Center for American Progress Action Fund

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RELEASE: New Research Offers Roadmap for Expanding Paid Family Leave at Federal and State Level

U.S. DOL Joins Panel of National Experts in Call to Expand Popular and Effective Work-Family Practice

Washington, D.C. — A team of national economists and labor experts were joined today by Mary Beth Maxwell, senior advisor to the U.S. secretary of labor, to present the latest research on paid family leave—the policy in just two states that provides paid time off for workers to care for newborns and newly adopted children or severely ill family members—and how to expand on its success in other states and at the federal level. The first-ever study to examine California's program, released earlier this week, found widespread approval of the program in its first six years from businesses and employees alike. A new implementation guide released today offers lessons learned from California as interest in paid family leave policies gains national attention.

"I welcome these new studies that document the success of, and valuable lessons from, the California Paid Leave program," said U.S. Labor Secretary Hilda Solis. "Especially in these tough times, working families need support as they juggle work-family responsibilities. This new data helps demonstrate that innovative workplace flexibility policy is a win-win; good for working families and good for US employers," she said.

The featured speakers today included Eileen Appelbaum, senior economist at the Center for Economic Policy and Research; Ruth Milkman, professor of sociology at UCLA and CUNY; Netsy Firestein, founder and director of the Labor Project for Working Families; Ann O'Leary, executive director of the UC Berkeley Law Center on Health, Economic & Family Security and Senior Fellow at the Center for American Progress Action Fund; Jeff Hild, legislative director to Congressman Pete Stark; and moderator Heather Boushey, Senior Economist at the Center for American Progress Action Fund.

California's Paid Family Leave program, implemented in 2004 and the first in the country, provides eligible employees up to six weeks of wage replacement at 55 percent of their usual earnings to bond with a newborn or newly adopted child or care for a seriously ill family member. Employees participate by contributing to the State Disability Insurance, or SDI, fund and California's state employment agency administers the benefits—not employers, who do not pay into the system. Since its inception, the program has enabled more than 1 million Californians to take paid leave to tend to their families.

Leaves That Pay: Employer and Worker Experiences with Paid Family Leave in California, co-authored by Ruth Milkman and Eileen Appelbaum, finds that the initial business concerns over the costs or potential abuse of the program were unfounded, and that the economic, social, and health benefits of paid family leave have been extensive.

The employers surveyed in the study overwhelmingly reported that paid family leave 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). The study found that small businesses were less likely than larger establishments (more than 100 employees) to report any negative effects, and the vast majority of employers (91 percent) said “No” when asked if they were aware of any employee abuses of the program. Many employers actually saved money when workers entitled to employer-provided leave were able to take family leave instead.

Low-wage workers, with limited access to employer-provided benefits, were found to have gained the most from the program. Eighty-four percent of workers in “low-quality jobs” using PFL received at least half of their usual pay while on leave, whereas among those in this group who did not use PFL, 59 percent received *no pay at all* while on leave. (The report defines a job as “low-quality” if it fails to pay more than $20 per hour and/or does not provide health insurance).

The study also notes that the proportion of bonding claims filed by men in California has gone up steadily and substantially since the introduction of PFL, and that many employers reported that the number of men taking paid parental leave is higher than it was five years ago. Paid family leave also doubled the median duration of breastfeeding for all new mothers who used it, from 5 weeks to 11 weeks for mothers in high-quality jobs and from five weeks to nine weeks for those in low-quality jobs.

Despite the high marks given the California program, *Leaves That Pay* also finds that awareness and use of paid family leave in California is less than it could be: Among the workers surveyed who had had a new baby or seriously ill family member, 51.4 percent were not aware of the family leave law. Of those who did know about the program but did not apply for it, 31.2 percent said they could not afford to take leave with the reduction in pay.

"A Guide to Implementing Paid Family Leave: Lessons from California," presented today by Netsy Firestein and Ann O’Leary, underscores the do’s and don’ts for other states looking at paid leave programs. The guide urges other states to fill some gaps left in the California program, including incorporating job protection into paid leave laws so that workers who use PFL can trust they will have a job to return to; building in an outreach and education campaign that is robust and ongoing to promote awareness of the law throughout the workforce; and ensuring the rate of wage replacement and the scope of family members for whom one can take leave are broad enough to make the system a truly viable option.

Interest in paid family leave at the state and federal level has steadily increased in recent years. In 2009, New Jersey became the second state in the nation to offer paid family leave benefits to its workers. In 2007, Washington state passed a paid parental leave program, but it is not yet implemented. Many other states are also considering establishing paid family leave programs, including Arizona, Illinois, Maine, Massachusetts, Missouri, New Hampshire, New York, Oregon, and Pennsylvania. President Obama’s FY2011 budget included a request that Congress provide funds for a “State Paid Leave Fund” to help states with startup costs associated with paid family leave programs—a sign of growing federal interest in supporting and encouraging state action.

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