

Ten Years of the California Paid Family Leave Program: Strengthening Commitment to Work, Affirming Commitment to Family

Cassandra D. Engeman, Ph.D. Candidate
Department of Sociology
Center for the Study of Work, Labor and Democracy
University of California, Santa Barbara

INTRODUCTION

Ten years ago, California became the first state in the United States to adopt paid family leave (PFL) legislation. Since its passage, studies have demonstrated the law's wide-ranging benefits for California families, workers, and businesses.

California's Paid Family Leave filled a crucial gap in federal legislation. Under the federal Family and Medical Leave Act (FMLA) of 1993, workers have access to up to 12 weeks of job-protected leave to address a serious illness for oneself or one's family member. However, this leave is unpaid, making family leave out-of-reach for many workers.¹

California's Paid Family Leave law established an insurance program that provides workers up to six weeks of paid leave to care for a new child or a seriously ill family member. The PFL program is an extension of the State Disability Insurance (SDI), which provides partial wage replacement for workers who need to tend to non-workplace related injuries or disabilities, including pregnancy. Workers who contribute to the SDI system are eligible for partial wage replacement during leave periods. With passage of PFL in September 2002, the SDI was extended to cover family caregiving.

Over one million workers have taken advantage of the program. In 2012, the average weekly benefit was \$497 with an average of 5.35 weeks per claim. An overwhelming majority of claims filed were for bonding with a new child.² Research on the social and health implications of California's PFL program – and family leave generally – demonstrate that:

- Paid family leave **promotes family well-being**. For example, mothers who took leave under the PFL program reported breastfeeding for longer periods,³ which has important health benefits for children and mothers.
- Paid family leave **improves family economic security**, allowing workers to take much-needed leave without sacrificing their full pay.
- When paid family leave is a statutory right, it **equalizes access to paid leave across occupations and income levels**, removing dependency on employer benevolence for access to this important benefit.
- Paid family leave **bolsters businesses** by reducing workforce turnover³ and the costs associated with it.

California's landmark legislation is a leading model for the nation. Other states have since passed legislation to make it easier for workers to take time off from work to care for family. In 2008, New Jersey followed California's model and became the second state in the U.S. to implement a paid family leave program.⁴

California continues to be a leader in the nation with regard to family-friendly workplace legislation. However, there remain important ways to improve the accessibility and affordability of leave in the state. Research on PFL's benefits and limitations are summarized below.

PAID FAMILY LEAVE PROMOTES FAMILY WELL-BEING.

California's PFL program has had a number of positive impacts for family health and well-being, especially for new families. In a survey of California workers who took family leave in 2009-2010, workers who took advantage of the PFL program more frequently reported that leave improved their ability to care for their new child and arrange for child care compared to workers who did not use the PFL program. Leave under the PFL program had the biggest impact among workers

that researchers categorized as employed in “low-quality” jobs or jobs that did not pay at least \$20/hour with health insurance. Among these workers, 91% of them who used the PFL program for their leave reported that their leave improved their ability to care for a new child, compared with 71% of workers who did not use the PFL program. Seventy-two percent of workers in “low quality” jobs who used the PFL program reported that it improved their ability to arrange child care compared to 49% of workers who did not use the program.⁴

In this same study, mothers who used the PFL program reported breastfeeding longer. Workers in “high-quality” jobs (paying at least \$20/hour with health insurance) reported a median of eleven weeks of breastfeeding when taking leave under the PFL program compared to five weeks for workers who did not use the PFL program. And workers in “low-quality” jobs reported a median of nine weeks of breastfeeding under the PFL program compared to a median of five weeks for workers who did not take leave under the PFL program.³ This is important for family health as breastfeeding has been found to have significant and wide-ranging health benefits for both children and mothers.⁵⁻⁷ Among mothers, for example, increased periods of breastfeeding reduced the risk of postpartum depression,⁵ cardiovascular disease,⁶ diabetes,⁶ and hypertension.⁶⁻⁷ In a systematic review of approximately 400 studies of breastfeeding health outcomes, researchers reported that, for children, breastfeeding was associated with reduced risk of obesity, diabetes, childhood leukemia, sudden infant death syndrome, and other diseases.⁵

The PFL program increased leave-taking and length of leave. Since the program was established, maternity leave lengths have doubled, increasing from an average of three weeks to six-to-seven weeks.⁸ Research also suggests that the PFL program increased the time mothers spent with infants, particularly among non-college-educated women.⁹ Among men, child-bonding claims have increased: In 2011-2012, 29% of PFL claims for child-bonding were filed by men compared to 23% in 2007-2008.¹⁰ Such impacts of the PFL program could also have significant impacts on family health. For example, researchers have found that when mothers have access to longer maternity leave, their children are 4% more likely to receive immunizations and 2.4% more likely to receive regular medical check-ups; and the relationship between leave and these outcomes were statistically significant.¹¹ Additionally, increased length of maternity leave could ease some of the stress, anxiety, and depression that some new mothers experience.¹²

PAID FAMILY LEAVE IMPROVES FAMILY ECONOMIC SECURITY.

Workers must risk losing their jobs to take family leave when such leave is not covered. Pressures to care for family lead some workers to take leave at risk to their jobs or to opt-out of employment altogether. In a 2010 survey, 23% of participants reported they had lost their job or were told they would lose their job for taking time-off from work to care for personal or family illness.¹³ Leaving work can have long-term effects on family economic security. Aside from obvious loss of income, unemployment can result in significant reductions in Social Security benefits.¹⁴

Paid family leave has long-term socioeconomic benefits for women. Research on California's PFL program found that use of the program increased the subsequent working hours of employed mothers by 6-9% with a concomitant increase in earnings.⁸ Women who take paid leave are 39% less likely to receive public assistance nine to twelve months after childbirth compared to women who do not take leave, paid or unpaid, after childbirth.¹⁵

PAID FAMILY LEAVE EQUALIZES ACCESS TO PAID LEAVE.

Without public policy that provides accessible and affordable family leave, workers are dependent on their employers to provide support in balancing work and family obligations. As a result, access to paid and unpaid leave is unevenly distributed across occupations and incomes.

Low-income workers are less likely than higher income workers to have employer-provided paid and unpaid leave.¹⁶⁻¹⁸ A California-based study found that non-managers and non-professionals were less likely to receive employer-provided paid leave: 67% of these workers had access to paid sick or vacation leave compared to 80% of "exempt" employees (e.g. professionals and supervisors).³ Loss of income from unpaid leave or job loss for leave-taking has much more severe consequences for low-income families that often live paycheck-to-paycheck.¹⁹ Therefore, workers who need paid leave most are least likely to have it.

With the PFL program, workers are no longer reliant on the goodwill of their employers. Since its implementation, the PFL program has reduced disparities in leave-taking. For example, researches using 2009-2010 Current Population Survey data found that prior to the PFL program, only 2% of new mothers with a high school degree or less and 5% of new mothers with some college education

reported taking maternity leave, compared to 9% of college-educated new mothers. After implementation of the PFL program, leave-taking increased to 7.5% of new mothers with a high school education and 13% of new mothers with some college education, compared to 14% of college-educated new mothers.⁸

PAID FAMILY LEAVE BOLSTERS BUSINESS.

In a survey of the California business community regarding the PFL program, most businesses reported positive or no noticeable effects of the new law on their business operations.³ Small businesses were less likely than larger businesses (with more than 100 employees) to report negative impacts of the PFL program. Additionally, a majority (60%) of businesses reported coordinating their internal leave programs with the state's PFL. This likely resulted in cost savings for businesses as the state PFL insurance program – rather than employers – provided partial wage replacement during leave periods.³

PFL is funded entirely by employee contributions. Workers who contribute to the SDI program are entitled to partial wage replacement when taking leave to care themselves or a family member. Often, this leave is taken in conjunction with job-protected leave under the FMLA. In separate studies of the FMLA and the PFL and their impacts on businesses, employers most frequently reported temporarily shifting work to other employees to address workers' absences due to leave,^{3,20-21} making compliance to FMLA and PFL of little to no cost to employers in most cases.

Research suggests that family leave programs, in general, benefit businesses, and the pay-off for providing leave may exceed the cost of not providing it. In a study based on 2001-2002 data, loss of workforce productivity due to common pain conditions was estimated to cost \$61.2 billion annually in the US with 76.6% of those costs attributed to loss of productivity from workers who report to work while in pain.²² Additionally, workers' family care responsibilities can lead to workforce turnover.²³⁻²⁵ For example, a study based on 1995-2001 data on the US female labor force found that employed women who needed to care for an ill or disabled family member were 50% less likely to remain employed.²⁵

Providing family leave increases the likelihood that workers will remain employed and maintain their level of employment.²⁵⁻²⁶ A California-based study of the PFL program found that among workers in "low-quality" jobs (that did not pay \$20/hour with health insurance), 83% of workers who used PFL returned to their same employer compared to only 74% of workers who did not use PFL.³

EXPANDING THE PFL PROGRAM

Despite the benefits of California's PFL program and paid family leave generally, workers who need to access paid leave still face several hurdles in accessing and affording leave.

California's PFL program could be improved by:

Funding outreach and education regarding rights to leave under PFL.

Lack of awareness of family leave rights remains a problem.^{3,27-28} In a 2007 representative survey of California adults, only 28% of respondents reported awareness of the PFL program.³ Awareness is better among Californians who recently experienced a qualifying event for leave under PFL. A 2009-2010 survey found that among this group 48% were aware of PFL. However, awareness was lowest (less than 38%) among workers earning less than \$30,000 in annual household income, workers earning less than \$15 per hour, and workers without employer-provided paid sick days or vacation – the workers who need the PFL program the most.³ Additionally, awareness of the PFL program was especially low in Los Angeles County and among Latinos.²⁹

Most workers (63.4%) learned about the PFL program from their employers,³ but public outreach and education targeted to the lowest aware groups – low-income workers, Latinos, and workers in Los Angeles County – could significantly increase access to paid leave among Californians.

Assuring job-protection during leave periods. As an insurance program, California's PFL program does not provide job protection, leaving workers open to employer retaliation for taking leave. In a study of California's PFL program, 37% of workers who were eligible for and needed paid leave did not apply for it because they were concerned about negative consequences at work.³

Some workers may be eligible for job protected leave under the federal Family and Medical Leave Act (FMLA) and the California Family Rights Act (CFRA). However, to qualify for leave under the FMLA, workers must work in establishments of 50 or more employees and must have worked for an employer for at least 1250 hours in the 12-month period preceding leave. This effectively excludes some part-time workers from job-protected leave as well as small business employees. Expanding the FMLA and CFRA to cover more workers would assure job protection for many who currently qualify for the PFL program.

Making wage replacement levels adequate. California's PFL program provides partial wage replacement at 55% of weekly earnings.³⁰ According to a study of California's PFL program, nearly one-third of workers who were eligible for and needed paid leave, did not apply for the PFL program, because the wage replacement levels were not high enough.³ A report from the California Senate Office of Research shows that PFL claims are especially low among low-wage workers (earning less than \$12000/year): While these workers make up 20% of the workforce, only 16% of PFL claims were filed by low-wage workers.³¹ Increasing wage replacement levels – to one-third of weekly earnings as some researchers have recommended³ – would increase the uptake of this important program.

Expanding PFL for use in care for more family members. While providing crucial coverage for workers' with family care responsibilities, the PFL does not cover care for grandparents, grandchildren, parents-in-law, or siblings. According to a report of the California Senate Office of Research, 10% of requests for paid family leave are rejected because the leave involves care for a family member who is not covered under the law.³¹ Expanding coverage to care for a broader set of family members would meet an important need for many workers.

CONCLUSION

Paid family leave is beneficial for families, workers, and businesses. To extend these wide-ranging benefits, California should expand access to family leave and improve its affordability.

When the PFL was signed into law 10 years ago, California granted workers the right to care for their families without having to make incredible sacrifices. In many ways, this landmark legislation achieved its intended outcomes. However, many workers who need leave are still unable to access it. With a broad base of public support for paid family leave, California can take action to assure that families can get the care they deserve and that workers can continue their commitments to the workplace without sacrificing commitments to their families.

NOTES AND REFERENCES

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