

# Paid Leave Works: Evidence from State Programs

SEPTEMBER 2019

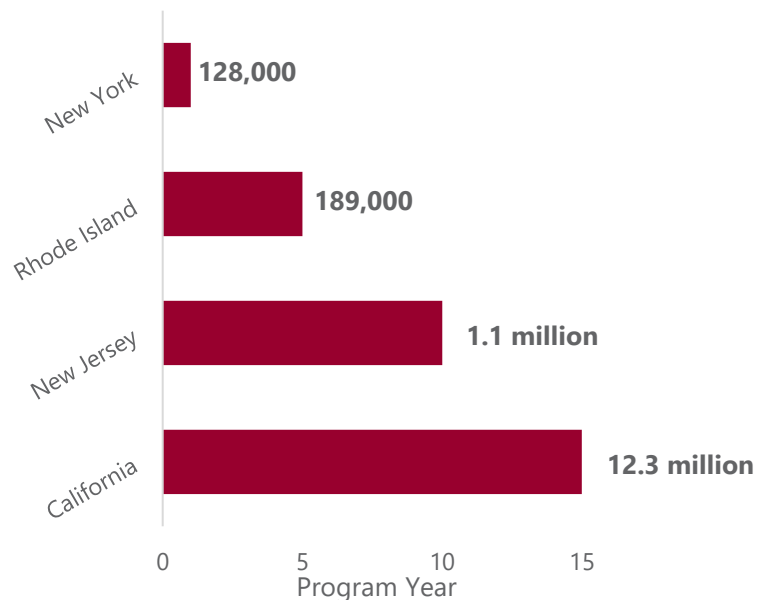
At some point, nearly every working person will need to take time away from a job to care for their own health, bond with a new child or care for a family member with a serious health condition – but millions still lack access to paid family and medical leave when these needs arise. Eight states and the District of Columbia have enacted paid family and medical leave programs, charting the way forward. Evidence from state programs demonstrates that paid family and medical leave programs are affordable and sustainable with benefits for working families, public health and businesses.

## Paid Leave Programs Have Helped Millions of Families

● In **California**, about 12.3 million claims have been paid since 2004.<sup>1</sup> In recent years, nearly one-third of claims were for family caregiving or child bonding, while the other two-thirds were for personal medical reasons. About 5 percent of covered workers use the program each year.<sup>2</sup> Men have filed a growing share of bonding and caregiving claims over time.

Since its implementation in 2004, the California program has been expanded multiple times since its adoption – to broaden the range of family members for whom caregiving leave can be taken, to increase benefit levels for lower- and middle-wage workers, and to make more workers eligible for job protection when they take parental leave.<sup>3</sup>

### Working Well for 15 Years and More Than 13.4 Million Paid Leaves



- In **New Jersey**, more than 1.1 million claims have been filed since the paid family leave program was implemented in 2009.<sup>4</sup> More than one-quarter of claims are for family caregiving or child bonding, and men’s share of claims has increased. About 6 in 10 claims are made by workers with annual incomes of \$50,000 or less.<sup>5</sup> Annually, approximately 125,000 claims are made; more than 3 percent of the covered workforce makes a personal medical leave claim each year, and nearly 1 percent makes a paid family leave claim.<sup>6</sup> Three out of four workers (76.4 percent) say they view the program favorably, and support crosses gender, race/ethnicity, age, marital status, union affiliation, employment status and income.<sup>7</sup>

To better support families with low incomes and reflect the diversity of today’s families, the program was strengthened in 2018. Improvements including expanded access to job protection, an inclusive definition of “family” for whom caregiving leave can be taken, coverage for safe leave for survivors of domestic or sexual violence, and a sliding scale for wage replacement to ensure individuals with low incomes can afford to take leave will go fully into effect in 2020.<sup>8</sup>

- **Rhode Island’s** program has filled just under 200,000 claims since its paid family leave was implemented in 2014,<sup>9</sup> and was the first to offer workers reinstatement to their jobs and protection from workplace retaliation for taking paid leave. Data show that the program is serving both middle- and lower-income workers: two-thirds of program claims are made by workers with annual incomes of \$50,000 or less.<sup>10</sup> Around 35,000 claims are made in a typical year, about 8 to 10 percent of the covered workforce.<sup>11</sup> In 2018, more than one-quarter of claims were for child bonding or family caregiving, and men filed more than 4 in 10 of those claims.<sup>12</sup>
- In the first year of **New York’s** paid family leave program, about 128,000 claims were paid (child bonding and family caregiving only), representing just under 2 percent of the covered workforce.<sup>13</sup> About 3 in 10 claims were made for family caregiving and 7 in 10 for child bonding, and men filed about 3 in 10 claims.<sup>14</sup> Approximately 150 military families benefited from paid leave for military exigency purposes – family needs related to active duty deployment – which New York is the first state to provide.<sup>15</sup> Like programs in other states, New York’s serves working people from across the income spectrum, and more than half of claimants had annual incomes of \$60,000 or less.<sup>16</sup> When the program is fully phased in in 2021, it will provide 12 weeks of job-protected paid family leave.<sup>17</sup>
- New programs will soon be fully implemented in **Washington** (2020), the **District of Columbia** (2020), **Massachusetts** (2021), **Connecticut** (2022) and **Oregon** (2023). These states build on earlier successes with new innovations, including providing more progressive wage replacement rates, extended durations of leave for certain purposes and inclusive coverage of diverse family structures.<sup>18</sup>

## Demonstrated Benefits for Employers

○ **Employers have adapted well to state paid leave programs.** The vast majority of California employers reported a positive effect on employee productivity, profitability and performance, or no effect.<sup>19</sup> The California Society for Human Resource Management, a group of human resources professionals that initially opposed California’s paid family leave law, declared that the law is less onerous than expected, and few businesses in their research reported challenges resulting from workers taking leave.<sup>20</sup> In New Jersey, the majority of both small and large businesses say they have adjusted easily.<sup>21</sup> Just one year after implementation of New York’s paid family leave program, 97 percent of employers were in compliance with the new law.<sup>22</sup>

○ **State paid leave programs are a model that works for small businesses.** The majority of small business owners support the creation of family and medical leave insurance programs at the state and federal levels, as these programs make the benefit affordable, reduce business costs, increase their competitiveness and can allow small business owners themselves to take paid leave when the need arises.<sup>23</sup> In California, although all employers report positive outcomes associated with paid leave, small businesses (those with fewer than 50 employees) report more positive or neutral outcomes than large businesses (500+ employees) in profitability, productivity, retention and employee morale.<sup>24</sup> A survey conducted for the New Jersey Business and Industry Association found that, regardless of size, New Jersey businesses say they have had little trouble adjusting to the state’s law.<sup>25</sup>

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**“[W]E REALLY HAVEN’T GOTTEN A LOT OF QUESTIONS ON PAID FAMILY LEAVE. THE LAW CAME INTO EFFECT A FEW YEARS AGO, AND IT SEEMS LIKE MOST OF OUR MEMBERS ARE COMPLYING WITH IT.”**

**— Director of a New Jersey business association**

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○ **Paid leave boosts employee morale and reduces costly turnover.** In California, virtually all employers (99 percent) report that the state’s program has positive or neutral effects on employee morale and 87 percent that the state program had *not* resulted in any increased costs. Sixty percent report coordinating their benefits with the state’s paid family leave insurance system – which likely results in ongoing cost savings.<sup>26</sup> Firm-level analysis of employers in California before and after paid family leave was implemented confirmed that for the average firm, wage costs had not increased and turnover rates had decreased.<sup>27</sup> Over a decade period, individuals who used the program typically made only a single claim.<sup>28</sup> Workers in lower quality jobs who used the state paid leave program reported returning to work nearly 10 percent more than workers who did not use the program.<sup>29</sup> Women who take a paid leave are

93 percent more likely to be in the workforce nine to 12 months after a child's birth than women who take no leave.<sup>30</sup> In multiple studies, New Jersey employers have noted that the state's paid leave program is beneficial for employees and manageable for employers.<sup>31</sup>

## Proven Results for Workers and Families

- **Paid leave programs have wide-ranging benefits for public health.** Research from state programs shows that for young children, paid leave provides time to establish a strong bond with parents during the first months of life, increases rates and duration of breastfeeding,<sup>32</sup> supports fathers' involvement in care,<sup>33</sup> improves rates of on-time vaccination,<sup>34</sup> reduces infant hospital admissions,<sup>35</sup> and reduces probabilities of having ADHD, hearing problems or recurrent ear infections.<sup>36</sup> Paid leave may also help prevent child maltreatment by reducing risk factors, such as family and maternal stress and depression.<sup>37</sup> Paid leave reduces the odds of a new mother experiencing symptoms of postpartum depression<sup>38</sup> and is associated with improvements in new mothers' health.<sup>39</sup> In California, implementing paid family leave was linked to an 11 percent relative decline in elderly nursing home usage.<sup>40</sup>
- **Working families with paid leave are more economically secure and can better manage work and family responsibilities.** Parents in California and Rhode Island reported that paid leave improved their ability to arrange child care.<sup>41</sup> State paid leave programs improve the labor force participation of family caregivers,<sup>42</sup> reduce the likelihood that new mothers would fall into poverty and increase household incomes,<sup>43</sup> and mean working people are significantly less likely to use SNAP or other public support programs in the year after a child's birth.<sup>44</sup>

## A Clear Case for a National Solution

People's access to paid leave should not depend on where they live or work or what kind of job they hold. The success of paid family and medical leave programs at the state level demonstrates that there is an effective, affordable and proven model that works for families, businesses and the economy.

### It is past time for a national solution that is:

- **Inclusive** of all working people;
- **Comprehensive** to reflect the range of personal and family caregiving needs;
- **Meaningful** in duration of leave and wage replacement level;
- **Sustainably funded without harming other essential programs; and**
- **Secure** so that workers are protected from adverse consequences for needing or taking leave.

Learn more at [NationalPartnership.org/PaidLeave](https://NationalPartnership.org/PaidLeave).

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<sup>1</sup> State of California Employment Development Department. (n.d.). *Disability Insurance (DI) - Monthly Data*. Retrieved 27 September 2019, from <https://data.edd.ca.gov/Disability-Insurance/Disability-Insurance-DI-Monthly-Data/29jg-ip7e/data>; State of California Employment Development Department. (n.d.). *Paid Family Leave (PFL) - Monthly Data*. Retrieved 27 September 2019, from <https://data.edd.ca.gov/Disability-Insurance/Paid-Family-Leave-PFL-Monthly-Data/r95e-fvkm/data>

<sup>2</sup> Estimate based on the total number of Temporary Disability Insurance (TDI) and Paid Family Leave (PFL) claims approved annually as a share of the annual average size of the workforce covered by the state plan each year. In 2017, approximately 1.4 percent of the covered workforce made a PFL claim and 3.6 percent a TDI claim. Employment Development Department, State of California. (2018, October). *October 2018 Disability Insurance (DI) Fund Forecast*. Retrieved 26 September 2019, from [https://edd.ca.gov/about\\_edd/pdf/EDDDIForecastOct18.pdf](https://edd.ca.gov/about_edd/pdf/EDDDIForecastOct18.pdf).

<sup>3</sup> 2013 Cal. Stat. ch. 350; 2016 Cal. Stat. ch. 5; 2017 Cal. Stat. ch. 686.

<sup>4</sup> New Jersey Department of Labor and Workforce Development. (2016, October). *Temporary Disability Insurance Workload in 2015 Summary Report*. Retrieved 26 September 2019, from <https://myleavebenefits.nj.gov/labor/myleavebenefits/assets/pdfs/TDI%20Report%20for%202015.pdf>; New Jersey Department of Labor and Workforce Development. (2018, September). *Annual Report for 2017: Family Leave Insurance and Temporary Disability Insurance Programs*. Retrieved 26 September 2019, from [https://myleavebenefits.nj.gov/labor/myleavebenefits/assets/pdfs/ANNUAL\\_FLI-TDI\\_REPORT\\_FOR\\_2017.pdf](https://myleavebenefits.nj.gov/labor/myleavebenefits/assets/pdfs/ANNUAL_FLI-TDI_REPORT_FOR_2017.pdf)

<sup>5</sup> Mason, J. (2019, August). *Meeting the Promise of Paid Leave: Best Practices in State Paid Leave Implementation*. Retrieved 26 September 2019, from <http://www.nationalpartnership.org/our-work/resources/economic-justice/paid-leave/meeting-the-promise-of-paid-leave.pdf>

<sup>6</sup> Estimates based on the total number of TDI and Family Leave Insurance (FLI) claims approved annually as a share of the population covered by the New Jersey state TDI and FLI plans, respectively. It is not possible to report a combined utilization rate because the populations covered by state TDI and FLI programs are not fully overlapping. See note 4, *Annual Report for 2017*.

<sup>7</sup> Houser, L., & White, K. (2012, October). *Awareness of New Jersey's Family Leave Insurance Program is Low, Even as Public Support Remains High and Need Persists*. Center for Women and Work at Rutgers, The State University of New Jersey Publication. Retrieved 20 August 2019, from [http://njtimetocare.com/sites/default/files/03\\_New%20Jersey%20Family%20Leave%20Insurance-%20A%20CWW%20Issue%20Brief.pdf](http://njtimetocare.com/sites/default/files/03_New%20Jersey%20Family%20Leave%20Insurance-%20A%20CWW%20Issue%20Brief.pdf)

<sup>8</sup> N.J. Stat. Ann. § 43:21-38; A. 3975, 218th Leg., Reg. Sess. (N.J. 2019)

<sup>9</sup> RI Department of Labor and Training. (2016-2019). *2015-2018 Annual Reports*. Retrieved September 27, from <http://www.dlt.ri.gov/pdf/2015AnnualRpt.pdf>, <http://www.dlt.ri.gov/pdf/2016AnnualRpt.pdf>, <http://www.dlt.ri.gov/pdf/2017DLTAnnualRpt.pdf>, and <http://www.dlt.ri.gov/pdfs/2018DLTAnnRpt.pdf>

<sup>10</sup> See note 5, Mason.

<sup>11</sup> Estimate based on the total number of TDI and Temporary Caregiver Insurance (TCI) claims approved annually as a share of the population covered by the state program. In 2018, approximately 1.6 percent of the covered workforce made a TCI claim and 6.7 percent a TDI claim. RI Department of Labor and Training. (2019). *2018 Annual Report*. Retrieved 26 September 2019, from <http://www.dlt.ri.gov/pdfs/2018DLTAnnRpt.pdf>

<sup>12</sup> Rhode Island Department of Labor and Training. (2019). *TDI Annual Update: January - December 2018*. Retrieved 27 September 2019, from <http://www.dlt.ri.gov/lmi/pdf/tdi/2018.pdf>

<sup>13</sup> Estimate based on the total number of Paid Family Leave claims filled in 2018 as a share of the population covered by New York Paid Family Leave insurance. Data was not available for Temporary Disability Insurance claims. Office of Governor Andrew C. Cuomo. (2019, August 13). *New York State Paid Family Leave: 2018 Year in Review*. Retrieved 20 August 2019, from [https://www.governor.ny.gov/sites/governor.ny.gov/files/atoms/files/PFL\\_EOYReport\\_2018\\_FINAL.pdf](https://www.governor.ny.gov/sites/governor.ny.gov/files/atoms/files/PFL_EOYReport_2018_FINAL.pdf)

<sup>14</sup> Ibid.

<sup>15</sup> Office of Governor Andrew C. Cuomo. (2019, August 13). *Governor Cuomo Announces Successful First Year of Nation's Strongest Paid Family Leave*. Retrieved 20 August 2019, from <https://www.governor.ny.gov/news/governor-cuomo-announces-successful-first-year-nations-strongest-paid-family-leave>. Figures only refer to paid leave for child bonding, family caregiving and military exigency; utilization data was not reported for the state's temporary disability insurance (personal medical leave) program.

<sup>16</sup> See note 13, Office of Governor Andrew C. Cuomo.

<sup>17</sup> S. 6406C, Part SS, 239th Leg., Reg. Sess. (N.Y. 2016)

<sup>18</sup> For details about all state paid leave programs, see National Partnership for Women & Families, *State Paid Family and Medical Leave Insurance Laws*, <http://www.nationalpartnership.org/our-work/resources/economic-justice/paid-leave/state-paid-family-leave-laws.pdf>.

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- <sup>22</sup> See note 13.
- <sup>23</sup> Rouzer, S. (2017, February 7). *New Report: Small Business Owners Support Paid Family Leave, FAMILY Act*. Retrieved 20 August 2019, from Main Street Alliance website: [http://www.mainstreetalliance.org/small\\_business\\_owners\\_support\\_family\\_act](http://www.mainstreetalliance.org/small_business_owners_support_family_act); Small Business Majority & Center for American Progress. (2017, March 30). *Small Businesses Support Paid Family Leave Programs*. Retrieved 20 August 2019, from <http://www.smallbusinessmajority.org/our-research/workforce/small-businesses-support-paid-family-leave-programs>; See note 5.
- <sup>24</sup> See note 19, Appelbaum and Milkman.
- <sup>25</sup> See note 21.
- <sup>26</sup> See note 19, Appelbaum and Milkman.
- <sup>27</sup> Bedard, K., & Rossin-Slater, M. (2016, October 13). *The Economic and Social Impacts of Paid Family Leave in California: Report for the California Employment Development Department*. Retrieved 28 August 2019, from [https://www.edd.ca.gov/disability/pdf/PFL\\_Economic\\_and\\_Social\\_Impact\\_Study.pdf](https://www.edd.ca.gov/disability/pdf/PFL_Economic_and_Social_Impact_Study.pdf)
- <sup>28</sup> Ibid.
- <sup>29</sup> See note 19, Appelbaum and Milkman.
- <sup>30</sup> Houser, L., & Vartanian, T. P. (2012, January). *Pay Matters: The Positive Economic Impacts 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 20 August 2019, from <http://www.nationalpartnership.org/research-library/work-family/other/pay-matters.pdf>
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<sup>40</sup> Arora, K., & Wolf, D. A. (2017, November 3). Does Paid Family Leave Reduce Nursing Home Use? The California Experience. *Journal of Policy Analysis and Management*, 37(1), 38-62. DOI: 10.1002/pam.22038

<sup>41</sup> See note 19, Appelbaum and Milkman; Silver, B., Mederer, H., & Djurdjevic, E. (2015). *Launching the Rhode Island Temporary Caregiver Insurance Program (TCI): Employee Experiences One Year Later*. Rhode Island Department of Labor and Training and University of Rhode Island. Retrieved 27 September 2019, from <http://www.dlt.ri.gov/TDI/pdf/RIPaidLeave2015DOL.pdf>

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