Leaves That Pay

Employer and Worker Experiences with Paid Family Leave in California

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Highlights of Legislative History on Family and Medical Leave in California, 1946–2004

1946	State Disability Program created as **Temporary Disability Insurance (TDI)**, with pregnancy specifcally excluded.
1973	**TDI** extended to cover disability tied to "abnormal" pregnancies (normal pregnancies remain excluded).
1976 effective 1977	**TDI** amended to cover disabilities tied to normal pregnancies for three weeks before and three weeks after delivery.
1978	**Federal Pregnancy Discrimination Act** prohibits discrimination against pregnant employees.
1978 effective 1979	**State Fair Employment Practices Act** amended to cover pregnancy discrimination and provide up to four months job-protected leave for pregnancy-related disability. Small employers (with less than five employees) exempted.
1979	**TDI** program amended to repeal all provisions specifc to pregnancy, in effect entitling disabled pregnant women to the same benefts as employees with any other type of disability. (In 1979, the maximum leave under TDI was twenty-six weeks per year; that maximum has since been increased to fifty-two weeks per year, with medical certifcation required.)
1991 effective 1992	**California Family Rights Act** gives private sector employees of both genders whose employers have fifty or more workers the right to four months job-protected family leave to care for a newborn or adopted child or a seriously ill family member.
1992	**State Fair Employment and Housing Act** amended to require employers with five or more employees to provide job-protected leave of up to four months for employees disabled by pregnancy.
1993	**Federal Family and Medical Leave Act** gives all public sector employees, and private sector employees of both genders whose employers have fifty or more workers, the right to twelve weeks of job-protected unpaid family or medical leave.
1999 effective 2000	**"Kin Care"** legislation requires that employers who provide paid sick leave must permit employees to use up to 50% of annual allotment to care for a sick child, parent, or spouse.
2002 effective 2004	**SDI** (formerly TDI) amended to provide Paid Family Leave of up to six weeks per year for bonding with a newborn, adopted, or foster child or for caring for a seriously ill family member.

Federal Legislation   State Legislation.

Introduction

As family and work patterns have shifted over recent decades, the demand for time off from work to address family needs has grown rapidly. Women—and increasingly men as well—often find themselves caught between the competing pressures of paid work and family responsibilities, especially when they become parents, or when serious illness strikes a family member. "Work-family balance" has become an urgent but elusive priority for millions of Americans, driven by high labor force participation rates among mothers and the caregiving needs of an aging population.

As family and work patterns have shifted over recent decades, the demand for time off from work to address family needs has grown rapidly.

Yet the United States is notoriously lacking in public policies that support workers who need time off to attend to family needs. Across the industrialized world, longstanding government-sponsored programs provide mothers—and, in many countries, fathers as well—with wage replacement and job security for extended periods immediately before and after the birth of a new child. Generous paid sick leave and vacation policies are also widespread, and some governments make provision for eldercare as well (see Gornick and Meyers 2003).

By contrast, the only major U.S. legislation to address these issues is the 1993 Family and Medical Leave Act (FMLA), which guarantees up to twelve weeks of job-protected leave, with continuing fringe benefits, for both men and women who need time off from work to attend to their own medical conditions or for family care. However, FMLA's coverage is limited to only about half of all workers, and less than a fifth of all new mothers (Ruhm 1997, Waldfogel 2001).[1] And because the leaves FMLA provides are unpaid, even workers who are covered often cannot afford to take advantage of it.

In the absence of government provision for wage replacement during family leave, many U.S. workers rely on a patchwork of employer-provided benefits to make ends meet, such as paid sick leave, vacation, disability insurance, and/or parental and family leave. However, such employer-provided benefits are by no means universally available. Most managers and professionals, as well as public-sector workers and others covered by collective bargaining agreements often do have benefits that provide some form of wage replacement during a family leave. However, vast sectors of the U.S. workforce have little or no access to paid sick days or paid vacation, and paid parental or family leave is even rarer. The situation is particularly acute for low-wage workers, as well as the growing numbers of independent contractors, freelancers, and others who lack any stable connection to an employer.

Against this background, California's passage of the nation's first comprehensive Paid Family Leave (PFL) program on September 23, 2002 was a historic breakthrough. Benefits provided by this legislation became available to most working Californians on July 1, 2004. The law provides eligible employees up to six weeks of wage replacement leave at 55 percent of their usual weekly earnings, up to a maximum benefit of $987 per week in 2011 (the maximum is indexed in

[1] FMLA covers all public-sector workers, and private-sector workers who work for organizations with fifty or more employees on the payroll at or within seventy-five miles of the worksite. In addition, to be eligible for FMLA leave, one must have been with the same employer for at least 12 months, and have worked 1,250 hours or more in the year preceding the leave.

relation to the state's average weekly wage), when they take time off from work to bond with a new child or to care for a seriously ill family member. This report presents findings from surveys we conducted in 2009 and 2010 of 253 employers and 500 individuals about their experiences with the California PFL program and concludes with policy recommendations.

Provisions of the California Paid Family Leave Program

California's PFL program offers partial wage replacement for covered workers who go on leave to bond with a new biological, adopted, or foster child; this benefit is available to fathers as well as mothers during the first year after a child is born or placed with the family.[2] The program also offers wage replacement during leaves to care for certain seriously ill family members (a parent, child, spouse, or registered domestic partner). For both bonding and care leaves, covered workers may receive up to six weeks of partial pay during any twelve-month period. The six weeks of leave can be continuous or intermittent.

The program is funded by an employee-paid payroll tax with benefit levels indexed to inflation. It builds on California's longstanding State Disability Insurance (SDI) system, which has provided income support for employees' medical and pregnancy-related leaves for many years. PFL is available to biological mothers for six weeks *in addition to* the SDI benefits they may receive during pregnancy leave.[3] Unlike SDI benefits, income from PFL benefits has been deemed taxable by the Internal Revenue Service.

The PFL program is structured as an insurance benefit, like SDI. There are no direct costs to employers: the wage replacement benefit is funded entirely by an employee payroll tax (currently a 1.2 percent tax that finances both SDI and PFL). Workers can claim PFL benefits after a one-week waiting period, by submitting appropriate documentation (including certification from a health care provider) to the state's Employment Development Department. Employers may require workers to take up to two weeks of earned (unused) vacation before collecting PFL benefits; in such cases, this vacation period runs concurrently with the one-week waiting period required under the PFL program.

The PFL program does not provide job protection or guarantee the continuation of fringe benefits, although in many cases leave-takers will have these additional protections under the FMLA or the California Family Rights Act (CFRA). For those who are covered by these laws, the PFL leave and the FMLA/CFRA leave must be taken concurrently.[4]

Unlike FMLA, California PFL is nearly universal in its coverage: apart from some self-employed persons, virtually all private-sector (and nonprofit sector) workers are included, regardless of the size of the employer. California public employees may be covered if the agency or unit that employs them opts into the program, but most are not eligible for PFL. Workers need not have been with their current employer for any specific period of time to be eligible for PFL; they need only to have earned $300 or more in an SDI-covered job during any quarter in the "base period," which is five to seventeen months before filing a PFL claim.

PFL in Other States

California's pathbreaking program was followed in 2009 by legislation establishing Family Leave Insurance in New Jersey, modeled closely on California's PFL system and fully funded by employees. For many years, New Jersey has had a temporary disability insurance (TDI) program (similar to SDI in California) that provides partial wage replacement during an employee's own illness or pregnancy-related medical condition; the new family leave insurance is an extension of the TDI program. Family leave insurance in New Jersey provides two-thirds of weekly pay up to a maximum benefit of $561 per week in 2010, indexed as in California to the state's average weekly wage.

Both the California and New Jersey family leave programs build on their long-established TDI/SDI programs, which already have administrative and payroll tax collection structures in place. Three other states (New York, Rhode Island, and Hawaii) and Puerto Rico also have TDI programs, but do not yet provide paid family or caregiving leaves.

The state of Washington passed a paid family

[2] For biological mothers, this new benefit supplements the pregnancy disability benefits previously available under SDI. Although it does not increase the amount of job-protected leave available to women who have given birth, it does provide six *additional* weeks of partial wage replacement.

[3] SDI benefits for pregnancy typically cover up to four weeks before delivery and an additional six to eight weeks afterward at the doctor's discretion.

[4] Highlights of the legislative history on family and medical leave in California can be found on the inside front cover of this report.

leave law in 2007. It was the first state without a TDI program to create such legislation. The new law is designed to provide partial wage replacement for pregnancy-related leaves as well as for bonding with a new child. Washington's program differs in structure from those in California and New Jersey, providing a flat benefit of $250 a week for up to five weeks (regardless of the claimant's usual pay level). Unfortunately, implementation of the Washington program has been postponed because the state has not yet been able to provide funding for it.

Many other states are also seriously considering establishing paid family leave programs, including Arizona, Illinois, Maine, Massachusetts, Missouri, New Hampshire, New York, Oregon, and Pennsylvania. And although the Obama administration's effort to include funds in the 2011 federal budget to support state-level paid family and medical leave programs has been thwarted by political opponents, the administration remains strongly committed to addressing the issue.

Interest in the experience of California's employers and workers with the state's PFL program is high among both policy makers and advocates for America's working families. There is widespread recognition that the lack of paid leave undermines family economic security and can threaten the health and well being of children and seniors.

As we discuss in more detail below, while a large proportion of well-paid professional and managerial employees already have employer-provided benefits that they can draw on when they need to take time off to care for a new baby or an ill family member, many middle- and lower-income workers have little or no access to such benefits. Paid family leave programs have the potential to help remedy this inequality and to assure that all employees receive partial wage replacement when family circumstances make it necessary to take time off from work. California's experience with paid family leave may also provide important clues to optimal policy design.

Our Research

California's PFL program has been in operation for over six years now, with a track record of sufficient length to permit a serious evaluation of how well it is working. How well has the program served the growing numbers of low-wage workers, many of them female, who have limited access to employer-sponsored fringe benefits that provide paid time off? How widespread are awareness and usage of the program? What has been the experience of workers who have used the program? Has it supported infant and maternal health? Have fathers as well as mothers made use of the program to bond with a newborn? What has been the experience of employers—has the program been good business practice for them? Has it improved employee retention and thus reduced costs associated with recruiting and training new workers? These are among the questions we address in this report.

To explore these issues, we conducted detailed surveys of California employers and employees in 2009 and 2010. The employer survey is of 253 establishments, drawn from a Dun and Bradstreet list of all worksites in the state. This sample excluded public-sector sites, but includes both private companies and nonprofit organizations whose managers were interviewed by telephone in the first five months of 2010. The sample was stratified by size, to facilitate the analysis of the impact of paid family leave on small businesses as well as large companies. All results reported here, however, are weighted to adjust for the overrepresentation of large firms in the sample, and to adjust for nonresponse.

The employee survey was a screening survey that included 500 individuals who had experienced an event in the last four years (becoming a parent or having a close family member become seriously ill) that could have triggered a paid family leave. It was conducted by telephone, with interviews in both English and Spanish, between December 2009 and February 2010. Fifty of the 500 respondents lived in households whose only telephone was a cellular phone; on the average, these respondents were younger and had lower incomes than the rest of the sample. The results reported here are weighted to adjust for the number of telephones in each household, which affects the probability of selection in random digit dialing.

Although it was not intended to be a representative sample, but rather one that captured individuals who were potentially eligible for PFL, the screening survey sample is demographically diverse in regard to age, gender, race and ethnicity, and immigrant status, like the California population. It includes workers across the economic spectrum as well, with diversity in levels of education and income. One of the most salient features of the worker sample, and one that we discuss extensively in this report, involves the contrast between what we call "high-quality jobs," those that pay more than $20 an hour *and* provide employer-paid health insurance, and "low-quality jobs" that fail to meet this standard. In our sample of 500 workers, 30 percent (149 respondents) held high-quality jobs and 70 percent (351 respondents) held low-quality jobs.

Members of our research team conducted open-ended interviews with a subsample of fifty respondents from the employee survey. Some of these follow-up interviews were conducted by telephone; others were in-person interviews. All fifty were audio-recorded and later transcribed. Although, for reasons of space, we do not quote directly from them here, these interviews influenced our analysis. In addition, we visited a convenience sample of twenty worksites in a range of industries around the state to interview human resource managers and operations managers in detail about their policies and practices in relation to family leave and their views of the PFL program and its impact. These interviews ranged from thirty minutes to two hours in length; in many cases we interviewed several managers at the same site. The interviews provided us with a more detailed (if less systematic and representative) understanding of both workers' and employers' experiences than could be obtained from the survey data alone.

This report draws on the surveys as well as the interview data to assess the impact of California's pioneering PFL program on employers and workers. Key findings are summarized below, first in regard to the effects on employers and then those on workers.

Key Findings: Employers

- The business community's concerns prior to passage of the PFL legislation, that it would impose extensive new costs on employers and involve a particularly serious burden for small businesses, were unfounded. After more than five years' experience with PFL, the vast majority of employers reported that it has had minimal impact on their business operations.
- Most employers report that PFL had either a "positive effect" or "no noticeable effect" on productivity (89 percent), profitability/performance (91 percent), turnover (96 percent), and employee morale (99 percent).
- Small businesses were less likely than larger establishments (those with more than 100 employees) to report any negative effects.
- Employers raised strong concerns prior to implementation about abuse of the program. However the vast majority (91 percent) of respondents to the employer survey said "No" when asked if they were "aware of any instances in which employees that you are responsible for abused the state Paid Family Leave program."
- About 60 percent of employers surveyed reported that they coordinated their own benefits with the state PFL program. This meant cost savings to employers when employees used PFL instead of (or in combination with) employer-provided paid sick leave, vacation, or disability benefits.

Key Findings: Workers

- Access to employer-provided benefits like paid sick leave, vacation, disability, and parental leave is far greater for some workers than others. Exempt employees (mainly managers and professionals) have more access than non-exempt, male employees have more access than female, and those in high-quality jobs (those that pay over $20 per hour and include employer-provided health insurance) have more access than those in low-quality jobs.
- Public awareness of PFL remains limited. Workers in our screening survey had all experienced a life event that the program was designed to cover, but more than half of them did not know the program existed. Low-wage workers, immigrants, and Latinos—groups that overlap significantly—were least likely to be aware of the program.
- Public-sector workers would benefit from greater access to the state's PFL program. More than a fifth (21 percent) of public employees in high-quality jobs and nearly half (48 percent) of those in low-quality jobs received no pay at all while on family leave.
- Nearly a third of respondents who were aware of PFL but did not apply for it when they needed a family leave, for whom data are available, reported that they felt the level of wage replacement was too low.
- Many respondents who were aware of PFL but did not apply for the program when they needed a family leave feared that using it might have negative consequences for them at work. About 37 percent of those for whom data are available were worried that if they took PFL, their employer would be unhappy, that their opportunities for advancement would be

affected, or that they might actually be fired.

- Use of PFL greatly increased the level of wage replacement during family leaves for respondents in low-quality jobs: 84 percent of those in low-quality jobs who used PFL received at least half of their usual pay while on leave, compared with 31 percent of those in low-quality jobs who did not use it.
- Most respondents who used PFL reported that they found the program easy to utilize, that their applications were processed in a timely manner, and that they received their first PFL check promptly.
- For workers in high-quality jobs, use of PFL did not affect satisfaction with the length of their leaves. Among workers in low-quality jobs, however, 97 percent of those who used PFL were satisfied with the length of their leave, compared to 73 percent of those who did not use PFL.
- Workers in high-quality jobs were more likely than those in low-quality jobs to return to the same employer. However, among workers in low-quality jobs, use of PFL increased retention: 83 percent returned to the same employer compared with 74 percent of those who did not use PFL.
- Use of PFL positively affected respondents' ability to care for a new baby or adopted child. Among workers in low-quality jobs who used PFL for bonding leaves, 91 percent reported a positive effect on their ability to care for the new child, compared with 71 percent of those who did not use PFL; 72 percent of those in low-quality jobs who used PFL reported a positive effect on their ability to arrange child care compared to 49 percent of those who did not use PFL.
- PFL doubled the median duration of breastfeeding for all new mothers who used it, from five to eleven weeks for mothers in high-quality jobs and from five to nine weeks for those in low-quality jobs.
- The proportion of bonding claims filed by men has gone up steadily and substantially since the introduction of PFL, as state data show; similarly, many employers reported that the number of men taking paid parental leave is higher than it was five years ago.

Paid Family Leave and California Business

Prior to the passage of the legislation that created California's Paid Family Leave (PFL) program in 2002, opponents of the program lambasted it as a "job-killer," with potentially catastrophic effects on businesses in the state. The business community was vehement in its opposition to PFL, predicting that it would impose extensive new costs on employers, and involve a particularly serious burden for small businesses. Business succeeded in modifying the original PFL bill, which had provided for twelve weeks of paid leave with costs evenly divided between a tax on employers and one on employees. In response to business lobbying, the employer tax was eliminated and the benefit was reduced to six weeks in the final bill.

Even though the PFL program that was ultimately passed into law is fully funded by employees' payroll tax contributions, with no direct costs to employers, business opponents continued to argue that the expenses associated with covering the duties of absent workers—such as overtime pay and training costs for co-workers asked to perform the tasks of those on leave, or costs for temporary replacements—would be prohibitive for employers. The president of the California Chamber of Commerce, for example, stated in 2002, shortly after the bill's passage, that PFL would mean that businesses would have no control over their workforce or the hidden costs associated with replacing an absent worker (Edds 2002). Business groups also objected to the absence of a length of service requirement for PFL eligibility and to the program's coverage of temporary workers (Koss 2003).

After more than five years' experience with PFL, the vast majority of employers in our survey reported that it has had minimal impact on their business operations.

Some also expressed concern about the potential for abuse of the program by workers who would take advantage of the program even if they lacked a legitimate need for family leave. "It's so easy for someone to say, 'Aunt Mary needs me to go take care of her,' and the decision whether that person is eligible for paid leave or not is going to be made by the Employment Development Department," one employer complained (Girion and Garvey 2002).

Our 2010 survey of 253 California employers, however, suggests that these widely expressed fears have not materialized. After more than five years' experience with PFL, the vast majority of employers in our survey reported that it has had minimal impact on their business operations.

The Impact of PFL on Employer Organizations

Employers were asked about the impact of the PFL program on their organization's profitability and productivity, as well as about the impact on employee turnover and morale. About nine out of ten respondents reported either a positive effect or no effect of the program on their establishments.

When asked, "What effect has it [PFL] had on this location's business productivity?" 88.5 percent of employers reported either a "positive effect" or "no noticeable effect."

In response to the question, "What effect has it had on this location's business profitability/ performance?" an even higher percentage, 91.0 percent, reported that PFL had either a "positive effect" or "no noticeable effect." (For nonprofits, which make up about one-fifth of the overall sample, the question was asked about "performance"; the rest were asked about "profitability.")

When asked about PFL's effects on employee turnover, 92.8 percent of employers surveyed reported that it had a "positive effect" or "no noticeable effect." And with respect to employee morale, 98.6 percent said that the effect was either positive or not noticeable.[5]

Contrary to the claims of business groups that the PFL program would place a particularly severe burden on small businesses, our survey found that, among the minority of employers that did report negative effects, the larger establishments—those with more than 100 employees—were actually overrepresented, as Table 1 shows.

Another concern business groups had raised when the legislation was being debated was that PFL would be subject to abuse, with workers filing claims that were not medically legitimate. However, asked if they were "aware of any instances in which employees that you are responsible for abused the state Paid Family Leave program," 91.2 percent of all employers surveyed replied "No." And among the 9 percent of employers who were aware of abuse, it was a relatively rare occurrence: 27.2 percent of all employer respondents who were aware of abuse reported they knew of only one instance, and nearly all (99.5 percent) knew of no more than five instances in which abuse of PFL had occurred.

[5] The responses to these questions about productivity, profitability, turnover and morale are very similar to those obtained in an employer survey conducted in 2000 by the U.S. Department of Labor regarding FMLA, seven years after it became law (see U.S. Department of Labor 2001).

Once again belying the concern that small businesses would be particularly affected, our survey found that establishments with 500 or more workers were more likely to report abuse than their smaller counterparts. Among the establishments with 500 or more workers, 25.4 percent reported that they were aware of some abuse, compared to 7.3 percent for establishments with 50 to 499 workers, and 8.9 percent of those with less than 50 workers. (N=177)

Asked if the introduction of the PFL program had resulted in "any cost increases," 86.9 percent of employers responding indicated that it had not. Moreover, some employers (8.8 percent of those responding to this question) indicated that the PFL program had generated cost *savings* for their organizations, by reducing employee turnover and/or by reducing their own benefit costs when employees used the program instead of (or in combination with) employer-provided paid vacation, sick leave, or disability benefits.

Indeed, for employers that do offer such benefits, the state PFL program often functions as an indirect subsidy to their payrolls. Although only 8.8 percent of employers reported cost savings, the real figure is probably higher: 60.0 percent of employers surveyed reported that they coordinated their own benefits for exempt employees with the PFL program, and nearly as many (58.4 percent) did so for non-exempt employees.

The minority of employers who reported cost increases (13.1 percent) in most cases incurred additional hiring and training expenses to cover the work of employees who were out on leave. However, the great majority of employers reported no such cost

Table 1. **Employer Assessments of PFL's Effects, by Number of Employees, 2010**

"No noticeable effect" or "positive effect" on:	Less than 50 Employees	50–99 Employees	100+ Employees	All Employer Respondents
Productivity	88.8%	86.6%	71.2%	88.5%
Profitability/Performance	91.1%	91.2%	77.6%	91.0%
Turnover	92.2%	98.6%	96.6%	92.8%
Morale	98.9%	95.6%	91.5%	98.6%

N =175
Note: The number of employees shown refers to the stratum of firms from which the establishment was drawn and in some cases may not match current firm size due to the effects of the 2008–2009 recession.

increases, because they typically covered the work of employees on leave by assigning the work temporarily to other employees. For covering the work of exempt workers on leave, this was the most common method, cited by nearly all (96.6 percent) employers surveyed. And nearly two-thirds (63.3 percent) of employers surveyed used this method most often in covering the work of non-exempt employees on leave, with most of the rest reporting that the most common method was to hire temporary replacements to cover the work.

Covering the Work of Employees on Family Leave

In our fieldwork, which included visits to worksites in a variety of industries and locations around the state, we found that every employer had developed systematic, and often quite ingenious, methods for covering the work of employees who were out on leave. As in the survey results, most of the employers we visited assigned the work temporarily to other employees, with the second most common method being the hiring of temporary replacements to cover the work. But this apparent homogeneity of approaches obscures a rich variety of arrangements for covering the work of employees during both brief and more extended absences that we observed in our site visits.

As one might expect, there is considerable variation depending in part on the nature and urgency of the tasks that need to be covered. In some settings, like a factory assembly line or a hospital, full coverage for all positions is needed 100 percent of the time. A hospital we visited provides one example where coverage is imperative, and work is highly skilled. The hospital maintains a "voluntary extra shift list" of nurses and nursing assistants, who indicate the days they are available to work overtime. The hospital encourages this by paying well above the legally mandated rate for overtime. Similarly, at a public utility, where the work is skilled and often highly time-sensitive, managers rely on voluntary overtime work to cover employees who are absent. In one manufacturing firm we visited, by contrast, machine operators work in teams, and co-workers cover the work of absent team members.

At the other end of the spectrum, as in office settings where deadlines are more flexible, even an absence of several months often can be covered by co-workers, with less urgent tasks put on hold and others taken over by the staff who remain. In one worksite we visited, the corporate headquarters of a food manufacturing company, it is standard practice to simply put some work on hold until the absent employee returns, while co-workers cover the most urgent tasks. At a nonprofit research firm, similarly, co-workers cover for support staff who are absent, and in some cases people move from one office to another to balance workloads.

In retail chain stores and in agricultural work, where turnover is very high and hiring is therefore virtually continuous, we observed that leaves can be handled easily, since an employee's temporary absence can be covered by one of the many new hires that are steadily being made; and when she or he returns to work, there is sure to be a position available. In contrast, for jobs that require extensive training so that very few people are able to take over for someone who is absent, managing leaves presents a greater challenge and managers must be more inventive. For example, at a law firm we visited, where continual coverage of support staff positions is essential, management maintains several floaters on the regular staff, drawing on temps as a last resort. "Every day is a juggle," one manager told us.

We also visited a small retail setting where merchandise is highly specialized. Here there were only four full-time workers, but two other individuals with extensive training and experience in this setting were available on an "on call" basis. These two workers were not interested in working full time, but were available when the regular staff members are absent and occasionally have shared the work of a full-time worker on an extended leave. Similarly, a small branch of a restaurant chain employs twenty-four non-exempt workers, four of them students who work part time and can be called on to fill in when full-time staff members are unavailable.

At a biotechnology company we visited, cross-training ensures that many professional and managerial employees can cover for one another during absences as needed. When this is not practical, the company employs contractors and consultants who periodically work for the firm and are generally familiar with its operations.

A large engineering/construction firm with a great deal of project-based work on tight deadlines took another approach. Because professionals already routinely work very long hours, and because the price of engineering mistakes can be enormous, management does not ask co-workers to do additional work to cover for an absent engineer. Instead, management locates another engineer from within the firm who is working on a project that is winding down and assigns him or her to cover for the absentee.

We observed a similar approach at a large high-tech firm that maintained a "redeployment" pool that included both exempts (like software engineers) and non-exempts (including factory workers as well as administrative support staff) whose positions had been eliminated. Managers regularly draw on this "redeployment" pool to find a replacement for someone on leave.

The smallest business we visited, an optometrist's office, was the least well equipped to cover leaves. This business only has three employees (apart from the owner), one of whom is a highly skilled technician. When this individual is absent, the optometrist fills in himself and takes fewer clients. Very small businesses like this one do face special challenges since an inevitable effect of their size is that very few co-workers are available to cover the work when someone is absent.

What is most notable here is that, in virtually all the establishments we visited, managers had crafted solutions of one sort or another to the problem of covering the work of absent employees. Most were able to do so with little difficulty, although sometimes the costs in premium overtime pay or fees to temp agencies are significant. However, having contingency plans in place for such events is a business necessity, entirely apart from the question of family leave. Managers constantly face the possibility that an employee may quit precipitously, become seriously ill and unable to work, go on a military leave, take an extended vacation or unpaid leave, and so forth. Under all these circumstances, many of which occur on a regular basis, the work of the absent employee needs to be covered. As a result, all employers have long since established mechanisms for ensuring that work will be performed during employee absences—mechanisms they may use when employees go on leave to care for a new child or seriously ill family member, just as for other types of absences.

Paid Family Leave and the Problem of Inequality

Inequalities between "haves" and "have-nots" in the United States have grown steadily in recent decades. One result has been rapid expansion in the ranks of low-wage workers whose jobs not only provide minimal pay but also typically have few or no benefits; these workers often lack employer-provided health insurance coverage, for example. At the other end of the spectrum, professional and managerial workers not only are paid relatively well, but also typically have access to an array of employer-provided benefits.

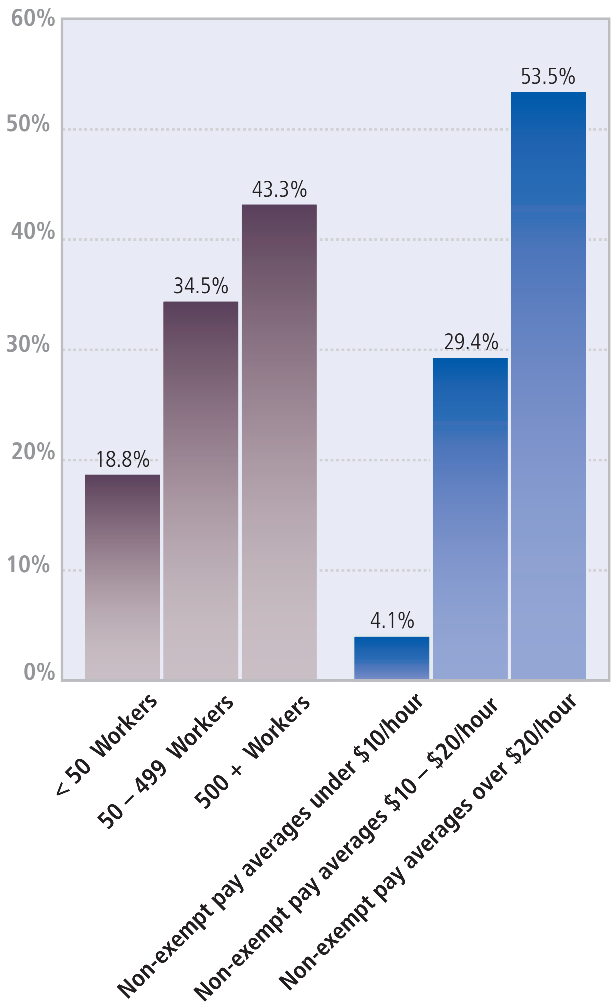
Employer-provided "family-friendly" policies that can be used to obtain wage replacement during parental and other family-related leaves are unevenly distributed among the labor force as well, as many previous researchers have pointed out (see for example, Heymann 2000; Williams and Boushey 2010). Even though women continue to have far greater family caregiving responsibilities than men do on average, employers generally provide their male employees with more extensive wage replacement for family-related absences or leaves from work than their female employees receive. And because many employers are especially interested in retaining their most highly trained workers, and are aware that providing income support during leaves from work increases retention, they typically offer professional and managerial workers various forms of income support during family-related leaves—usually some combination of paid sick days, paid vacation, paid disability insurance (which covers many pregnancy-related leaves) and/or paid parental leave. In contrast, low-wage workers often have limited or no access to such benefits.

> **The promise of PFL was to extend access to paid leave to all the state's workers, especially those who previously lacked access to wage replacement. But until awareness spreads it will not achieve its intended effect.**

Our 2009–10 screening survey of California workers who experienced life events that might qualify them for Paid Family Leave (PFL) provides further confirmation of the inequality in employer-provided benefits. Among respondents in the private and nonprofit sectors, access to paid sick leave and paid vacation was available to 80.4 percent of those in "exempt" jobs (jobs that are exempt from overtime pay requirements and other wage and hour laws, mostly supervisory and professional positions), compared to 66.8 percent of those in non-exempt jobs. Men were more likely to have such access than women: the rates were 74.1 percent and 66.1 percent, respectively. Even more striking is the contrast between respondents who had "high-quality jobs," defined here as jobs that pay more than $20 per hour and provide access to employer-provided health insurance benefits, and those in low-quality jobs that did not meet this standard. Nearly all (93.5 percent) respondents with high-quality jobs had access to employer-provided paid sick days and/or paid vacation, compared to only 62.1 percent of those with low-quality jobs.

Similarly, the data in our 2010 survey of California employers, summarized in Figure 1, show that large employers, those with a large proportion of exempt workers, and those with relatively highly paid non-exempt workers, are more likely to provide paid sick days and paid vacation days to their non-exempt workers than smaller establishments and those with lower pay levels for non-exempts. (See also Milkman and Appelbaum

Figure 1. **Percentage of Establishments That Offer Paid Sick Days and Paid Vacation Days to All Non-Exempt Employees, by Size and Average Non-Exempt Pay, 2010**



N=253 for number of workers; N=190 for average non-exempt pay

2004 for similar findings from another survey.)

In this regard, the most important feature of California's PFL program is the nearly universal scope of its coverage. Professionals and managers and others whose employers already provide them with paid time off can now draw on PFL as well; but for this group access to wage replacement historically has been as good or better than what the state program now offers. By contrast, low-wage workers with limited or no benefits stood to gain much more from the new state program. In this sense, PFL is a potential social leveler that could narrow or perhaps even close the gap in access to paid leave between the "haves" and "have-nots."

In striking contrast to the FMLA (as noted in the introduction to this report), California's PFL program covers nearly all private-sector workers, as well as those employed by nonprofit organizations, regardless of the size of the organization they work for. The only exception is workers who are self-employed (although they can "opt in" to the system). Most part-time workers in the private and nonprofit sectors are covered as well, since to be eligible for PFL, a covered worker needs only to have earned $300 or more during any quarter in the "base period," which is five to seventeen months before filing a claim.

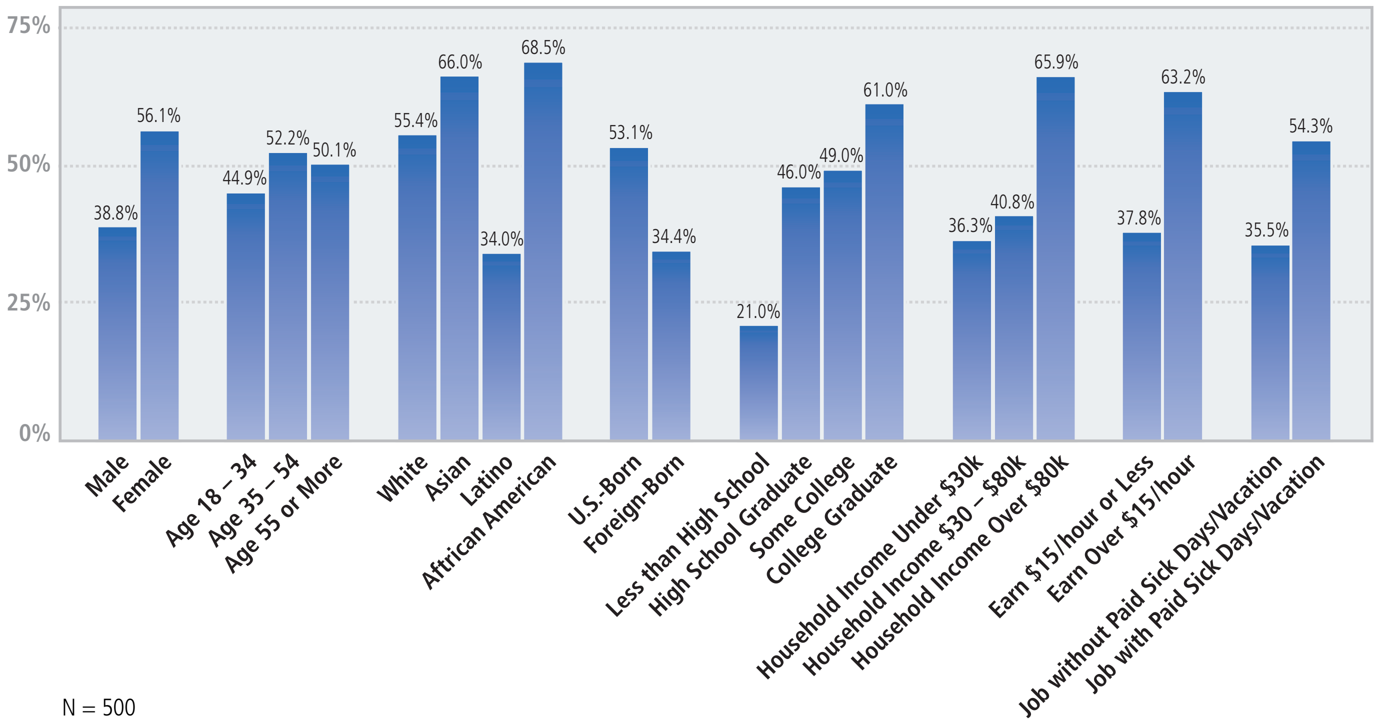
The promise of the California PFL program, then, is to provide access to paid leave to workers who have no other means of obtaining it, especially low-wage workers. Thus far, however, that promise remains largely unfulfilled, in large part because many Californians are unaware of the PFL program. Although poll after poll shows that most Americans, and most Californians, strongly support the concept of paid family leave, public awareness in California of the existing PFL program remains limited. Moreover, those Californians who need the program the most—low-wage workers, immigrants, and Latinos (groups that overlap significantly)—are the least likely to be aware of it.

Inequality and Awareness of PFL

Over the past several years, we conducted a series of surveys to assess the extent of public awareness of the program. We found (Milkman and Appelbaum 2004) that only 22.0 percent of California adult respondents were aware of PFL in fall 2003, a year after the program was created (but prior to its implementation). Awareness rose somewhat after PFL benefits became available: our follow-up surveys of California adults found that 29.5 percent of respondents were aware of the program in mid-2005, a year after implementation began, and about the same proportion (28.1 percent) of respondents were aware of it by mid-2007. In all three of these surveys, low-income respondents, those with less education, young workers, Latinos, and immigrants had even lower levels

Latinos were far less aware of PFL than the other ethnic and racial groups shown; similarly, immigrants (many of whom are also Latino) were far less aware of PFL than respondents born in the United States.

Figure 2. **Awareness of PFL, by Selected Demographic Characteristics, 2009–10**



N = 500

of awareness of PFL. And an earlier analysis of PFL claims data by the California Senate Office of Research (Sherriff 2007) found that low-wage workers were underrepresented among PFL claimants.

Nearly half (48.6 percent) of all respondents in the 2009–10 screening survey analyzed in this report indicated that they were aware of PFL. Unlike the representative surveys of California adults described above, the screening survey included only respondents who had experienced a life event that qualified them for PFL eligibility, which probably explains why their awareness level was higher than that in the earlier surveys. However, as in the previous surveys, as Figure 2 shows, the 2009–10 screening survey found that awareness of PFL is least extensive among the demographic groups that need it the most. The one exception is gender: female respondents—who are more likely than their male counterparts to have assumed the care responsibilities that trigger the need for family leave—are more aware of PFL than their male counterparts.

For all the other demographic categories shown in Figure 2, the data suggest that those most in need of PFL are least likely to be aware of it. Thus respondents under thirty-five years old—the age group most likely to become new parents—were less aware of PFL than older workers. Latinos were far less aware of PFL than the other ethnic and racial groups shown; similarly, immigrants (many of whom are also Latino) were far less aware of PFL than respondents born in the United States. Respondents with limited education were also less aware of PFL than those with higher educational attainment. And respondents with annual household incomes under $30,000 were only about half as likely to be aware of PFL as those with annual household incomes over $80,000. Similarly, respondents earning $15 per hour or less (the hourly equivalent of a $30,000 income for full-time, year-round workers) had far lower awareness of PFL than those earning over $15 per hour.

Figure 2 also shows that respondents whose jobs lacked employer-provided paid sick days or paid vacation benefits—the group of workers most in need of the state's PFL program, since they have no other access to wage replacement during a family leave—were far less aware of PFL than respondents whose jobs provided paid sick days and/or paid vacation benefits. This is precisely the group that stood to benefit most from the new state program.

Among those respondents who were aware of PFL's existence, knowledge of the details of the program followed a similar pattern of inequality, as Table 2 shows. Respondents with high-quality jobs (paying over

Table 2. **Knowledge of PFL Program Details, by Job Quality (among Respondents Aware of PFL), 2009–10**

Specific Information about Paid Family Leave	Percentage of Respondents Who Knew Specifics		
	All Respondents	Respondents with High-Quality Jobs	Respondents with Low-Quality Jobs
Can be used for bonding with a newborn	86.4%	92.3%	82.9%
Can be used for bonding with an adopted or foster child	68.5%	75.9%	63.6%
Available to both fathers and mothers	78.2%	88.1%	72.2%
Can be used to care for a seriously ill family member	64.2%	68.2%	62.0%

N = 246

$20 an hour with employer-provided health coverage) consistently knew more about the details of the PFL program than those with low-quality jobs, although these differences were more modest than those in overall awareness.

The Role of Employers

Respondents who were aware of PFL had learned about the program from a variety of sources. By far the most common source of information about the program was the respondent's employer: 63.4 percent of respondents who were employed in the private or nonprofit sector indicated that they learned about the program from their employer—twice the proportion for any other information source except family or friends (see Table 3).

In addition, more than half (50.6 percent) of those screening survey respondents who had actually used the PFL program reported that they had obtained the PFL application form directly from their employer, again reflecting employers' central role in disseminating information about the program.[6]

Indeed, family-friendly employers—those who themselves provide various forms of paid time off to their workers—have an economic incentive to inform their employees about the existence of PFL: if these workers can draw benefits from the state program in lieu of some part of what the employer would otherwise provide, the employer enjoys a cost savings. That is presumably why, as we noted in the last section of this report, many employers do coordinate their own benefits with PFL. Thus, as one manager we spoke with just before PFL benefits became available predicted, "Paid family leave in California was intended to help people who don't have any pay during maternity leave or other family leaves. But in fact the main beneficiaries will be higher-paid workers who already have paid sick leave and vacation and who will use the state program to top off their current benefits."

Respondents earning $15 per hour or less had far lower awareness of PFL than those earning over $15 per hour.

Among respondents who are aware of PFL and eligible to use the program (measured here by employment in the private or nonprofit sector), take up rates do not vary much by race, ethnicity, or between U.S.-born and immigrant workers. However, whereas half (49.8 percent) of all PFL-aware respondents with high-quality jobs had used the program, only 36.6 percent of those in low-quality jobs had done so.

These findings suggest that employers—especially family-friendly employers who have long provided benefits that their employees could use to support paid leave—may be the major conduit for information about the California PFL program. Employers also may be influencing whether or not those workers who are aware of PFL actually take advantage of it. Indeed, an

[6] The second most common source of a PFL application form was receiving it by mail from the state of California, as reported by 30.1 percent of respondents. PFL application forms are routinely sent to anyone who makes an SDI claim for pregnancy, since most of these claimants are eligible for PFL baby bonding leaves as well. We do not have data on how many survey respondents learned about SDI from their employer, but some of these 30.1 percent surely did, which means the 50.6 percent figure understates the role of employers in making respondents aware of PFL.

Table 3. **How Respondents Learned about Paid Family Leave, 2009–10**

Source of Information about Paid Family Leave	Percentage of Respondents Who Learned about PFL from Each Source		
	All Respondents	Respondents with High-Quality Jobs	Respondents with Low-Quality Jobs
Employer	63.4%	78.0%	56.6%
Family or Friends	49.3%	52.6%	47.7%
Internet	29.0%	31.9%	27.6%
Letter from State	26.2%	26.6%	26.0%
Doctor or Clinic	24.3%	22.0%	25.4%
Mass Media	6.8%	3.2%	8.5%

N=178
Note: Includes only respondents who were aware of PFL and who were employed in the private or nonprofit sectors; total adds to more than 100 percent because respondents could cite more than one source of information.

analysis by the California Senate Office of Research found that individuals who worked for very large employers (those with a thousand or more employees) were overrepresented among PFL claimants, relative to the proportion of the overall workforce accounted for by those large employers (Sherriff 2007, p. 9).

The promise of PFL was to extend access to paid leave to all the state's workers, especially those who previously lacked access to wage replacement. But until awareness spreads considerably beyond those workers whose employers are coordinating the state PFL program with their own benefits, it will not achieve its intended effect of reducing the disparity between workers who previously had access to paid leave (via employer-sponsored benefits) and those who lacked such access.

The danger, in short, is that in the absence of other means to raise the level of awareness of PFL, the longstanding inequality between those who currently have access to paid leave and those who lack such access will persist. Outreach to the latter group – which is disproportionately made up of low-wage workers – is therefore an urgent priority.

Gender And Paid Family Leave

As many commentators have noted, a key obstacle to further progress toward gender equality in the workplace has been the persistence of an unequal division of labor between men and women in the home. Women still bear a disproportionate burden of caregiving work, not only in regard to children but also elders and other seriously ill family members, and this has a deleterious impact on their earnings and workplace opportunities.

Evidence from around the world suggests that paid family leave programs can encourage positive change in this arena. The availability of paid leave not only helps to mitigate the negative impact of child rearing and other family activities on women's earnings—the so-called "mommy penalty"—but also can increase men's participation in caregiving and thus contribute to gender equality. The best-known international example is Sweden, famous for its generous and gender-neutral parental leave policies. Initially, when parental leave was allocated to couples to divide as they wished, very few Swedish men went on leave, but this changed dramatically in 1995 with the introduction of "lose it or use it" days, which are additional days of leave that are granted to the family if and only if they are taken by the father. (Gornick and Meyers 2003: 138).

Many employers indicated that men, like women, were taking longer leaves than was the case before PFL was available.

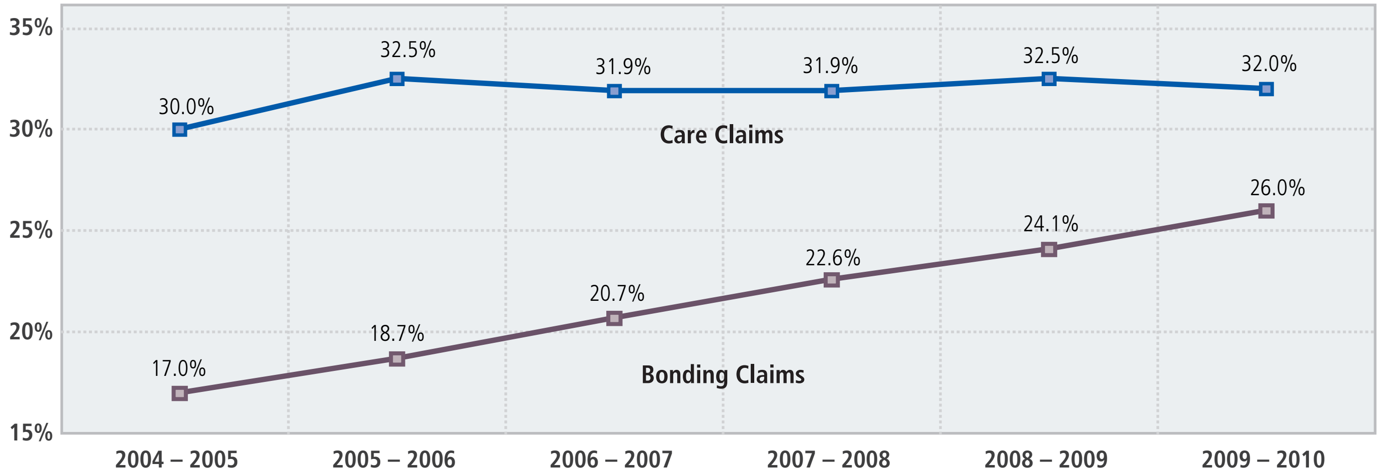
California's PFL program is less explicit in regard to the incentives it provides to men, but its effects are similar in some respects. PFL benefits are equally available to men and women who become new parents or who have a seriously ill family member in need of care. And since eligibility is based on the past employment of individual workers, regardless of gender, both men and women who actively participate in parenting a new child can take advantage of the program, either sequentially or at the same time. Similarly both men and women can act as caregivers for a sick family member, so long as no more than three eligible family members are receiving PFL for providing care in any given twenty-four hour period.

This feature of the California program, along with the fact that it offers wage replacement during family leaves, seems to be an effective incentive for men's increased participation in caregiving, both for fathers who are bonding with new or newly adopted children and for those caring for seriously ill family members. Perhaps this is because of the availability of substantial wage replacement, and/or the fact that the benefits are part of a state-sponsored program, makes using it more legitimate in the eyes of men, and in the eyes of the employers they work for.

Women use the PFL program more extensively than men do, which is not surprising given the fact that women still assume the bulk of family caregiving responsibilities. But there is growing evidence that men are using the program, especially for purposes of bonding with newborn or newly adopted children. As Figure 3 shows, there has been steady growth in the proportion of all PFL bonding claims filed by men over the period since the program began in mid-2004.

The data in Figure 3 were collected by the state of California's Employment Development Department (EDD), which administers the PFL program. The proportion of bonding claims filed by men has gone up steadily and substantially over the life of the program. By contrast, the gender composition of care claims has

Figure 3. **Percentage of PFL Claims Filed by Men, by Type of Claim, 2004–2010**



Source: California Employment Development Department

been flat, except for a small increase during the second year of the program's existence, but male take-up of this part of the program is actually greater, at just under one-third of all "care claims." That proportion is higher than the male proportion of bonding claims, but the gap has narrowed over time.

Our survey found a gender gap similar to that in the EDD data, in that among respondents who were aware of the PFL program and employed in the private or nonprofit sectors (our best proxy for PFL eligibility), 25 percent of male respondents, but 49 percent of females, had made use of the program. A smaller proportion of male (39 percent) than of female (56 percent) respondents were aware that the PFL program existed. However, there was almost no gender difference in the proportion of respondents who did not know that it could be used by both mothers and fathers, which was 22 percent.

Although our survey found that women's family leaves were longer than those of men, those men who did go on leave took substantial time off, with a median of three weeks for both bonding and caregiving leaves, compared to a median of twelve weeks for women on bonding leaves and five weeks for women on caregiving leaves.[7]

The employers we surveyed in early 2010 also reported an increase in male employees going on parental leave. Asked if "the number of men who took paid parental leave this year to care for a new child is more, less, or about the same as it was five years ago," 31 percent of the employers said "more," while 5 percent said "less" (the others reported no change). By contrast, these employers saw almost no change in the number of women taking parental leave over this period (16 percent indicated that more women were taking paid parental leave than five years earlier, 15 percent said less, and the others reported no change). However, 36 percent of the employers we surveyed reported that women were taking longer leaves than they had five years earlier, with only 4 percent reporting shorter leaves (the rest reported no change).

Many employers indicated that men, like women, were taking longer leaves than was the case before PFL was available, with 32 percent of employers reporting that men were taking longer parental leaves than before, compared to 4 percent reporting shorter leaves (the others reported no change). The average parental leave employer respondents reported for men was four weeks (compared to ten weeks for women).

In our on-site interviews, several managers pointed to an increase in use of parental leave by fathers since the state program began, as well as an increase in the length of leaves for workers of both genders. "Women's and men's parental leaves have both become longer since the state PFL program began," a human resources manager at a large manufacturing firm in Southern California told us. "Men used to take only two weeks off when they had a new child, using sick leave and/or vacation. Today new fathers typically take around five to six weeks of bonding leave."

"Before PFL came into existence, it was rare for the men to take any significant time off when they became

[7] Leave lengths referred to here and throughout this section were measured independently of whether respondents used PFL.

fathers," a manager at the corporate headquarters of a food processing firm noted. Today, however, "white-collar men take significant paternity leaves." At the same company, blue-collar men were also "taking off more time for baby bonding than before, because of PFL offering pay." Typical bonding leaves for these men were two to three weeks, a rare phenomenon before PFL became available: "In the past it was a hardship for them," the manager explained.

The HR manager at a Northern California law firm, similarly, observed that in recent years fathers have been taking much longer leaves. "The word is out," she told us. At this company, which supplemented PFL with its own generous parental leave benefits, new fathers typically took parental leaves ranging from two weeks to three months. "It's more standard now for men to take parental leave," the manager told us. "I think it's a generation X, generation Y phenomenon."

Some managers noted that male employees often took advantage of the option of an intermittent bonding leave. "Over the past five years the male take-up [of PFL] has steadily increased," the human resource manager of a large utility company noted. "Most of the dads don't use the full six weeks but typically they take four weeks off using the intermittent leave." Similarly, at a large construction firm, a manager whose unit included many male engineers reported, "A lot of the new fathers take their PFL leaves intermittently—say a month off all at once and then a more part-time schedule for a while."

The Impact of Paid Family Leave on Workers and Their Families

Respondents to our 2009–10 screening survey who utilized the California Paid Family Leave (PFL) program when they took a leave from work to bond with a new child or to care for a seriously ill family member reported better economic, social, and health-related outcomes than those who did not use the program. PFL users had higher levels of wage replacement, were able to take longer leaves, and were more satisfied with the length of their leaves. In addition, using PFL enhanced workers' ability to care for their children or ill family members and, for those in low-quality jobs, increased the likelihood of returning to work with the same employer.

As documented in the previous section, workers in low-quality jobs had the most to gain from the introduction of PFL, but were less likely to be aware of its existence, and less knowledgeable about the details of what the program offers, than workers in high-quality jobs (defined as jobs paying over $20 per hour with access to employer-provided health insurance). However, the screening survey results show that for the minority of workers in low-quality jobs who were not only aware of PFL but who actually used it during their family leaves, outcomes were greatly improved relative to those of workers in low-quality jobs who did not use PFL.

Workers in low-quality jobs gained the most economically from using PFL.

Wage Replacement during Family Leave

Among all workers in our sample who had taken a family leave during the four years previous to the survey, 39 percent received no wage replacement from any source; another 10 percent received less than half of their usual pay. Only a fifth of all workers who took a family leave received all of their usual pay.

Use of PFL made a substantial difference in the level of wage replacement. Nearly half (47.4 percent) of all workers who did not use the PFL program during their leave, as Table 4 shows, received no wage replacement at all. And the vast majority (83.8 percent) of those who used PFL while on leave received at least half their usual weekly pay, more than double the percentage of those who did not use PFL (42.4 percent).[8]

All workers who used the program benefited from PFL in regard to wage replacement, whether they were in high-quality or low-quality jobs. Among workers in our sample with high-quality jobs, 93.6 percent of those who used PFL drew at least half their usual pay while on family leave, compared to only 71.7 percent of those in high-quality jobs who did not use the program.

However, many workers in high-quality jobs can draw on accumulated paid sick days, paid vacation or other paid leave benefits for wage replacement when they go on leave. Indeed, in our sample, nearly half (46.8 percent) of those in high-quality jobs who did not use PFL nevertheless received full pay from such sources. These employees, with access to generous employer-provided benefits, may not need PFL. But for all other respondents employed in high-quality jobs (i.e., those who did not receive full pay), PFL sharply boosted the level of wage replacement, as Table 4 shows.

That said, it was workers in low-quality jobs that gained the most economically from using PFL. Among workers in this group that did not use PFL, 59.2 percent received no wage replacement at all, and another 9.6 percent received less than half their usual pay. In sharp

[8] This figure is not 100 percent because some respondents took leaves longer than the 6 weeks for which they could receive wage replacement through the PFL program.

Table 4. **How Respondents Learned about Paid Family Leave, 2009–10**

Proportion of Usual Pay Received during Leave	All Workers			High-Quality Jobs		Low-Quality Jobs	
	All	Used PFL	Did Not Use PFL	Used PFL	Did Not Use PFL	Used PFL	Did Not Use PFL
No Pay	38.8	0.0	47.4	0.0	16.7	0.0	59.2
Less Than Half	10.3	11.3	10.1	6.4	11.6	16.2	9.6
About Half	15.3	38.9	10.1	51.8	9.0	25.9	10.6
More Than Half	15.3	41.8	9.4	35.4	15.9	48.2	6.9
Full Pay	20.2	8.1	22.9	6.4	46.8	9.7	13.7
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

N=204

contrast, among those in low-quality jobs who used PFL, only 16.2 percent received less than half their income. All the rest (83.8 percent) received at least half of their usual income while on leave, compared with just 31.2 percent of those who did not use PFL. The PFL program, these results suggest, is a critically important source of income support for low-wage workers who must miss work to attend to their families' needs.

Public-Sector Workers and Wage Replacement during Leave

Most of California's public employees are not covered by the state disability insurance (SDI) program and thus are also not covered by the SDI-based PFL program. Some public-sector employers have chosen to provide SDI and PFL coverage, which is optional for them (but legally required in the private sector) and in some cases, public-sector unions have bargained successfully to obtain access for their members to the SDI and PFL programs (see Fendel et al. 2003). But overall, less than one-fifth of the state's two million public-sector employees are covered by SDI and PFL.[9]

While one might expect that public employees already have relatively high pay and benefits, and so have little need for the state's SDI and PFL programs, our data suggest otherwise. As Table 5 shows, many public-sector workers receive no wage replacement whatsoever when they go on a family leave. This was the case for 20.9 percent of public-sector workers in high-quality jobs and nearly half (47.9 percent) of those in low-quality jobs. In our sample, workers in low-quality jobs had similar patterns of wage replacement regardless of whether they were employed in the public or private/nonprofit sector. But among workers in high-quality jobs, about twice as many public-sector as private/nonprofit-sector workers had no access to wage replacement.

Length of Leave

While PFL made a substantial difference in access to wage replacement during leave, especially for those in low-quality jobs, its effects on length of leave were mixed. As Table 6 shows, the median length of baby bonding leaves taken by all new mothers in our sample was twelve weeks—and for mothers in low-quality jobs the median length was the same whether they used PFL or not. Mothers in high-quality jobs took longer bonding leaves, however, with a median length of eighteen weeks for those who used PFL.

For fathers, the median length of parental leave was also longer for those who used PFL than for those who did not, especially for fathers in low-quality jobs. Men in low-quality jobs took longer leaves than those in high-quality jobs, for both baby bonding and for leaves to care for an ill family member.

[9] Unpublished data, California Employment Development Department.

Table 5. **Wage Replacement during Family Leave, by Sector and Job Quality, 2009–10**

Proportion of Usual Pay Received during Leave	All	High Quality Jobs		Low Quality Jobs	
		Public Sector	Private/Nonprofit Sector	Public Sector	Private/Nonprofit Sector
No Pay	38.8	20.9	7.3	47.9	50.4
Less Than Half	10.3	13.0	8.8	8.4	11.4
About Half	15.3	13.0	26.4	8.4	14.2
More Than Half	15.3	19.2	23.4	6.3	14.5
Full Pay	20.2	33.9	34.1	28.9	9.5
	100.0%	100.0%	100.0%	100.0%	100.0%

N = 204

Table 6. **Median Length of Family Leave (in Weeks), by Gender, Leave Type, and Job Quality, 2009–10**

Type of Leave	All Respondents	High-Quality Jobs		Low-Quality Jobs	
		Male	Female	Male	Female
Baby Bonding Leaves	8	2.5	14.5	3	12
Ill Family Member Caring Leaves	4	3	4	6	8
Used Paid Family Leave					
Baby Bonding Leaves	12.5	4	18	8	12
Ill Family Member Caring Leaves	7	3	5	6	11
Did Not Use Paid Family Leave					
Baby Bonding Leaves	6.5	2	12	3	12
Ill Family Member Caring Leaves	4	3	3.5	4.5	4

N=102 for bonding leaves, N= 80 for caring leaves

Among all respondents, the median length of leave to care for an ill family member was four weeks, with women taking more time off than men. The longest leaves were taken by PFL users in low-quality jobs—a median of six weeks for men and eleven weeks for women. The explanation for this pattern is unclear, and the sample size is too small to be reliable for some subgroups, but one possibility is that better-paid workers can more easily arrange to pay someone else to care for an ill family member, enabling them to return to work sooner than those who cannot afford to pay an outside caregiver.

Satisfaction with Family Leaves

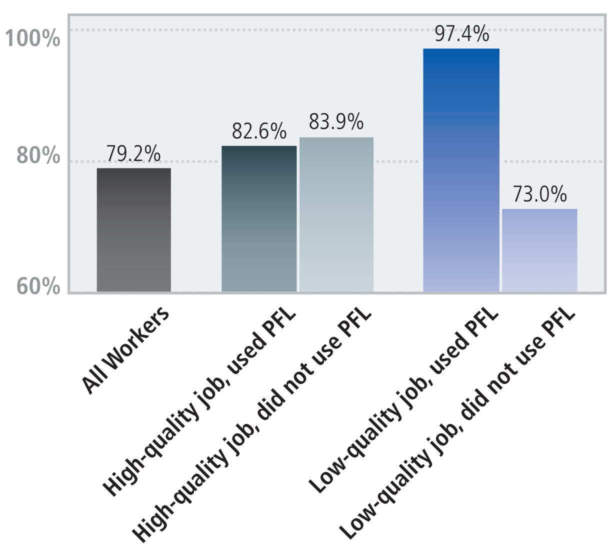
Most respondents (79.2 percent) reported that they were "very satisfied" or "somewhat satisfied" with the length of their family leaves. Among workers in high-quality jobs, many of whom had access to income from employer benefits while on leave, satisfaction with the length of leave was the same regardless of whether PFL was used: as Figure 4 shows, more than four-fifths of these workers reported that they were very satisfied or somewhat satisfied with the length of their leave.

For workers in low-quality jobs, however, the use of PFL made a striking difference in satisfaction with the length of leave. Among workers in these jobs, nearly all (97.4 percent) of those who used PFL were very satisfied or somewhat satisfied with the length of their leave, compared with only 73.0 percent of those who did not use PFL.

We also asked respondents who used PFL about the ease with which they were able to access the program and its benefits. The willingness of Californians to apply for PFL is related to the state's ability to deliver good customer service and to reduce the "hassle factor" to a minimum. Our survey data suggest that the state agency has largely achieved these goals. Most respondents reported that they found the program easy to utilize and that their applications were processed in a timely manner. Asked to rate the difficulty of filling out the claim form on a scale of 0 to 10, with 0 being "extremely easy," nearly a third (30.6 percent) rated it at 0, while nearly three-quarters (72.6 percent) rated it 0 to 3, and only 15.5 percent rated it 6 or higher. And among those respondents who were aware of PFL but chose not to apply for it when they needed a leave, only 17.7 percent cited the hassles of filing the application as one of the reasons.

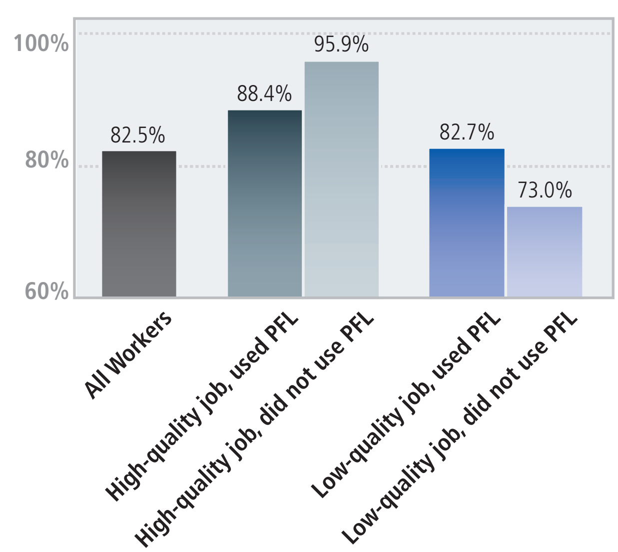
Over two-thirds (67.3 percent) of respondents who used PFL reported that their applications were approved within two weeks, with only 7.5 percent reporting they had to wait more than a month. And most respondents received their first PFL check promptly as well, with 60.2 percent reporting that the first benefit

Figure 4. **Percentage of Workers Who Were "Very Satisfied" or "Somewhat Satisfied" with Length of Family Leave, by Job Quality and Use of PFL, 2009–10**



N = 198

Figure 5. **Percentage of Workers Who Returned to Former Employer after a Family Leave, by Job Quality and Use of PFL, 2009–10**



N = 165

check arrived within two weeks after their application for the program was approved, while only 8.2 percent had to wait a month or more before the first check arrived. Most respondents also expressed satisfaction with the level of PFL payments, with three-quarters (75.1 percent) saying they were "very satisfied" or "somewhat satisfied" with the amount of money they received.

Turnover and Retention

Among our respondents, more than 95 percent of those who took a family leave returned to work at the end of the leave period, and more than four-fifths returned to the same employer they had worked for prior to the leave. As Figure 5 shows, the share of workers returning to the same employer was highest among respondents in high-quality jobs who did not use PFL. This probably reflects the more generous employer-provided pay these workers received during leave—as noted above, nearly half the workers in high-quality jobs who did not use PFL received full pay from their employer.

Among workers in low-quality jobs, however, use of the PFL program is associated with a far greater likelihood of returning to the same employer after a family leave. For this group the retention rate was 82.7 percent for those who used the PFL program compared with 73.9 percent for those who did not. This suggests that California's PFL program provides an important benefit for employers, especially smaller employers that may be unable to afford high levels of wage replacement for workers who need to take a family leave but wish to retain those workers.

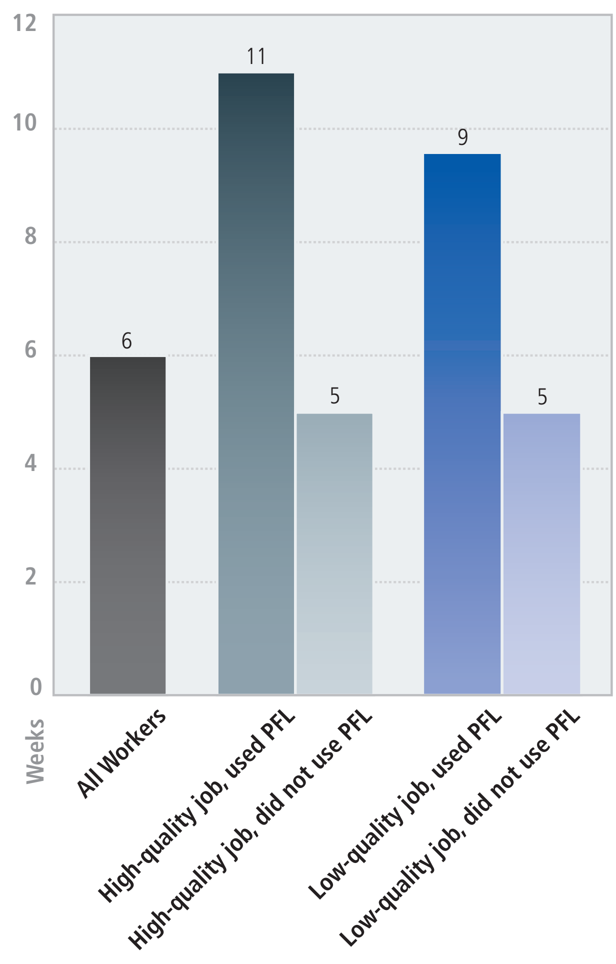
PFL's Effects on Caregivers and on Those Receiving Care

The screening survey data also offer insight into the impact of family leaves on outcomes for caregivers and care recipients. In the case of bonding leaves to care for a new baby, relevant outcomes include the ability of parents to care for their newborns, mothers' ability to initiate and to sustain breastfeeding, and parents' ability to make child care arrangements. In the case of caring leaves to attend to the needs of a seriously ill family member, outcomes include the ability of leave-takers to care for the ill family member, as well as the effects on the ill family member's health. Table 7 summarizes our key findings regarding these outcomes.

About four-fifths (81.9 percent) of respondents who took bonding leaves reported that the leave had a positive effect on their ability to care for the child. The use of PFL made an especially striking difference for respondents in low-quality jobs, where 90.8 percent of workers who used PFL reported that the leave positively affected their ability to care for the new child, compared with 71.1 percent of those who did not use PFL.

Most new mothers in our sample (85.2 percent) reported that they had breastfed their new baby. In this regard, use of PFL made an important difference for new mothers in low-quality jobs: 92.5 percent of those that used PFL initiated breastfeeding, compared with 83.3 percent of those that did not use PFL. The use of PFL affected the duration of breastfeeding, roughly doubling the median weeks for which infants were breastfed: from five to eleven weeks for mothers in high-quality jobs and from five to nine weeks for mothers in low-quality jobs,

Figure 6. **Median Weeks of Breastfeeding for New Mothers, by Job Quality and Use of PFL, 2009–10**



N = 72

Table 7. **Family Leave Effects on Caregiving Ability and Health of Care Recipients by Job Quality and Use of PFL, 2009–10**

Effects of Leave	All Respondents	High-Quality Jobs		Low-Quality Jobs	
		Used PFL	Did Not Use PFL	Used PFL	Did Not Use PFL
Percent Who State that Leave Had Positive Effect on Ability to Care for New Child (N = 139)	81.9	100.0	90.2	90.8	71.1
Percent of New Mothers Who Initiated Breastfeeding (N = 92)	85.2	75.7	90.9	92.5	83.3
Median Weeks of Breastfeeding (N = 72)	6	11	5	9	5
Percent Who State that Leave Had Positive Effect on Ability to Arrange Child Care (N = 114)	58.0	56.7	68.8	72.4	49.1
Percent Who State that Leave Had Positive Effect on Ability to Care for Ill Family Member (N = 79)	76.6	100.0	96.3	69.2	71.0
Percent Who State that Leave Had Positive Effect on Ill Family Member's Health (N = 58)	82.0	100.0	100.0	69.2	74.8

as Figure 6 and Table 7 show.

Previous research suggests that longer leaves for new mothers are associated with longer duration of breastfeeding of the infant (Guendelman et al. 2009). Our results provide further confirmation of this. For new mothers who took bonding leaves of fifteen weeks or more and used PFL, the median duration of breastfeeding was 13 weeks.

Leaves were also helpful in enabling parents of a new child to make child care arrangements. Among all parents, 58.0 percent reported that PFL had a positive effect on their ability to arrange child care. For parents in low-quality jobs, PFL made a substantial difference, with 72.4 percent of PFL users reporting a positive effect, compared to 49.1 percent of those who did not use PFL.

Why Have So Few Workers Used Paid Family Leave?

A question that has puzzled many observers is why so few California workers have turned to the state's Paid Family Leave (PFL) program when they have needed to take time off from work for family-related purposes. The data in our 2009–10 screening survey help shed light on this important issue.

A key component of the low take-up rate is the fact that public awareness of PFL remains limited. Among our sample of 500 respondents, all of whom were employed and had experienced a life event (a new baby or a seriously ill family member) that the program was designed to cover, more than half (51.4 percent) were simply unaware that the program existed, and thus did not use it. This was by far the most important reason that workers in our sample did not use PFL.

Among the rest of the respondents to the screening survey, that is, those who *were* aware of PFL, nearly one in five (18.7 percent) had used it for their longest past family-related leave in the four years prior to the survey (or if they were on a family leave at the time they were surveyed, for their current leave). This group comprises another 9.1 percent of the total sample.[10]

Another group of respondents who were aware of the PFL program were employed in the public sector at the time they were interviewed, which in most cases meant that they were not eligible for PFL. This accounts for another 11.2 percent of the total sample.[11]

[10] A larger proportion of these respondents (16.8 percent of those who were aware of PFL) had used the program at some time in the past; the survey focused in detail on their use or non-use of PFL for the longest (or current) family leave they had taken during the previous four years.

[11] About a fifth of California public employees are currently eligible for PFL, and some of these respondents may have been employed in the private sector at the time they needed family leave.

There were also a few respondents who had access to full wage replacement from employer-provided benefits while on family leave. For this group—3.1 percent of the total sample— there was no reason to apply for the state PFL program.

Another small group (3.9 percent of all respondents), despite the fact that they were employed in the private or nonprofit sector at the time of the survey, indicated that they believed they were ineligible for the program. This may, indeed, have been true—if they had been employed in an uncovered public-sector job at the time they needed the family leave, or if they failed in some other way to meet the requirements of the program. But at least some of these respondents were probably misinformed about the eligibility provisions of the PFL program.

Once all these groups are subtracted from the original sample of 500 respondents, only about a fifth of the total remains. This last group of respondents—those who were PFL aware, worked in the private or nonprofit sector, believed they were eligible for the program, and did not receive full wage replacement from employer-provided sources while on leave. For this segment of the total sample, we have data for some respondents about why they did not apply for PFL when they needed to go on a family leave.

In addition, some PFL-aware respondents in other categories, who had needed a leave at some point but not applied for the program, were asked why they had not done so.

Table 8 summarizes the reasons why the full subset of respondents for whom we have data on this issue did not apply for PFL.

Caution should be used in interpreting these data, as the sample size is extremely limited and respondents are not representative of the larger population of workers. Still, it is striking that so many of the reasons cited by respondents involve concerns that applying for PFL would have negative consequences for them at work: that their employer would be unhappy, that taking PFL might hurt their chances for advancement, or at the extreme, that they might actually be fired for taking PFL. In all, 36.9 percent of the respondents who were asked these questions cited at least one of these concerns in explaining why they did not apply for PFL.

This highlights one of the key limitations of the PFL program, namely that it does not include job protection. Some workers do have job protection while they are on leave because they are covered by another statute, such as the federal Family and Medical Leave Act. But for those who lack such job protection, taking a PFL leave could mean that they would not have a job to return to, or that they would suffer other negative consequences. This appears to be another very important reason—apart from lack of awareness of the PFL program—for the low take-up.

Finally, almost a third of the PFL-aware respondents who were asked why they did not use the program pointed to the limited wage replacement it provides. Indeed, the PFL program only provides 55 percent of workers' usual pay, which for many workers may make it unaffordable.

Table 8. **Reasons Cited by Selected PFL-Aware Respondents Who Did Not Apply for Paid Family Leave, 2009–2010**

Reason for Not Applying for PFL	Percentage of Respondents
Would Not Have Received Enough Money	31.2%
Afraid Employer Would Be Unhappy	31.5%
Worried It Would Hurt Opportunities for Advancement	28.9%
Afraid of Being Fired	23.9%
Thought About Applying, But Too Much Hassle to Fill Out Forms	17.7%

N = 89
Note: Total adds to more than 100 percent because respondents could cite more than one reason.

Conclusion and Policy Recommendations

Since July 1, 2004, when California became the first state to offer Paid Family Leave (PFL), the program has more than proven its worth. It has substantially benefited the workers who utilize it, especially workers in low-quality jobs, and has had minimal impact on businesses.

Despite fears expressed by opponents of the program that PFL would create a heavy burden on the state's employers, our survey data suggest that they seem to have had little difficulty adjusting to it. Five and a half years after PFL began operation, the vast majority of employers we surveyed reported positive effects or no effect at all on their productivity, profitability, or performance, with only a tiny minority reporting any negative effects. Predictions that small businesses would find it especially difficult to adapt to PFL were not borne out; on the contrary, among the few employers that did report negative effects, large businesses predominated. Cases of PFL abuse were rare—the vast majority of employers reported that they knew of no cases in which their employees had abused the program.

Despite fears expressed by opponents of the program that PFL would create a heavy burden on the state's employers the vast majority of employers we surveyed reported positive effects or no effect at all on their productivity, profitability, or performance.

Indeed, for many employers, PFL generated cost savings, either due to reduced turnover or because they coordinated their own wage replacement benefits (such as paid sick days or vacation) with the state PFL program. A few employers did report higher costs due to the need to hire temporary replacements for employees who took family leave, or to provide overtime pay to their co-workers. But most employers reported that they covered the work of those out on leave by reassigning it to other employees, at little or no cost.

There is some evidence that the introduction of PFL has had an equalizing effect on the gender division of parenting. Men in California have increased their use of PFL for bonding leaves over the past five years, and the employers we surveyed report that new fathers have been taking more and longer leaves than was the case before the program existed. By increasing male participation in parenting in this way, PFL also may help reduce gender inequality in the labor market.

The use of PFL is also associated with better economic, social, and health outcomes for workers and their families. For example, our data show that PFL use doubled the median duration of breastfeeding for new mothers. In addition, wage replacement levels were higher for workers who used PFL than for those who did not, especially among workers in low-quality jobs. Workers in low-quality jobs who used PFL were more likely than those who did not to return to the same employer after a family leave, were more satisfied with the length of their leave, were better able to care for newborns, and were better able to make child care arrangements.

The PFL program appears to be functioning smoothly at the administrative level. Respondents who used it report that the program was easy to utilize, applications were processed efficiently, and their payments were received promptly.

However, despite all these positive achievements, challenges remain. The biggest single problem is the limited public awareness of the program.

When PFL was introduced in California, many hoped that it would reduce the inequality in access to wage replacement during family leave (which until 2004 was limited to employer-provided paid sick leave, vacation, disability, and the like). For those workers who are aware of the program and its provisions, this hope has been realized to a considerable degree.

Unfortunately, however, not only is general public awareness of PFL woefully limited, but those who stand to benefit most from it are the least likely to be aware of it. Low-wage workers, immigrants, and Latinos had especially low awareness of the program, and all three groups have limited access to other sources of wage replacement during family leaves.

The main source of information about PFL, for those workers who are aware of it, is employers—especially family-friendly employers who often provide some form of paid leave themselves (and now coordinate the benefits they provide with the state program). Thus the previous inequality in access has been re-created in a new form.

We also found that among workers who were aware of PFL, some did not apply for the program when they needed a family leave because the level of wage replacement was too low, and/or because they feared that taking PFL would lead to negative consequences on the job, perhaps even leading them to be fired.

And despite the nearly universal private-sector coverage of the California PFL program, most public-sector workers are excluded from it. Our data suggest that this is problematic in that many workers in public employment would benefit from access to PFL.

Policy Recommendations

Our analysis suggests five specific recommendations for improving the PFL program:

- **Expand outreach**—especially to low-income, Latino, and immigrant workers, and work with community groups to help spread the word about the existence of PFL.

- **Encourage hospitals, doctors, and clinics to make application forms available** in their offices and medical facilities, as well as the state's WIC (Women, Infants and Children Supplemental Nutrition Program) agencies.

- **Increase the level of wage replacement provided by the PFL program** from its current 55 percent of weekly earnings to two-thirds (66.7 percent) of weekly earnings to make taking family leave affordable to more workers

- **Extend job protection to everyone who takes a PFL leave** so that all workers who need a family leave — not just those who enjoy job protection under other laws — will have a job to come back to if they need to take a family leave.

- **Extend the PFL program to cover all California public employees** so that these workers, especially those in low-quality jobs, can receive wage replacement when they need to take family leave.

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