of Labor Statistics. (2011, September). *Employee Benefits in the United States National Compensation Survey: Employee Benefits in the United States, March 2011 (Table 32)*. Retrieved 19 January 2012, from <http://www.bls.gov/ncs/ebs/benefits/2011/ebbl0048.pdf>

6 See notes 4 and 5.

7 Laughlin, L. (2011, October). *Maternity Leave and Employment Patterns of First-Time Mothers: 1961-2008*. U.S. Census Bureau publication. Retrieved 23 February 2012, from <http://www.census.gov/prod/2011pubs/p70-128.pdf>

8 Houser, L., & Vartanian, T. (2012, January). *Pay Matters: The Positive Economic Impact of Paid Family Leave for Families, Businesses and the Public*. Center for Women and Work at Rutgers, the State University of New Jersey publication. Retrieved 6 February 2012, from http://www.nationalpartnership.org/site/DocServer/Pay_Matters_Positive_Economic_Impacts_of_Paid_Family_L.pdf?docID=9681

9 Ibid.; Appelbaum, E., & Milkman, R. (2011). *Leaves That Pay: Employer and Worker Experiences with Paid Family Leave in California*. Center for Economic and Policy Research publication. Retrieved 25 February 2012, from <http://www.cepr.net/index.php/publications/reports/leaves-that-pay>

Paid Leave Needs are Growing: Now Is the Time

The United States needs a paid leave standard to meet the realities of 21st century families and workplaces.

- ▶ **More women than ever before are part of the paid labor force.** Women made up half of the workforce in 2009, and their workforce participation continues to grow. In nearly two-thirds of households with children, all adults in the household are working.¹⁰ More women in the workforce means fewer women acting as full-time caregivers for their families. In this environment, not having access to paid leave when new children arrive or family members need care threatens the financial stability of entire families.
- ▶ **More workers are caring for elderly parents and family members.** The number of older Americans is growing rapidly; they are projected to make up 20 percent of the population, or 72 million people, by 2030.¹¹ As the number of older Americans increases, so does the need for caregivers. Today, there are at least 43.5 million caregivers of adults over 50 in the United States. Most of them have paying jobs in addition to their caregiving responsibilities.¹² Informal (unpaid) family caregiving accounts for the vast majority of care provided to older adults, at an estimated annual value of \$450 billion.¹³ Without access to paid leave, these caregivers may have to sacrifice their pay or their jobs to care for their loved ones.
- ▶ **Dual caregiving obligations are common and growing.** Forty-six percent of female and 40 percent of male caregivers for elderly family members are also caring for children. They are what is called the “sandwich generation.”¹⁴ These caregivers face even greater challenges in managing their work and caregiving responsibilities, and it is almost inevitable that they will need to take time away from work at some point.

Nearly eight in 10 U.S. adults (78 percent) say that family and maternity leave is a “very important” labor standard for workers.

— Survey of 1,400 adults nationwide.
National Opinion Research Center at the
University of Chicago, June 2010.



A growing nationwide coalition supports paid leave policies.

Supporters include labor unions; public health and physician groups; breastfeeding and maternity care advocates; groups that advocate for the disability community, caregivers, older adults and children; groups representing communities of color and the LGBT community; human rights advocates; faith groups; and mothers' and women's groups.

10 Boushey, H., & O'Leary, A., eds. (2009). *The Shriver Report: A Woman's Nation Changes Everything*. Center for American Progress and A Woman's Nation publication. Retrieved 4 April 2012, from http://www.americanprogress.org/issues/2009/10/pdf/awn/a_womans_nation.pdf

11 Federal Interagency Forum on Aging-Related Statistics. (2010, July). *Older Americans 2010: Key Indicators of Well-Being*. Retrieved 9 April 2012, from http://www.agingstats.gov/agingstatsdotnet/Main_Site/Data/2010_Documents/Docs/OA_2010.pdf

12 National Alliance for Caregiving. (2009, November). *Caregiving in the U.S.* National Alliance for Caregiving and AARP publication. Retrieved 9 April 2012, from http://www.caregiving.org/data/Caregiving_in_the_US_2009_full_report.pdf

13 Feinberg, L., et al. (2011, July). *Valuing the Invaluable: 2011 Update, The Growing Contributions and Costs of Family Caregiving*. AARP Public Policy Institute publication. Retrieved 9 April 2012, from <http://assets.aarp.org/rgcenter/ppi/lrc/i51-caregiving.pdf>

14 Aumann, K., et al. (2010). *The Elder Care Study: Everyday Realities and Wishes for Change*. Families and Work Institute publication. Retrieved 9 April 2012, from http://familiesandwork.org/site/research/reports/elder_care.pdf

Paid Leave Makes Good Business Sense

Paid leave policies strengthen businesses by promoting worker retention and productivity.

- ▶ **Paid leave can significantly reduce turnover costs for employers.** When employers are able to retain workers, they save money because replacing workers is expensive: Average turnover costs are anywhere from 25 to 200 percent of annual compensation.¹⁵ Paid leave reduces these costs. New mothers who take paid leave are more likely to be working again nine to 12 months after childbirth than mothers who do not take any leave.¹⁶ And it's not just mothers: In California, 83 percent of workers in "lower-quality" jobs who used the state paid leave program returned to their previous employer – a 10-point improvement over workers who did not use the program.¹⁷
- ▶ **Paid leave increases worker loyalty and productivity.** Both small and large California businesses surveyed about the effects of the state paid leave program said overwhelmingly that the program had either a "positive effect" or "no noticeable effect" on productivity, profitability and worker morale.¹⁸ These factors correlate with a better bottom line.
- ▶ **Paid leave improves the competitive advantage of smaller businesses.** Small businesses often have trouble matching the more generous leave benefits offered by larger employers, resulting in a hiring disadvantage. A government-administered paid leave insurance program would level the playing field for all businesses by spreading out the cost of leave.
- ▶ **Paid leave heightens American businesses' competitiveness in the global economy.** The United States is an international outlier. Other countries have recognized that providing leave is a matter of economic competitiveness: 169 countries guarantee paid maternity leave and 145 countries guarantee workers paid sick leave.¹⁹ The United States does not. In fact, multinational corporations have to provide leave to their employees abroad but not in the United States. It's time for U.S. policies to catch up.

"Many of our production, management and even sales staff have used paid family leave, primarily to extend bonding time with new babies... The employees are happier and more loyal to the company when they feel the management of the company cares about them and their families."

— Rohana Stone Rice, Controller & Director of Human Resources at Richmond, California's Galaxy Desserts

In California, 60 percent of businesses surveyed reported coordinating their benefits with the state program, likely resulting in cost savings.

— Appelbaum, E., & Milkman, R. (2011). *Leaves That Pay: Employer and Worker Experiences with Paid Family Leave in California*.

15 Sasha Corporation. (2007, January). *Compilation of Turnover Cost Studies*. Retrieved 9 April 2012, from <http://www.sashacorp.com/turnframe.html>

16 See note 8.

17 Appelbaum, E., & Milkman, R. (2011). *Leaves That Pay: Employer and Worker Experiences with Paid Family Leave in California*. Center for Economic and Policy Research publication. Retrieved 25 February 2012, from <http://www.cepr.net/index.php/publications/reports/leaves-that-pay>

18 Ibid.

19 Heymann, J., Earle, A., & Hayes, J. (2007). *The Work, Family, and Equity Index: How Does the United States Measure Up?*. The Project on Global Working Families and the Institute for Health and Social Policy. Retrieved 9 April 2012, from <http://www.mcgill.ca/files/ihsp/WFEI2007.pdf>

From the Beginning: Paid Leave Leads to a Better Future for Children

When parents take time off from work to care for newborns or seriously ill children, children are much more likely to thrive both in terms of their health and their educational achievement. Therefore, a paid leave standard would provide U.S. children with a better chance at a healthy start and a successful future.

► **Newborns are healthier when their mothers**

have access to paid leave. Working mothers who receive paid, job-protected leave are more likely to take at least the minimum six to eight weeks of leave recommended by physicians.²⁰ And newborns are more likely to be breastfed, receive medical check-ups in the first year of life, and be given crucial immunizations when their mothers take longer periods of leave after giving birth.²¹ Longer breastfeeding periods have been shown to be very important for children's health, and the duration of breastfeeding correlates with a mother's length of leave from work, particularly among non-managerial workers.²² California's experience proves that paid leave programs make a difference: California mothers who used the state paid leave program were more likely to initiate breastfeeding and continued breastfeeding their babies for approximately twice as long as mothers who did not use the program.²³



- **Fathers become – and stay – involved in their children's care when they have access to paid leave.** Paid family and medical leave is not only beneficial for mothers; it also promotes fathers' involvement in their children's lives from the start – and it may contribute to a change in gender norms and expectations as a result. Men who take two or more weeks off after the birth of a child are more involved in the direct care of their children nine months later, compared to fathers who take no leave.²⁴ Paid leave is often the only way a father can afford to take time off from his job. Under the California paid family leave program, fathers' bonding care claims have increased by 122 percent since 2004.²⁵

"My husband had four weeks of paid paternity leave, and it was a godsend, and helped us to become better parents. Women can suffer from postpartum [depression] and not know it – we owe it to the babies of the world to help their parents out."

— Anonymous (MomsRising.org)

- **Parents' access to paid family and medical leave contributes to improved health for children and reduces health care costs.** Sick children recover faster when cared for by their parents. In fact, the presence of a parent shortens a child's hospital stay by 31 percent.²⁶ And active parental involvement in a child's hospital care may head off future health care needs and costs. This is particularly true for children with chronic health conditions who need assistance with daily medical routines.²⁷ In addition, paid leave

20 Gomby, D., & Pei, D. (2009). *Newborn Family Leave: Effects on Children, Parents, and Business*. David and Lucile Packard Foundation publication. Retrieved 9 April 2012, from http://www.packard.org/wp-content/uploads/2011/06/NFLA_fullreport_final.pdf

21 Berger, L., Hill, J., & Waldfogel, J. (2005). Maternity Leave, Early Maternal Employment and Child Health and Development in the US. *The Economic Journal*, 115(501), F44.

22 Guendelman, S., Kosa, J.L., Pearl, M., et al. (2009). Juggling Work and Breastfeeding: Effects of Maternity Leave and Occupational Characteristics. *Pediatrics*, 123(1), e38-346.

23 See note 17.

24 Nepomnyaschy, L., & Waldfogel, J. (2007). Paternity Leave and Fathers' Involvement with their Young Children. *Community, Work, and Family*, 10(4).

25 California Employment Development Department. *State Disability Insurance Statistical Information*. Retrieved 27 March 2012, from http://www.edd.ca.gov/Disability/pdf/qspfl_PFL_Program_Statistics.pdf (Unpublished calculation)

26 Heymann, J. (2001). *The Widening Gap: Why America's Working Families Are in Jeopardy - and What Can Be Done About It*. New York, NY: Basic Books.

27 Heymann, J., & Earle, A. (2010). *Raising the global floor: dismantling the myth that we can't afford good working conditions for everyone*. Stanford, CA: Stanford Politics and Policy.

correlates with better health: Parents of children with serious chronic illnesses who are forced to miss work report more positive effects on their child's physical and emotional health when they receive fully paid leave than when they receive no pay.²⁸

- ▶ **Paid leave correlates with reduced child mortality.** A 10-week increase in paid parental leave is estimated to reduce post-neonatal child mortality by up to 4.5 percent.²⁹ If parents can't afford to take time off work, they may not be able to offer crucial, even life-saving, care for their children.
- ▶ **Paid leave helps keep families out of poverty, which is linked to better outcomes for children.** In the United States, more than 40 percent of children live in low-income families.³⁰ Paid leave helps to keep women in the workforce, and maternal employment is key to lifting families out of poverty.³¹ New mothers who take paid leave are more likely than mothers who take no leave to be back at work nine to 12 months after childbirth. They are also 54 percent more likely to report wage increases and 39 percent *less* likely to receive public assistance in the year following the birth. New fathers are also less likely to receive public assistance following a child's birth if they take paid leave.³² When children grow up in families that are economically stable, they are more likely to experience adequate nutrition, healthy development and physical and mental well-being.³³
- ▶ **Paid leave is linked to children's educational success.** When paid parental leave is provided alongside other policies that support working families, it strongly correlates with children's higher educational attainment.³⁴

"I took three weeks off after Caesarian surgery when I gave birth to my son. Would I have liked more time to recover? Yes. Did I need more time with my newborn son who was suffering from jaundice and who was born a month early? Yes. That wasn't an option. I couldn't afford more than three weeks, especially with the hospital bills waiting to be paid. I bought a breast pump secondhand and pumped in the break room, carrying the milk back and forth with me. It was miserable, exhausting and heartbreaking, but I had no choice."

— Heidi (MomsRising.org)



28 Schuster, M.A., Chung, P.J., Elliott, M., et al. (2009, April). Parents of Children With Special Health Care Needs: Perceived Effects of Leave from Work and the Impact of Paid Leave. *American Journal of Public Health*, 9(44): 698-705.

29 Ruhm, C. J. (2000). Parental leave and child health. *Journal of Health Economics*, 19(6), 931-960.

30 Child Poverty. (2012). National Center for Children in Poverty, Mailman School of Public Health, Columbia University. Retrieved 9 March 2012, from <http://nccp.org/topics/childpoverty.html>

31 Engster, D., & Stensota, H. O. (2011). Do Family Policy Regimes Matter for Children's Well-Being?, *Social Politics*, 18(1), 82-124.

32 See note 8.

33 Ten Important Questions About Child Poverty and Economic Hardship. National Center for Children in Poverty, Mailman School of Public Health, Columbia University. Retrieved 6 April 2012, from <http://nccp.org/faq.html>

34 See note 31.

Later in Life: Paid Leave Makes a Difference in Older Adults' Health and Quality of Life

Paid leave is critical to older adults, whether they are workers or require care from family members. Paid leave allows older workers to address their own health needs without having to drop out of the labor force. It also enables caregivers of older adults to meet both their work and caregiving obligations.

- ▶ **Workers in the United States are staying in the labor force until later in life.** Millions of older adults continue to work well into their sixties and seventies. About 30 percent of adults over 65 are employed.³⁵ These workers make important contributions to their employers. They also rely on their jobs to maintain their own economic stability. Fifty-three percent of retirement-age workers stay in the workforce to ensure a more comfortable and stable life for themselves when they do stop working. Another 18 percent say they *must* continue to work because other sources of income do not sufficiently meet their needs.³⁶

The average worker over 50 years of age who leaves the workforce to take care of a parent – a potential consequence of lack of paid leave – will lose more than \$300,000 in earnings and retirement income.

— MetLife Mature Market Institute. (2011, June). *The MetLife Study of Caregiving Costs to Working Caregivers: Double Jeopardy for Baby Boomers Caring for Their Parents.*

- ▶ **Paid leave allows older adults to continue working and benefits businesses.** Research shows that older workers exhibit higher levels of motivation and engagement and lower levels of turnover than their younger counterparts, qualities that help companies outperform their competitors.³⁷ For older adults, who are more likely to suffer from chronic health conditions,³⁸ paid family and medical leave is a crucial workplace support that allows businesses to reap the benefits older workers have to offer. Paid medical leave gives older workers the time they need to fully recover from a serious health condition before returning to work. Paid family leave helps them care for aging and ill spouses and parents. This improves their health and promotes long-term health cost savings by preventing recurrences of illness and hospital readmissions.
- ▶ **Paid leave promotes caregivers' financial and retirement security.** Family caregivers have a significant positive impact on the overall health of their care recipients, such as elderly parents. Unfortunately, nearly seven in 10 caregivers report having to make work accommodations during their caregiving experience.³⁹ Of family caregivers who were forced to take time off to fulfill their care responsibilities, 48 percent lost income.⁴⁰ Between the loss of pay and retirement benefits, the consequences of not having paid leave on caregivers' financial and retirement



35 See note 3.

36 Brown, M., Aumann, K., Pitt-Catsouphes, M., et al. (2010, July). *Working in Retirement: A 21st Century Phenomenon*. Families and Work Institute publication. Retrieved 9 April 2012, from http://familiesandwork.org/site/research/reports/working_in_retirement.pdf

37 Towers Perrin. (2005). *The Business Case for Workers Age 50+: Planning for Tomorrow's Talent Needs In Today's Competitive Environment*. AARP publication. Retrieved 9 April 2012, from http://assets.aarp.org/rgcenter/econ/workers_fifty_plus.pdf

38 National Center for Chronic Disease Prevention and Health Promotion. (2011). *Healthy Aging: Helping People to Live Long and Productive Lives and Enjoy a Good Quality of Life*. Center for Disease Control publication. Retrieved 9 April 2012, from http://www.cdc.gov/chronicdisease/resources/publications/aag/pdf/2011/Healthy_Aging_AAG_508.pdf

39 See note 12.

40 See note 14.

stability are immense. For example, the average caregiver over 50 who leaves the workforce to care for a parent will lose \$303,880 in wages, Social Security and private pension. On average, a woman will lose \$324,044 and a man will lose \$283,716.⁴¹

- ▶ **Paid leave allows caregivers to take care of themselves and manage their own health issues.** Caregiving takes more than a financial toll. Caregivers experience high levels of stress, depression and frustration. They suffer from higher rates of chronic disease, slower healing and diminished immune response. Older people who are caregivers have a 63 percent higher mortality rate than non-caregivers of the same age.⁴² Researchers estimate that the costs of health care for workers who have eldercare duties exceed those of other workers by between eight and 18 percent.⁴³

Nearly three-quarters of retirement-age workers stay in the workforce either because they can't afford to retire or in order to ensure financial stability when they do retire.

— Brown, M., et al. (2010, July). *Working in Retirement: A 21st Century Phenomenon*.

41 MetLife Mature Market Institute. (2011, June). *The MetLife Study of Caregiving Costs to Working Caregivers: Double Jeopardy for Baby Boomers Caring for Their Parents*. Retrieved 23 February 2012, from <http://www.metlife.com/assets/cao/mmi/publications/studies/2011/mmi-caregiving-costs-working-caregivers.pdf>

42 Family Caregiver Alliance. (2006). *Caregiver Health: A Population at Risk*. National Center on Caregiving publication. Retrieved 9 April 2012, from http://www.caregiver.org/caregiver/jsp/content_node.jsp?nodeid=1822

43 MetLife Mature Market Institute. (2010, February). *The MetLife Study of Working Caregivers and Employer Health Care Costs*. National Alliance for Caregiving and University of Pittsburgh Institute on Aging publication. Retrieved 9 April 2012, from <http://www.metlife.com/assets/cao/mmi/publications/studies/2010/mmi-working-caregivers-employers-health-care-costs.pdf>

A Paid Leave Standard Would Reduce Disparities and Promote Equity

Increasing access to paid leave through a national standard would help to reduce inequities that affect the health and economic security of women and lower-wage workers.

- ▶ **Paid leave can promote fair pay and the advancement of women.** Over their lifetimes, women are paid less than half of the amount paid to men. There is also a significant gap – sometimes called the “family gap” – in the amount paid to women who have families and those who do not.⁴⁴ These gaps can be caused in part by women taking on a greater share of caregiving responsibilities, which can result in greater wage losses due to missed work or a lost job. Access to paid leave helps women stay employed, encourages men to take on caregiving responsibilities and promotes economic security for all.
- ▶ **A paid leave standard would help ensure that workers of all income levels have access to leave.** Lower-income workers are the least likely to have access to any type of leave, including paid leave. Only three percent of the lowest-wage workers have access to paid family leave through their employers, compared to 18 percent of highest-wage workers.⁴⁵ A national standard would help to level the playing field, ensuring access for everyone – not just a fortunate few.
- ▶ **Establishing a paid leave standard could reduce differences in paid leave use across education levels.** All mothers and their children need access to paid leave and the health and economic benefits it provides. The U.S. Census Bureau, which tracks leave-taking by first-time mothers, has found that not only are rates of paid leave-taking stagnant, but there are significant disparities in paid leave-taking by socioeconomic status. In 2006-2008, 66 percent of college-educated first-time mothers who worked during pregnancy took some form of paid leave (including saved vacation and sick leave), while only 18.5 percent of women with less than a high school education took paid leave. Paid leave use by women with less formal education has not increased in the past 50 years.⁴⁶
- ▶ **California’s paid leave insurance program shows that paid leave goes a long way toward reducing a range of disparities.** The availability of paid leave through the state paid leave program has significantly increased leave-taking among mothers with lower levels of education, unmarried mothers, Hispanic mothers and Black mothers.⁴⁷

“My mother had Stage IV breast cancer and paid family leave allowed me to take the time off of work to take care of her during her final months. I could never have afforded it otherwise. The huge relief this provided cannot be fully explained in words. I am grateful that I live in a state that offers these benefits!”

— Caregiver of Parent, California, Firestein, N., O’Leary, A., & Savitsky, Z. (2011). *A Guide to Implementing Paid Family Leave: Lessons from California*.



44 Boushey, H. (2008). Family friendly policies: Helping mothers make ends meet. *Review of Social Economy*, 66(1), 51-70.

45 See note 4.

46 See note 7.

47 Rossin-Slater, M., Ruhn, C., & Waldfogel, J. *The Effects of California's Paid Family Leave Program on Mothers' Leave-taking and Subsequent Labor Market Outcomes*. National Bureau of Economic Research publication. Retrieved 26 March 2012, from <http://www.nber.org/papers/w17715>

States Are Leading the Way Toward a National Standard

No federal paid family leave program exists, but two states – **California and New Jersey** – have successfully implemented their own statewide paid family leave programs.⁴⁸ These programs are paid for by employee contributions and have been used by hundreds of thousands of workers to care for a new child or ill family member. In 2007, the state of Washington also passed a family leave law, but the law has yet to be implemented. The California and New Jersey programs were built on existing **temporary disability insurance (TDI) programs**, which provide paid medical leave for workers' own serious health conditions. **Hawaii, New York, Rhode Island and Puerto Rico** also have TDI programs in place.

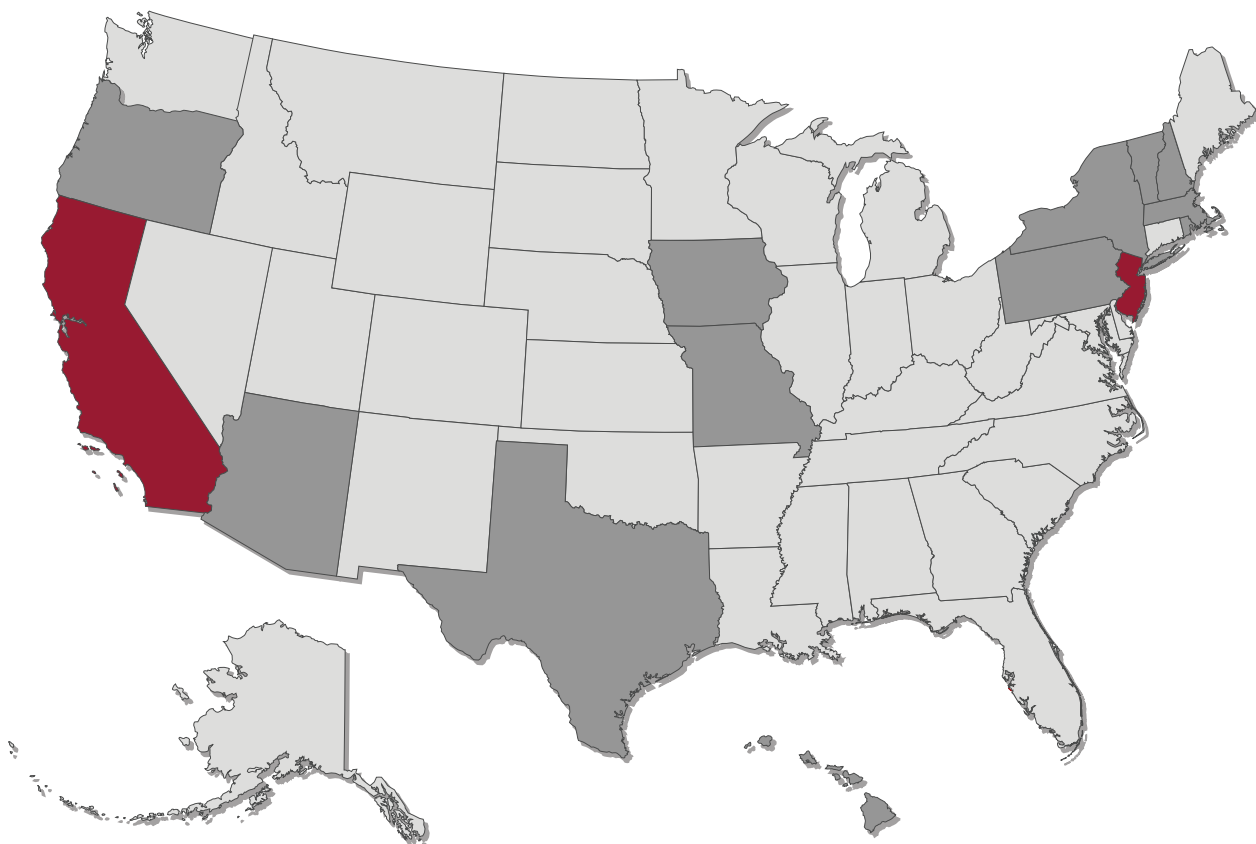
State-based paid leave efforts are expanding.

Following the successful examples of California and New Jersey, paid leave policies have been proposed in a number of other states, including: **Arizona, Hawaii, Iowa, Massachusetts, Missouri, New Hampshire, New York, Oregon, Pennsylvania, Rhode Island, Texas and Vermont.***

Californians have filed claims for nearly 1.4 million family leaves since 2004.* In New Jersey, more than 75,000 family leave claims have been filed since 2009.**

*** California Employment Development Department, *State Disability Insurance – Quick Statistics: Paid Family Leave Claims Filed*. Data are through January 2012.**

**** New Jersey Department of Labor and Workforce Development, *Family Leave Program Statistics, 2009-2012*. Data are through March 2012.**



* States with bills introduced between 2010 and 2012.

⁴⁸ See the Appendix for more information about the California and New Jersey programs.

A Success Story: Paid Family Leave in California⁴⁹

In September 2002, California passed the nation's first comprehensive Paid Family Leave (PFL) program, building upon its already existing State Disability Insurance (SDI) program. California's historic achievement paves the way for other states – and the federal government – to follow suit. Eight years after the PFL legislation was implemented in California, researchers can now say with certainty that the program has been successful.

California's PFL program is funded entirely by employees who pay in to a statewide fund through a payroll tax. In 2011, employees' combined payroll tax for SDI and PFL was 1.2 percent of wages.

California workers and their families have benefitted tremendously from the availability of paid leave.

- ▶ Since 2004, Californians have taken nearly 1.4 million periods of leave to care for a family member or bond with a new child.⁵⁰
- ▶ Workers find the program easy to use and receive their first wage replacement checks quickly.
- ▶ Since the program was implemented, the average length of leave taken by new mothers has *doubled* from three weeks to between six and seven weeks.⁵¹



Employers have been reaped the benefits of increased productivity and experienced few if any negative effects.

- ▶ The vast majority of employers in California report that the state's paid family leave program has had a "positive effect" or "no noticeable effect" on employee productivity (89 percent), profitability and performance (91 percent), turnover (96 percent) and morale (99 percent).
- ▶ Small employers are even less likely than larger employers to report any negative effects.
- ▶ In order to cover the work of employees on leave, employers draw upon already well-established practices such as cross-training, redeployment of workers, maintaining "floaters" and using part-time workers who are on call for such occasions.
- ▶ Few employers reported abuse of the program: 91 percent said they were not aware of any abuse, and the small share who had witnessed abuse reported only isolated incidents.

"California's Paid Family Leave allowance meant that I did not have to put my daughter in day care starting at eight weeks of age. As a result I was able to continue breastfeeding her until she was 14 weeks old and I got the time my body needed to further recover from the pregnancy and labor. We are both healthier for it which means I am now a more productive worker than I otherwise would have been."

— Anonymous, California (MomsRising.org)

⁴⁹ Unless otherwise noted, all information and data that follow in this section are from the source referenced in note 17.

⁵⁰ California Employment Development Department. (2012). *State Disability Insurance – Quick Statistics: Paid Family Leave Claims Filed*. Retrieved 8 March 2012, from http://www.edd.ca.gov/About_EDD/pdf/qspfl_Claims_Filed.pdf. Data are through January 2012. (Unpublished calculation.)

⁵¹ See note 47.

Components of an Ideal Paid Leave Insurance Program

Who does the program cover?

- ▶ All workers who meet a minimum workforce attachment threshold may take leave under the program. This includes part-time workers and workers who are not currently employed (as long as they meet the other minimum requirements). Self-employed workers are also covered.

For what reasons may workers take leave?

- ▶ Workers may take leave for, at a minimum, their own serious health condition, including a condition related to pregnancy or childbirth; to take care of a relative suffering from a serious health condition; or to bond with a newborn, newly adopted or newly placed foster child.

What is the weekly benefit?

- ▶ The benefit amount will be set by the administering agency and should be high enough for low-income workers to be able to afford to take leave.

What is the leave period?

- ▶ A leave period of at least 12 weeks will be available, and intermittent leave will be permitted.

How is the leave paid for?

- ▶ Employers and employees will contribute through small payroll taxes. These contributions will be pooled in a special family and medical leave insurance fund.

Will workers get their jobs back after returning from leave?

- ▶ The law will provide job protection and reinstatement for workers taking leave.
- ▶ It will also include provisions making it unlawful for employers to discriminate or retaliate against those who need or take leave.

How will the public learn about the program?

- ▶ The administering agency will conduct a public education campaign to inform workers about their rights to leave under the program.

For more information on drafting a state paid family and medical leave policy, contact the National Partnership for Women & Families.

“I believe a worker distracted by a pressing family emergency is not likely to do his or her best work. I’d rather have them stay home, with compensation... As a state, [New Jersey has chosen to]... enact laws that attract the quality workers small businesses need to succeed.”

— Kelly Conklin, Owner, Foley-Waite Associates, New Jersey

Federal Proposals for Paid Family and Medical Leave

Proposed National Paid Family Leave Insurance Legislation (“FAMILY Act”)

Modeled on the successful California and New Jersey programs, this proposal would provide all eligible workers with a portion of their wages when they need to take time off for any of the reasons covered by the Family and Medical Leave Act (FMLA).

- ▶ Workers would be eligible for up to 60 “caregiving” days of *paid* leave within a one-year period for FMLA purposes – their own serious health condition; the serious health condition of a family member (including a domestic partner) who requires care; the birth or adoption of a child; or the foreign deployment of a family member in the U.S. Armed Forces or Reserves.
- ▶ The proposal would establish an Office of Paid Family and Medical Leave within the Social Security Administration to administer the program. In this way, it would build on an existing system.
- ▶ The program would be funded by employee and employer contributions of 0.2 percent of wages each. Benefits would equal 66 percent of an individual’s typical monthly wages up to a capped monthly amount, and would be indexed for inflation.

State Paid Leave Fund

The president’s budget includes funding to establish a State Paid Leave Fund within the U.S. Department of Labor.

- ▶ The State Paid Leave Fund would promote state innovation in establishing paid family and medical leave programs. Grants made from this fund would assist states in conducting the research, planning and analysis that was so crucial to the adoption of California’s successful program.
- ▶ Funds could be used in states like Washington, where legislation to establish a paid leave program was passed in 2007 but has yet to be implemented. A number of other states are considering paid leave programs, but must first conduct actuarial studies or other similar assessments.
- ▶ At a time of state budget crises, federal investment in state-level programs such as paid leave insurance systems is critical for success.

Federal Employees Paid Parental Leave Act

The Federal Employees Paid Parental Leave Act (FEPPLA, H.R. 616 in the 112th Congress) would provide federal workers who qualify for FMLA leave with four weeks of paid time off to use for the birth or adoption of a new child.

- ▶ FEPPLA would allow new parents – both fathers and mothers – to receive pay during four weeks of their FMLA leave.
- ▶ Proving paid parental leave will save the federal government an estimated \$50 million per year in turnover and replacement costs. The federal government could prevent the departure of 2,650 female employees annually by offering paid parental leave.⁵²

52 Miller, K., Helmuth, A., & Farabee-Siers, R. (2009). *The Need for Paid Parental Leave for Federal Employees: Adapting to a Changing Workforce*. Institute for Women’s Policy Research publication. Retrieved 9 April 2012, from <http://www.iwpr.org/publications/pubs/the-need-for-paid-parental-leave-for-federal-employees-adapting-to-a-changing-workforce-1>

Appendix: Paid Family Leave Insurance Programs in California & New Jersey

Provisions	California ⁵³	New Jersey ⁵⁴
Name of program	Paid Family Leave (PFL)	Family Leave Insurance (FLI)
Reasons for paid leave	To care for a seriously ill child, spouse, parent, registered domestic partner, or to bond with a new child (by birth, adoption or placement in foster care).	To care for a child, spouse, parent or domestic/civil union partner with a serious health condition, or to bond with a new child (by birth or adoption).
Length of leave	For bonding leave, up to six weeks in the 12-month period following the child's arrival. For caregiving leave, up to six weeks in any 12-month period. Leave may be taken intermittently. Includes provision for workers to return to work part time.	For bonding leave, up to six weeks in the 12-month period following the child's arrival. Leave must be taken for more than seven days, unless employer agrees to intermittent leave. Caregiving leave may be taken for six consecutive weeks, intermittent weeks or 42 intermittent days in any 12-month period.
Employee eligibility	Employee must have earned \$300 in gross wages within a base period (the five-to-18-month period before filing). Part-time workers are covered if they meet all other requirements.	Employee must have earned at least \$145 per week during 20 calendar weeks, or at least \$7,300 total, in the base year (the 52 weeks immediately before the week of leave begins). Part-time workers are covered if they meet all other requirements.
Method to fund insurance system	Leaves are funded by employees only. The combined payroll tax for SDI and PFL is 1.2 percent of wages. The average annual worker contribution was \$511.76 in 2011. ⁵⁶	Leaves are funded by employees only. In 2011, each worker contributed 0.06 percent of wages. The maximum annual worker contribution for FLI was \$17.76. ⁵⁵
Employer size	All private employers covered. Self-employed individuals and public employers may opt in.	All employers covered.
Benefit amount	Maximum \$1,011/week as of 2012. The weekly benefit is 55 percent of average weekly wages. In 2011, the average weekly benefit was \$491. ⁵⁷	Maximum \$572/week as of 2012. The weekly benefit rate is two-thirds of average weekly wages. In 2010, the average weekly benefit was \$479. ⁵⁸
Job protection	No job protection.	No job protection.

⁵³ Unless otherwise noted, information in this section was obtained from webpages linked from: California Employment Development Department. *State Disability Insurance Frequently Asked Questions*. Retrieved 28 February 2012, from <http://edd.ca.gov/Disability/FAQs.htm>

⁵⁴ Unless otherwise noted, information in this section was obtained from webpages linked from: New Jersey Department of Labor and Workforce Development. *Family Leave Insurance*. Retrieved 28 February 2012, from <http://lwd.dol.state.nj.us/labor/fli/fliindex.html>

⁵⁵ Paid family leave/Working well [Editorial]. (2010, November 15). *Press of Atlantic City*. Retrieved 22 March 2012, from http://www.pressofatlanticcity.com/opinion/editorials/article_0d6ba980-3a1d-56f7-9101-258999b5d9d0.html

⁵⁶ California Employment Development Department. (2012). *Average SDI Contributions*. Retrieved 28 February 2012, from http://www.edd.ca.gov/About_EDD/pdf/qsdi_Avg_SDI_Contributions.pdf

⁵⁷ California Employment Development Department. (2012). *Quick Statistics*. Retrieved 28 February 2012, from http://www.edd.ca.gov/About_EDD/Quick_Statistics.htm#DIStatistics

⁵⁸ New Jersey Department of Labor and Workforce Development. (2011, December). *Annual Report for 2010: Family Leave Insurance and Temporary Disability Insurance Programs*. Retrieved 28 February 2012, from http://lwd.dol.state.nj.us/labor/forms_pdfs/tdi/ANNUAL_FLI-TDI_REPORT_FOR_2010.pdf

The National Partnership for Women & Families is a nonprofit, nonpartisan advocacy group dedicated to promoting fairness in the workplace, access to quality health care and policies that help women and men meet the dual demands of work and family. More information is available at www.NationalPartnership.org.

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