



By Nicole Rodriguez

## **Paid Family & Medical Leave: Lessons from Other States**

Like most industrialized countries around the world, four states in the U.S. have paid family and medical leave (PFML). In California, New Jersey, and Rhode Island, workers are able to take extended paid time off to address a serious personal or family health condition or to care for a new child (and New York passed PFML in April 2016). Workers in these states are able to receive a portion of their wages while taking the time they need. The experience of PFML in these states and the effects on businesses and working families provide some indication of the benefits and challenges Massachusetts might face introducing PFML for workers in the Commonwealth.

### **Experience of PFML in California, New Jersey, and Rhode Island**

California, New Jersey, New York, and Rhode Island administer paid medical leave through disability insurance programs. These programs provide workers with paid *medical leave* through disability insurance for serious illnesses, pregnancy, or non-work related injuries. Over the last decade, these states have expanded their programs to include paid *family leave* (through family leave insurance) for the birth of a child or to care for a seriously ill family member.<sup>1</sup> These PFML systems are financed by insurance premium payments and provide income to covered employees when they need to take leave that is covered by the law. PFML laws in these states vary in the maximum length of leaves and the extent to which wages are replaced, but they all serve the same basic functions (see below).

### **Current Statewide Paid Family and Medical Leave Programs**

	<b>Weeks of Family Leave</b>	<b>Weeks of Own-Health Leave (incl. pregnancy)</b>	<b>Maximum Wage Replacement</b>
<b>California</b>	6	52	55%
<b>New Jersey</b>	6	26	66%
<b>Rhode Island</b>	4	30	60%
<b>New York (starting in 2018)</b>	8 (rising to 12 by 2021)	26	50% (rising to 67% by 2021)

State of California, Employment Development Department, [Disability Insurance and Paid Family Leave Benefits Amounts](#); State of New Jersey, Department of Labor and Workforce Development, [Family Leave Insurance](#) and [Temporary Disability Insurance](#); State of Rhode Island, Department of Labor and Training, [Temporary Disability Insurance/Temporary Caregiver Insurance](#); New York State, Insurance Fund, [Disability Benefits](#) and [Paid Family Leave](#).

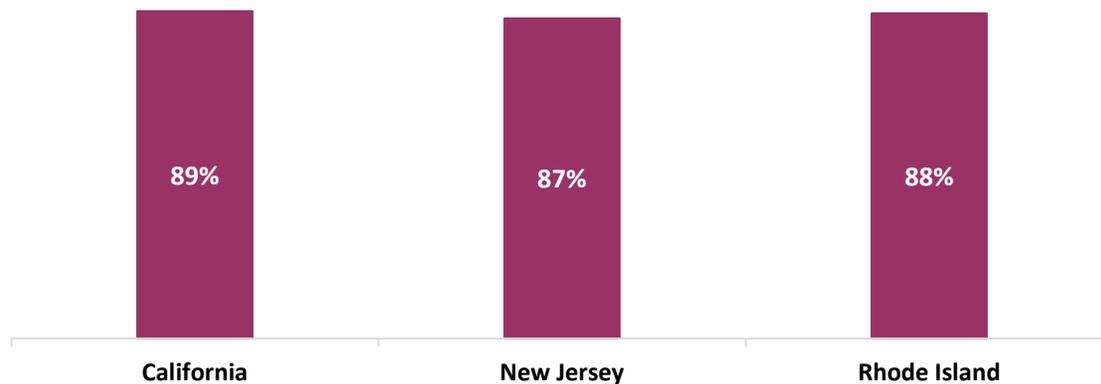
Many workers at some point in their lives will likely have a baby, take care of a seriously ill family member, or have to address a serious health condition of their own. Experience from states with PFML laws shows that up to 10 percent of eligible workers used PFML in 2014.<sup>2</sup> These workers most commonly use PFML to address a personal serious illness or for a pregnancy.

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Experience also shows that workers do not generally use the length of PFML available. Workers using PFML to care for a serious personal illness do so for an average of between 30 to 39 percent of the length of leaves available to them in California and New Jersey, respectively (information is not available for Rhode Island). As shown below, when workers take leave for family caregiving, they use between 87 to 89 percent of the length of leaves available to them.<sup>3</sup>

### Most Workers Do Not Use the Entire Length of Paid Family Leave Available

Percent of Available Paid Family Leave Used, on Average in 2014



State of California, Employment Development Department, State of New Jersey, Department of Labor, and State of Rhode Island, Department of Labor and Training Workforce Development

## Experience of PFML for Working Families

With the longest-standing and best-documented PFML program in the nation, California provides the best evidence on how paid leave programs affect the ability of working people to balance work and family obligations.

### PFML program impact on leave-taking of new mothers and children

An important objective of PFML is to provide parents with time to bond with and care for a new child as well as to recover from childbirth. Prior to the PFML law, new mothers in California typically took around 3 weeks of maternity leave.<sup>4</sup> After the program was enacted, use of maternity leave increased to 6 or 7 weeks, on average.<sup>5</sup> Job-protected paid leave is associated with lower rates of infant mortality and low-birth weight.<sup>6</sup> PFML also can help improve the health of babies by helping remove obstacles to breastfeeding. One study found that the rates of breastfeeding increased for working mothers in California after the law came into effect. For instance, before the law, percentages of breastfeeding rates for the first three, six, and nine months of infancy were 44 percent, 28 percent, and 18 percent, respectively. After the law came into effect, these rates for the first three, six, and nine months of infancy increased to 60 percent, 45 percent, and 34 percent, respectively.<sup>7</sup> Breastfeeding provides numerous long-term health benefits to babies, such as lowering risks of asthma, childhood leukemia, and obesity.<sup>8</sup> Breastfeeding also provides long-term health benefits to mothers by lowering risks of ovarian cancer, certain types of breast cancer, and Type 2 diabetes.<sup>9</sup>

## PFML program impact on working mothers' employment

Recent research on paid family and medical leave outcomes in California also finds that new mothers are significantly more likely to stay in the workforce after they have had access to PFML. New mothers were 18 percentage points more likely to be working a year after birth as compared to a pre-program baseline of 80.2 percent.<sup>10</sup> This suggests long-term economic benefits for working mothers. This research also finds an increase of 7.1 weeks and 2.8 hours per week worked during the second year of a new child's life compared to pre-program baselines.<sup>11</sup> Overall, PFML helps women remain in the labor force and retain their earning capacities over the long-term.

## Experience of PFML for Business

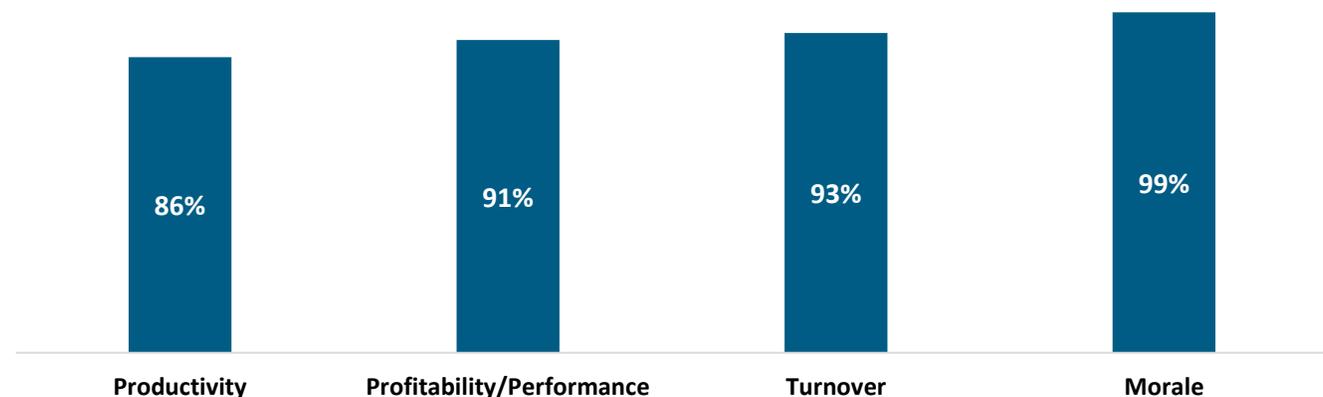
Employers are important stakeholders in paid family and medical leave programs. While PFML may bring some new costs, some businesses that offer their own PFML as an employment benefit have found that it can bolster businesses by reducing staff turnover, thereby reducing recruitment and training costs.<sup>12</sup> Providing this benefit also can improve workers' productivity and morale.<sup>13</sup> Employers' experiences with statewide programs in California, where PFML has existed since 2004, can provide insights on the potential effects for businesses in Massachusetts.

### PFML program impact on business operations

The experience in California indicates that the availability of paid family and medical leave can enhance employee productivity, loyalty, and morale.<sup>14</sup> A survey of California employers found, for instance, that virtually all employers (99 percent) reported that the state's program had positive or neutral effects on employee morale. Some California employers who provided paid family leave prior to state enactment also learned that they could offer their workers additional benefits once their employees could access the state leave program.<sup>15</sup> While a few employers reported negative effects on profitability and performance, 91 percent reported positive or neutral effects (see below).

### Most California Businesses Surveyed Reported Positive/Neutral Effects

Employer Assessments of PFML's Effects, 2010



Appelbaum, E., & Milkman, R. (2011). Leaves that pay: Employer and worker experiences with paid family leave in California. DC: Center for Economic and Policy Research

## PFML program impact on indirect costs

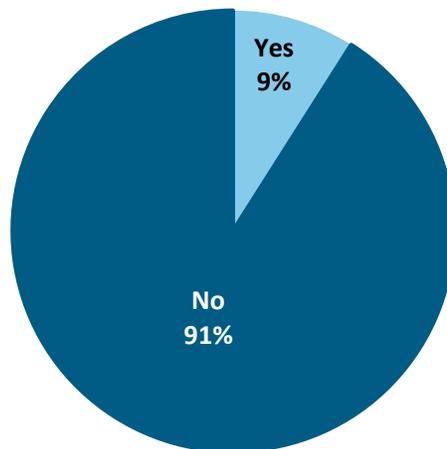
When a worker is out on family and medical leave, employers (in a survey of employers in California) reported that 63 percent of the time they assigned work temporarily to other employees. Less frequently, these employers hired temporary replacements (less than one-third of firms).<sup>16</sup> Without a paid family and medical leave insurance program, employers who provide paid leave and need to hire a temporary employee would need to pay both the employee on leave and the temporary employee. With a PFML insurance program, the employee on leave is covered by premiums that have been paid for over a longer period of time, not directly by the employer at the time of the leave.

## PFML program use is for proper purposes

Some employers express concern about the possibility of workers wrongly taking leave. However, 91 percent of employers surveyed in California reported that they did not suspect any abuse of the system.<sup>17</sup>

### Most Surveyed CA Employers Reported Workers Using Leave for Proper Purposes

Employer Assessments of PFML's Effects, 2010



Appelbaum, E., & Milkman, R. (2011). Leaves that pay: Employer and worker experiences with paid family leave in California. DC: Center for Economic and Policy Research

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- <sup>1</sup> A doctor's note must verify leave for state-run paid family and medical leave programs.
- <sup>2</sup> Author's calculations are based on the total number of eligible claims for 2014 for CA, NJ, and RI divided by the number of total covered workers in these states. This slightly overstates the percent of eligible users taking leave each year because a small number of workers need to take more than one leave in a year. There is not, however, publically available data on the total number of leave-takers each year – only total leaves. For information on total paid or eligible claims, see: California's statistics on its [state disability insurance](#) and [paid family leave](#); New Jersey's statistics on its [temporary disability insurance](#) and [family leave insurance](#); and Rhode Island's statistics on its [disability insurance program and family caregiving insurance](#). For data on covered workforce for PFML, see: California's [May 2015 Disability Insurance \(DI\) Fund Forecast](#) (page 5); New Jersey's Department of Labor and Workforce Development [Responses to OLS Questions Fiscal Year 2016](#) (pages 32 and 36), and Rhode Island's [Statistical & Fiscal Digest 2014](#) (page 15). For similar analyses, see Institute for Women's Policy Research (2016) [Implementing Paid Family and Medical Leave Insurance Connecticut](#), Page 43.
- <sup>3</sup> These calculations are based on dividing the average number of weeks per claim in 2014 for each state by the maximum weeks a claimant can use in a year as determined by the state laws in California, New Jersey, and Rhode Island. For information on weeks per claim, see California's statistics on its [state disability insurance](#) and [paid family leave](#); New Jersey's [Temporary Disability Insurance Workload in 2014](#) (table 2) and [Family Leave Insurance Workload in 2014](#) (table 6); and Rhode Island's [Launching the Rhode Island Temporary Caregiver Insurance Program \(TCI\): Employee Experiences One Year Later](#).
- <sup>4</sup> Rossin-Slater, M., Ruhm, C. J., & Waldfogel, J. (2013). [The Effects of California's Paid Family Leave Program on Mothers' Leave-Taking and Subsequent Labor Market Outcomes](#). Journal of Policy Analysis and Management, 32(2), Page 18
- <sup>5</sup> Rossin-Slater, M., Ruhm, C. J., & Waldfogel, J. (2013). [The Effects of California's Paid Family Leave Program on Mothers' Leave-Taking and Subsequent Labor Market Outcomes](#). Journal of Policy Analysis and Management, 32(2), Page 19
- <sup>6</sup> Yoshikawa, H. (2010). [The foundations of lifelong health are built in early childhood](#). Center on the Developing Child at Harvard University. Page 14
- <sup>7</sup> Huang, R., & Yang, M. (2015). [Paid maternity leave and breastfeeding practice before and after California's implementation of the nation's first paid family leave program](#). Economics & Human Biology, 16, Page 29
- <sup>8</sup> Office on Women's Health, U.S. Department of Health and Human Services. [Why breastfeeding is important](#).
- <sup>9</sup> Office on Women's Health, U.S. Department of Health and Human Services. [Why breastfeeding is important](#).
- <sup>10</sup> Baum C., & Ruhm, C. (2016) [The Effects of Paid Family Leave in California on Labor Market Outcomes](#). Journal of Policy Analysis and Management, 35 (2), Page 20
- <sup>11</sup> Baum C., & Ruhm, C. (2016) [The Effects of Paid Family Leave in California on Labor Market Outcomes](#). Journal of Policy Analysis and Management, 35 (2), Page 18
- <sup>12</sup> Appelbaum, E., & Milkman, R. (2011). [Leaves that pay](#): Employer and worker experiences with paid family leave in California. DC: Center for Economic and Policy Research. Page 8
- <sup>13</sup> Appelbaum, E., & Milkman, R. (2011). [Leaves that pay](#): Employer and worker experiences with paid family leave in California. DC: Center for Economic and Policy Research. Page 8
- <sup>14</sup> Appelbaum, E., & Milkman, R. (2011). [Leaves that pay](#): Employer and worker experiences with paid family leave in California. DC: Center for Economic and Policy Research. Page 8
- <sup>15</sup> Firestein, N., O'Leary, A., & Savitsky, Z. (2011). [A guide to implementing paid family leave: Lessons from California](#). CA: Berkeley Center on Health, Economic & Family Security, UC Berkeley School of Law & Labor Project for Working Families. pg 15
- <sup>16</sup> Appelbaum, E., & Milkman, R. (2011). [Leaves that pay](#): Employer and worker experiences with paid family leave in California. DC: Center for Economic and Policy Research. Page 9
- <sup>17</sup> Appelbaum, E., & Milkman, R. (2011). [Leaves that pay](#): Employer and worker experiences with paid family leave in California. DC: Center for Economic and Policy Research. Page 8