

State Paid Leave Fund: **Critical Support for Families and States**

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At some point, nearly all workers need to take time away from work to deal with a serious personal or family illness, or to care for a new child. Yet only 11 percent of workers in the United States have access to paid family leave through their employers, and fewer than 40 percent have access to personal medical leave through employer-provided temporary disability insurance.¹ Paid family and medical leave programs allow workers to continue to earn a portion of their pay while they take time 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, newly adopted child or newly placed foster child.

Promoting Programs Working Families Need

President Obama's proposed FY 2013 budget includes \$5 million for a state paid leave fund within the U.S. Department of Labor. The fund would provide grants to states considering paid leave programs similar to successful paid family leave insurance programs in California and New Jersey.

Grants made from this fund would **assist states with planning activities**. Funds could be used for activities such as program design, research and analysis, stakeholder consultation, actuarial analysis, and development of a financing models and benefit structures.

Paid Leave Benefits Families, Businesses and Communities

Existing state paid leave programs have shown widespread benefits – and provide effective models for other states.

- ▶ California and New Jersey have successfully implemented paid family leave insurance programs that provide workers with a portion of their wages for up to six weeks while they care for a family member or a new child. These funds are paid for by employee contributions and have been used by hundreds of thousands of workers.
- ▶ A study of California's paid leave program found that after more than five years, the vast majority of employers report that it has had a "positive" or "no noticeable" effect on business operations.²

Paid leave provides the security working families need.

- ▶ Workers without paid leave often have no choice but to take unpaid leave or quit their jobs when illness strikes or a child needs care.
- ▶ Low-income workers need financial support the most when illness strikes or a new child joins the family, but they are the least likely to have access to any type of leave.³
- ▶ The federal Family and Medical Leave Act (FMLA) provides for up to 12 weeks of unpaid leave, but millions of workers cannot afford to take it. Seventy-eight percent of workers who need but do not take FMLA leave say they simply cannot afford to take unpaid time off.⁴

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.

Paid leave programs help reduce health care costs.

- ▶ Paid family and medical leave programs contribute to improved health. Sick children recover faster when cared for by their parents. The mere presence of a parent shortens a child’s hospital stay by 31 percent.⁵ And active parental involvement in a child’s hospital care may head off future health problems, partly due to increased parental education and awareness.⁶

Paid leave saves government and taxpayer money.

- ▶ Both women and men who take paid leave are significantly less likely to rely on public assistance or food stamps after a child’s birth. And women who take paid leave are more likely to be working nine to 12 months after the child’s birth. Thus, giving workers access to paid leave can save precious resources while providing families with the stability they desperately need.⁷

¹ U.S. Department of Labor, Bureau of Labor Statistics. (2010, March). *Employee Benefits in the United States National Compensation Survey: Employee Benefits in the United States, March 2010 (Table 32)*. Retrieved 13 December 2010, from <http://www.bls.gov/ncs/ebs/benefits/2010/ebbl0046.pdf>

² Appelbaum, E., & Milkman, R. (2011, January). *Leaves That Pay: Employer and Worker Experiences with Paid Leave in California*. Center for Economic Policy Research. Retrieved 25 March 2011, from <http://www.cepr.net/index.php/publications/reports/leaves-that-pay>

³ See note 1.

⁴ Cantor, D., Waldfogel, J., Kerwin, J., et al. (2001). *Balancing the Needs of Families and Employers: Family and Medical Leave Surveys, 2000 Update*. Rockville, MD: Westat.

⁵ Heymann, J. (2001, October 15). *The Widening Gap: Why America’s Working Families Are in Jeopardy—and What Can Be Done About It*. New York, NY: Basic Books.

⁶ Palmer, S. (1993). Care of sick children by parents: a meaningful role. *Journal of Advanced Nursing*, 18(2), 185–191.

⁷ Houser, L., & Vartanian, T. (2012). *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. Retrieved 21 February 2012, from http://www.nationalpartnership.org/site/DocServer/Pay_Matters_-_Positive_Economic_Impacts_of_Paid_Family_L.pdf?docID=9681