



**Statement of Jim Walsh, Program Director  
On The Family Temporary Care Act, H. 1386 (Gibbons)  
Pennsylvania House Labor and Industry Committee Public Hearing – August 27, 2008**

Good afternoon, my name is Jim Walsh and I am the Program Director of New Jersey Citizen Action (NJCA). Thank you Chairman Belfanti and other members of this Committee for giving us the opportunity to express our views on this critically important legislation.

Citizen Action is the New Jersey's largest citizen watchdog organization, representing more than 110 labor, tenant, faith-based, community, women's, environmental, civil rights and senior organizations and over 60,000 family members who live throughout New Jersey. For our entire organizational history we have worked to improve the quality of life for NJ's working families and seniors. We are here today talk about our own experience with family leave in New Jersey to urge you to **Vote YES on House Bill 1386, the Family Temporary Care Act.**

NJ Citizen Action has advocated for such a program for over a decade in New Jersey, because although we knew that the Federal Family Medical Leave Act was a good first step towards allowing workers to balance the competing demands of both work and family, we also knew that many workers would be unable to benefit from the program, either, because they work for a smaller business that is not covered by the program, or because they simply could not afford to take unpaid FMLA leave to be with their loved ones.

**Community and Voter Support**

While Paid Family Leave Legislation in New Jersey went through many forms in the late 1990's, advocates in our state became very encouraged when, in 2004, California became the first state in the nation to offer all workers the ability to receive Family Leave Insurance by expanding their already existing Temporary Disability Insurance program. It was around this time that NJCA co-founded the NJ Time to Care Coalition, a broad based coalition that worked for the adoption of this program. While this coalition started small, it grew to a broad based coalition

representing over 70 organizations, including representatives from labor, small businesses, women, senior citizen, parent and child advocacy, faith-based, citizen, community and research organizations around the state of New Jersey. To many of us in the NJ Time to Care Coalition, it was obvious that the time for Family Leave Insurance had come.

The support for Family Leave Insurance has strong support from the public. A poll conducted by the Time to Care Coalition of NJ voters about Family Leave Insurance showed that fully 78% of respondents supported this program, and it didn't matter if the respondent was young or old, rich or poor, man or woman, or even Democrat or Republican. A national poll conducted last year by Lake Research Partners tells a similar story, finding 84% of all respondents favor a basic labor standard that would guarantee all workers a minimum number of paid sick days to care for themselves or immediate family members. This poll also found that 76% of people favor expanding the Family and Medical Leave Act to offer PAID family and medical leave for a set number of weeks paid for by both the employer and employee, at an average cost of \$1 for the employer per week and an average cost of \$1 to the employee per week.

There was also significant support for family leave insurance from small business owners across the state because they know that policies like family leave insurance increase employers' ability to recruit and retain the best employees and improve productivity. These employers could see the benefit that would result from reduced turnover, higher productivity and the ability to provide a benefit that they would not otherwise be able to afford.

NJ's Family Leave Insurance program also received overwhelming support from the editorial boards all over New Jersey, including the New York Times and the Philadelphia Inquirer.

### **The Changing Workforce**

Practically every working adult finds him or herself in the not unusual but infrequent situation - whether it is because of a newborn or newly adopted child, or an ill child or parent - that creates a conflict between their ability to care for their loved ones and pay their bills and/or keep their job. These are situations that many workers face every single day, as the days of the stay-at-home mom and the breadwinning father are long gone. More and more women are entering the

workforce everyday, the baby-boomers are getting set for retirement and families now depend on two (sometimes even more) paychecks to make ends meet. These changes are occurring all over the county, not just in California and New Jersey. And as the demographics and the needs of our workforces change, our state governments should be updating outdated social programs to fit the needs of the modern day workforce. Family Temporary Care is an appropriate and needed update that does just that, provides workers needed insurance that protects them against these relatively infrequent, but critical life events that are facing the modern workforce.

NJCA and our fellow members of the NJTC were right -- Family Leave Insurance's time had come in NJ, as earlier this year, our state became only the second in the nation to enact law that allows workers who take leave from work to bond with a newborn or newly adopted child or to take care of a seriously-ill family member to receive partial wage replacement for up to 6 weeks in a 12 month span.

### **Strengthening Families**

Missing a day at work can cause significant hardships for families and going to work while worried about the need to care for a loved one can spread hardships to businesses and co-workers. A worker who is worried about the health and wellbeing of a loved one is less productive at the job and a distraction of this sort can be unsafe in many work environments. Giving a worker the time to care for a loved one helps to reduce financial strains and hardships that are amplified by the falling housing market, rising food and fuel prices, escalating college tuition and inflation.

The passage of Family Leave Insurance was a major victory for all families in New Jersey, however, this bill will be most helpful to low and moderate income workers. Studies show three in four low-income workers who take leave under the Family Medical Leave Act receive no pay compared to only one out of every four upper-income workers. Low-income workers are also less likely to have even a single sick day or any paid vacation days to use during family emergencies. On a national level 50% of all workers in this country don't have one paid sick day off. And because low-income workers are less able to pay others for safe and quality care for

either their children or a sick parent or spouse, they are the ones who are usually responsible for family care giving.

### **Myth and Misinformation**

As we did in New Jersey, we will likely hear from the business lobby today, as well as some business owners that they are prepared to fight this initiative with everything they have. You will probably hear how workers who use the program and are not taken back by their employers will sue, that it will burden small businesses who can't do without an employee on leave and that the sky will fall on Pennsylvania's economy. We're sorry that they feel this way, however, they are dead wrong about this program and its impact on both employers and employees.

There is nothing in the program that requires small employers (less than 50 employees) who are not covered by FMLA to hold an employees job while they are on family temporary care leave. In addition, if the employer can't hold the position open, (although we of course hope they would), they don't have to. Just like the New Jersey program, the Family Temporary Care Act is simply an insurance program that allows workers to receive a monetary benefit and this has no bearing on whether or not they can sue their employer for not taking them back after their need for leave is over. This program simply allows an employee, who must stop working because of a family crisis, to continue to collect wages so they can make ends meet. This is no guarantee to that they will get their job back only a guarantee that they will have time to care for a loved one in a time of critical need.

To those small businesses who say that they cannot get by if they are even missing one employee, we ask, what do you do know? The fact is that business large and small have measures that they can take to ensure that can get by when any employee is not at work. There will always be occasions (regardless of this bills passage or not) when small businesses will be down an employee, for example when they are on vacation, are ill, have a death in the family, or decide to quit. It is also important to note that in California the actual utilization rate for Family Leave insurance is 1.1%, which means that an employer with ten employees would have an average of one employee using the benefit every ten years.

As for the business lobby's cries that this program is bad for business, it will ruin our business climate, and it will hurt the economy. To that rhetoric we say, the citizens and workers of Pennsylvania are the part of the economy too and the business lobby has no lock on what's good for it. California has had a similar program since 2004. Despite the corporate lobby opposing the program's implementation there, complaints have largely vanished and the sky has certainly not fallen in California. We expect the business lobbies complaints about the pending NJ Family Leave Insurance program to subside as well. This is because their opposition to these types of programs is ideological and is not supported by the facts. We urge the naysayers and doubters to view this program through the lens of the 21<sup>st</sup> century, (as opposed to the long gone and always overly Hollywood Leave it to Beaver days of the stay at suburban home Mom and the Daddy breadwinner), and the current demands being placed on employees, particularly low-income workers who are particularly stressed. For example, low-income women average significantly less pay than their male counterparts, partly because of job loss due to family care. This is one reason the US has the highest child poverty rate in the industrialized world – not a statistic anyone should be proud of.

Despite the business lobbies cries to the contrary, there are many reasons to believe that Family Temporary Care will actually help small businesses in Pennsylvania. The fact of the matter is that EVERYONE benefits when workers are able to balance job obligations and family needs. Giving workers financial security by allowing them to take paid leave to deal with a child's illness or a parent's recovery not only improves outcomes for children and families, but studies also show that it increases employees' morale, productivity, customers satisfaction, and decreases employee turnover and training costs. By covering every employer in Pennsylvania, Family Temporary Care will also create a level playing field for an important benefit that many larger companies are already able to offer prospective employees. This may assist smaller businesses in recruiting talented and well qualified employees that seek family friendly companies to work for. We also found in New Jersey that small businesses are often willing to allow their employees to take unpaid leave in case of emergency even though they are not required by law to do so. During legislative hearings in New Jersey, the New Jersey Time to Care Coalition had a number of small business owners who attested to this claim in testimony

and many of them said they feel bad that they do not have deep enough pockets to pay their workers while on leave.

### **Learning from Others**

California was a pioneer for Family Leave Insurance in the United States, but nationally the US lags behind other countries that already provide paid family leave benefits to workers. In fact, the US is only one of four countries that do not have some sort of paid leave benefits for workers. During the first year of the program's implementation in California, workers who needed to take Paid leave, on average took less than five weeks time. Of those who use the program, 88% were parents who took time off to care for newborn adopted or foster child. The remainder took time to care for a sick loved one, and of these 36% took time to care for a spouse, 22% percent took time to care for a parent and 22% took time to care for a sick child. Low utilization rates show that families will use this benefit only when it is needed and most do not use the full time allotted to them.

### **Moving all Families Forward**

In 1985, the late Senator Daniel Patrick Moynihan wrote in his book *Family and Nation*, "No government, however firm might be its wish, can avoid having policies that profoundly influence family relationships. This is not to be avoided. The only option is whether these will be purposeful, intended policies or whether they will be residual, derivative, in a sense concealed." As Senator Moynihan knew, what we do as decision and policymakers have real effects on people's lives and their families. We have seen tremendous changes in the workplace and in our families – it would not be an overstatement to say the changes have been dramatic, but the policies in place that our government has designed to mitigate the risks have been frozen in time, leaving in particular, our most vulnerable families at risk. New Jersey has already adopted a policy that meets the challenges created by these dramatic changes, policies that are "purposeful" and positive, we hope that Pennsylvania is ready to make these necessary changes, as well.

Thank you very much for your consideration of H. 1386 and we are available to answer any questions you may have.

# NJ Time To Care

## FAMILY LEAVE INSURANCE A FACT SHEET FOR CAREGIVERS

### *FAMILY LEAVE INSURANCE WOULD HELP CAREGIVERS PUT THEIR FAMILIES FIRST*

When serious illness such as heart disease, cancer, stroke, and lung disease occurs, employees who are family caregivers must often help with doctor or hospital visits, chemotherapy, physical therapy or other appointments, and may also need to care for their family member at home.

- Half of people age 85 and over need assistance with daily activities.
- Mothers with children under 6 are the fastest growing segment of the workforce.
- Nearly 1 in 2 working women are their families' primary breadwinner.
- Nearly 1 in 4 households (22.4 million families) provide care for elderly relatives.
- The majority of family caregivers (52%) are also employed full-time.

### *THE PROBLEM: MANY FAMILY MEMBERS CANNOT AFFORD TO TAKE UNPAID LEAVE*

Families that provide care for a new child (birth, adoption, or foster care) or a seriously ill elderly parent or other family member should not be forced to choose between providing needed care to their loved ones and financial crisis — a crisis which often hurts the person needing care. Yet this is the choice that many caregivers face.

- Nearly four in five American workers who need leave but do not take it report that they do not take it because they can't afford to.
- Of those who need leave but cannot take it, nearly 1 in 3 need leave to care for an ill spouse or parent.
- Nearly 1 in 10 leave-takers receiving less than full pay during their longest leave are forced onto public assistance.

### *THE PROBLEM WILL ONLY GET WORSE — FOR BOTH THE FAMILY MEMBERS NEEDING CARE AND THE CAREGIVERS THEY RELY ON*

- By 2030, the number of Americans over 65 will be 70 million—double today's 35 million.
- Today, the fastest growing segment of our population is people 85 and over.
- Nearly two-thirds of Americans under the age of 60 expect to be responsible for the care of an elder relative within the next ten years.
- By 2020, about 40 percent of the workforce will be caring for older parents.
- 78% of the workforce consists of dual-earner couples.

### *THE SOLUTION NEW JERSEY WANTS: PAID LEAVE THROUGH FAMILY LEAVE INSURANCE*

Many of New Jersey's caregivers must juggle their caregiving responsibilities with their job. In order to provide needed care, sometimes it is necessary to take time off from work. The New Jersey Family Leave Act (FLA) and the federal Family and Medical Leave Act (FMLA) provide twelve weeks of *unpaid* job-protected leave to care for seriously ill family members. While these laws provide job security, they do not provide financial security. New Jersey's workers care deeply about addressing the problem of unpaid family and medical leave and want *family leave insurance* as part of the solution.

### *MAKING FAMILY LEAVE INSURANCE A REALITY*

Providing income for caregivers to care for their family is becoming a reality. California passed legislation in 2002 providing all its workers with family leave insurance to care for their families and a handful of other states allow state employees to use their sick leave for family leave purposes. Two states provide child care funds to parents who stay at home with a new baby. Other states are considering proposals to expand temporary disability programs to cover family and medical leave or to establish family leave insurance programs.

The *NEW JERSEY TIME TO CARE COALITION* is working to make family leave insurance a reality for all New Jersey's workers. Using the model adopted in California, we believe the most efficient and cost effective way to provide New Jersey's workers with family leave insurance is by expanding New Jersey's existing Temporary Disability Insurance system to provide partial wage replacement when a worker takes time off to care for a family member.

*FOR MORE INFORMATION* or to get involved with the NJ Time to Care Coalition's campaign for family leave insurance contact:

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# NJ Time To Care

## **FAMILY LEAVE INSURANCE A FACT SHEET FOR LOW-INCOME EMPLOYEES**

### ***NEW JERSEYANS NEED FAMILY LEAVE INSURANCE IN ORDER TO PROVIDE BOTH CARE AND INCOME FOR THEIR FAMILIES***

For millions of Americans, when a new baby arrives or a medical crisis strikes, family leave is a necessity they cannot afford. These working women and men face a wrenching choice: take leave to care for a newborn or seriously ill family member who needs them, or stay at work to maintain the family's economic security. The problem is especially acute for low-income families.

### ***LOW-INCOME FAMILIES RELY MORE HEAVILY ON FAMILY MEMBERS TO MEET THEIR FAMILY CARE NEEDS***

The need for family leave insurance is particularly pressing for low-income employees because:

- Low-income employees, their children, and other family members are more likely to be in poor health.
- Low-income families are less able to pay others for safe, quality child care, adult day care, long-term care, and in-home care. Instead, they are more likely to be responsible for family caregiving.

### ***MANY LOW-INCOME EMPLOYEES CANNOT AFFORD TO TAKE UNPAID LEAVE***

The federal Family and Medical Leave Act (FMLA) and the New Jersey Family Leave Act (FLA) provide New Jersey workers with up to twelve weeks of unpaid job-protected leave to care for a new child or seriously ill family member. While these laws provide job security, they do not provide financial security. Families should not be forced to choose between providing needed care to their loved ones and a financial crisis — a crisis that also often hurts the person needing care. Yet this is the choice that many low-income families face.

- Nearly four in five Americans who need leave but do not take it, do not take it because they cannot afford to take it.
- Nearly one in ten leave-takers receiving less than full pay during their longest leave is forced on to public assistance.
- Almost three in four low-income employees who take family and medical leave receive no pay. (In contrast, between one in three and one in four middle- and upper-income employees receives no pay while on leave.)

### ***THE SOLUTION: FAMILY LEAVE INSURANCE THROUGH AN EXPANDED TEMPORARILY DISABILITY INSURANCE SYSTEM***

New Jersey's existing Temporary Disability Insurance system offers a perfect framework to build on. TDI already provides partial wage replacement to people who need time off from work for illness or injury. Expanding the current TDI into a *family* leave insurance system would require only that workers make a small additional payment into the TDI fund—from 28 cents a week for a low-wage worker to about \$1.81 for someone making \$90,000 or more. In return, those who need it would get up to 12 weeks of paid family leave coverage per year. Like the current TDI system, family leave insurance would replace two-thirds of weekly wages up to a limit that would increase every year to reflect the cost of living. In 2006 the top benefit would be \$488 a week.

### ***MAKING FAMILY LEAVE INSURANCE A REALITY***

Providing income for New Jerseyans to care for their family is becoming a reality. California passed legislation in 2002 providing all its workers with family leave insurance to care for their families and a handful of other states allow state employees to use their sick leave for family leave purposes. Two states provide child care funds to parents who stay at home with a new baby. Other states are considering proposals to expand temporary disability programs to cover family and medical leave or to establish family leave insurance programs.

The **NEW JERSEY TIME TO CARE COALITION** is working to make paid family leave a reality for all New Jersey's workers. Using the model adopted in California, we believe the most efficient, and cost effective way to provide New Jersey's workers with paid family leave insurance is by expanding New Jersey's existing Temporary Disability Insurance system to provide partial wage replacement when a worker takes time off to care for a child, parent, spouse or to bond with a new child.

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# NJ Time To Care

## **FAMILY LEAVE INSURANCE A FACT SHEET FOR SENIORS**

### ***MANY SENIORS NEED CARE AND RELY ON FAMILY MEMBERS TO PROVIDE IT***

Seniors are at risk for a number of serious illnesses such as heart disease, cancer, stroke, and lung disease. These and other serious illnesses often result in their needing a family member to take them to chemotherapy or physical therapy appointments or to care for them at home.

- Half of people age 85 and over need assistance with daily activities.
- Nearly 1 in 4 households (22.4 million families) provide care for elderly relatives.
- The majority of family caregivers (52%) are also employed full-time.

### ***TO PROVIDE ADEQUATE CARE FOR SENIORS, WORKING FAMILY MEMBERS NEED PAID TIME OFF***

Many of the family members that seniors rely on for care must juggle that caretaking with their job. In order to provide needed care, sometimes it is necessary to take time off from work. The federal Family and Medical Leave Act (FMLA) and the New Jersey Family Leave Act (FLA) provide New Jersey workers with up to twelve weeks of unpaid job-protected leave to care for a seriously ill family member. While these laws provide job security, they do not provide financial security.

### ***THE PROBLEM: MANY FAMILY MEMBERS CANNOT AFFORD TO TAKE UNPAID LEAVE***

Families should not be forced to choose between providing needed care to their loved ones and financial crisis — a crisis which often hurts the person needing care. Yet this is the choice that many of New Jersey's families must face.

- Most American workers who need leave but do not take it report that they do not take it because they can't afford to.
- Of those who need leave but cannot take it, nearly 1 in 3 need leave to care for an ill spouse or parent.
- Nearly 1 in 10 leave-takers receiving less than full pay during their longest leave are forced on to public assistance.

### ***THE PROBLEM WILL ONLY GET WORSE — FOR BOTH THE SENIORS NEEDING CARE AND THE FAMILIES THEY RELY ON***

- By 2030, the number of Americans over 65 will be 70 million—double today's 35 million.
- Today, the fastest growing segment of our population is people 85 and over.
- Nearly 2/3 of Americans under the age of 60 expect to be responsible for the care of an elder relative within the next ten years.
- By 2020, about 40 percent of the workforce will be caring for older parents.

### ***THE SOLUTION NEW JERSEY WANTS: PAID LEAVE THROUGH FAMILY LEAVE INSURANCE***

Americans care deeply about addressing the problem of unpaid family and medical leave and want *family leave insurance* as part of the solution. 84% of Americans support giving the states the chance to extend disability or unemployment insurance to include workers that are providing care for an elderly loved one.

### ***MAKING FAMILY LEAVE INSURANCE A REALITY***

Providing income for caregivers to care for their family is becoming a reality. California passed legislation in 2002 providing all its workers with family leave insurance to care for their families and a handful of other states allow state employees to use their sick leave for family leave purposes. Two states provide child care funds to parents who stay at home with a new baby. Other states are considering proposals to expand temporary disability programs to cover family and medical leave or to establish family leave insurances programs.

The **NEW JERSEY TIME TO CARE COALITION** is working to make family leave insurance a reality for all New Jersey's workers. Using the model adopted in California, we believe the most efficient, cost effective way to provide New Jersey's workers with family leave insurance is by expanding New Jersey's existing Temporary Disability Insurance system to provide partial wage replacement when a worker takes time off to care for an elderly loved one.

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# balancing work and family



Two-and-a-half years ago, California became the first state in the nation to offer paid family leave benefits.

Who has benefited? What has been learned?

California Senate Office of Research



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Two-and-a-half years ago, California became the first state in the nation to offer paid family leave benefits. Who has benefited? What has been learned?

by Rona Levine Sherriff

California Senate Office of Research

Don Moulds, Director  February 2007

## **Executive Summary**

The many demands and pressures of family life and the workplace have always been a challenge for most. Today that balancing act has become more complex. Nationwide, women are joining the workforce in greater numbers than ever before, single-parent families have become commonplace, and family members live longer and therefore require much more care and assistance. As a result, a high degree of flexibility in the workplace is essential to help maintain a reasonable life balance.

On July 1, 2004, California made it easier for wage earners to juggle these often-competing priorities by becoming the first state in the nation to provide paid family leave benefits to those who want to take time off from work to bond with a new child or provide care to family members in need. Two-and-a-half years later, here is a snapshot of how these benefits have been used:

- ▶ Women filed 80 percent of the state's paid family leave claims; they accounted for twice as many care claims and five times as many bonding claims as men.
- ▶ Nearly 90 percent of the claims were for bonding with a new child; the remaining 10 percent were for family caregiving.
- ▶ Of those who took a leave of absence to bond with their new child, 0.4 percent were foster parents; 0.7 percent were parents who had adopted a child; and the rest, more than 98 percent, were birth parents.
- ▶ Siblings and grandparents accounted for the largest number of claims that were denied because of relationship issues, since siblings and grandparents are not covered by the paid family leave program.
- ▶ Workers who earned less than \$12,000 per year filed claims at a lower rate than higher-wage earners. Of these low-wage workers, women and those who cared for seriously ill family members filed claims at a lower rate than any other workers.
- ▶ Individuals who worked for large employers (1,000 or more employees) accounted for nearly half of all paid family leave claims, yet they represented only 14 percent of the California workforce.

- ▶ Workers in the female-dominated health-care and social-assistance industry accounted for the largest participation rate—21 percent—even though they represented only 8 ½ percent of the state’s workforce.

The data presented in this report offers an initial look at the trends and possible gaps in the paid family leave program’s coverage. As the program evolves and more data becomes available, further analysis and evaluation is warranted to ensure that families who contribute to the program are indeed receiving the assistance they need.

### **How the Paid Family Leave Program Evolved: A Timeline**

In 1946 California’s state disability insurance (SDI) program was born. One of five state disability insurance programs in the nation, it provides 13 million California workers with partial-wage-replacement benefits when they are unable to work due to a non-work-related illness or injury.

In 1974 the SDI program was expanded to provide benefits for those women who need time off from work due to an abnormal pregnancy. Three years later, the program was expanded again to provide coverage to women who have a normal pregnancy.

Then in 2002, a national milestone was set when California State Senator Sheila Kuehl authored legislation that expanded the state disability insurance program to provide wage-replacement benefits for family caregiving needs and to bond with a new child. Senate Bill 1661, also known as the paid family leave program, went into effect on July 1, 2004, and was the first of its kind in the nation to make the following provisions state law:

- ▶ Most California workers can take up to six weeks of partial-wage-replacement family leave benefits to bond with a new child or care for a seriously ill family member.
- ▶ Benefits replace up to 55 percent of one’s wages for a maximum of \$882 per week, as of 2007.
- ▶ A leave may be taken to care for a seriously ill child, spouse, parent, or domestic partner or to bond with a child after the child is born, adopted, or placed with the employee as a foster child.
- ▶ A maximum of six weeks of benefits may be paid within a 12-month period and taken in either consecutive or non-consecutive weeks.
- ▶ An unpaid seven-day waiting period is required before benefits are paid, and an employer may require a worker to use up to two weeks of accrued vacation time before receiving benefits.

## **Introduction**

State and federal laws provide California employees with workplace protections when time off from work is needed for illness, injury, family caregiving, or bonding with a new child.

The federal Family and Medical Leave Act and the California Family Rights Act grant a total of 12 weeks of unpaid job-protected leave within a 12-month period to workers of businesses with 50 or more employees to care for the birth, adoption, or foster placement of a child; to care for a seriously ill child, parent, or spouse; or to take care of an employee's own serious health condition. In California, employers with five or more employees are also required to provide up to four months of unpaid job-protected leave for a disability related to pregnancy, childbirth, or a related medical condition.

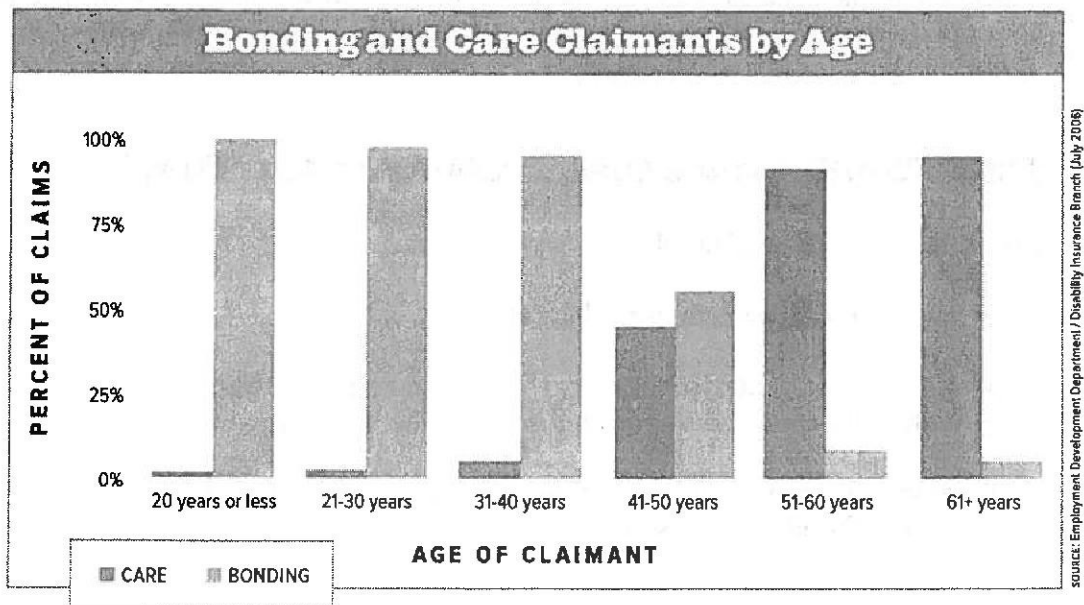
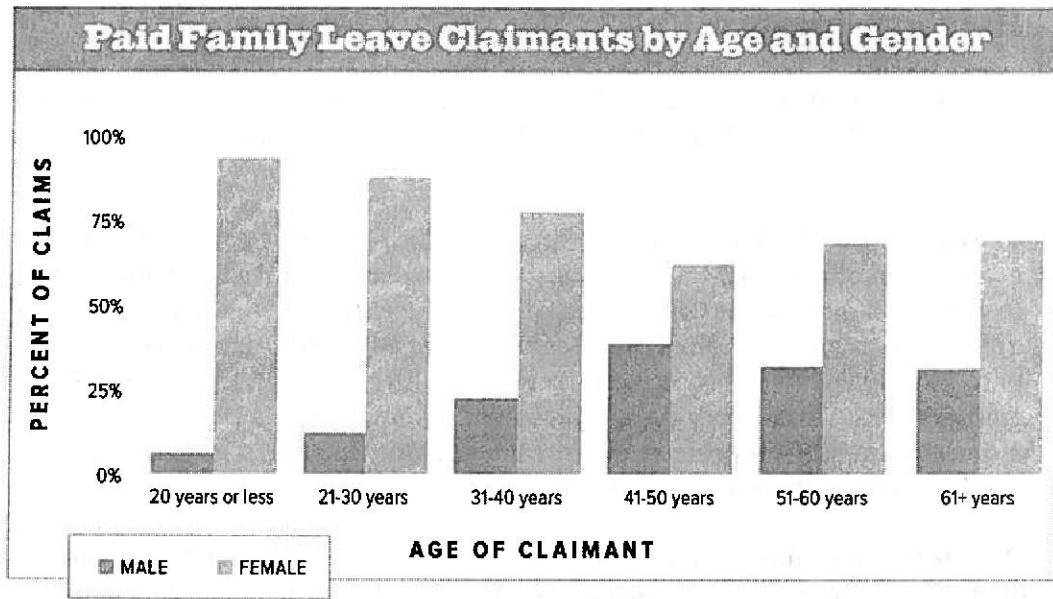
Despite the state and federally provided legal job protections, many individuals did not take time off from work for caregiving or bonding because they could not afford the reduction in pay.<sup>1</sup> Senate Bill 1661 (Kuehl, Chapter 901, Statutes of 2002) addressed this problem by expanding California's disability insurance system to provide partial-wage-replacement benefits for most California workers.

Two-and-a-half years after the paid family leave program<sup>2</sup> began, how effective has it been? Who is using paid family leave benefits and why? How does income and gender affect program participation and duration? And what is the relationship between those who have taken a leave of absence and the type of employer they work for?

## **Paid Family Leave Claimants: Who Are They?**

According to recent paid family leave program data:

- ▶ women file 80 percent of all claims;<sup>3</sup>
- ▶ nearly 90 percent of program participants take a leave to bond with a new child and 10 percent use their leave for caregiving;<sup>4</sup>
- ▶ women account for twice as many care claims and five times as many bonding claims as men.<sup>5</sup>



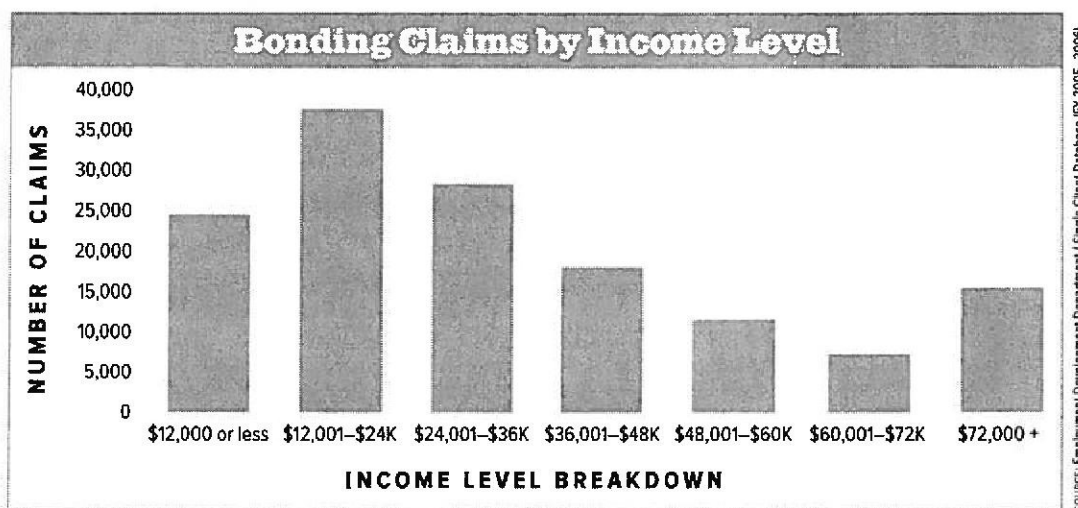


## Bonding Claims

The vast majority of paid family leave claims—almost 90 percent—were for bonding with a new child. Only about two-thirds of those who had state disability insurance pregnancy claims<sup>6</sup> filed for bonding claims; it is not known why more new mothers did not file for these claims, though some theories include:

- ▶ the new parents could not afford to stay off work after the birth of their child since they were only receiving a partial-wage replacement during their leave;
- ▶ those without job protection rights<sup>7</sup> chose not to take additional time off;
- ▶ they were not aware of both benefits; or
- ▶ they chose not to take time off from work for bonding.

Bonding claims may also be used by parents of an adopted or a foster-care child; however, in state fiscal years 2004–2005 and 2005–2006, parents of a newly adopted child or a recently placed foster-care child tended to underutilize the bonding benefits. Of those who took a leave of absence to bond with their new child, 0.4 percent were foster parents; 0.7 percent were parents who had adopted a child; and the rest, more than 98 percent, were birth parents. This may have been because of the lack of program information circulated within the adoption and foster-care systems, whereas birth parents typically receive extensive information about pregnancy disability leaves and paid family leaves from their medical providers, among other sources.

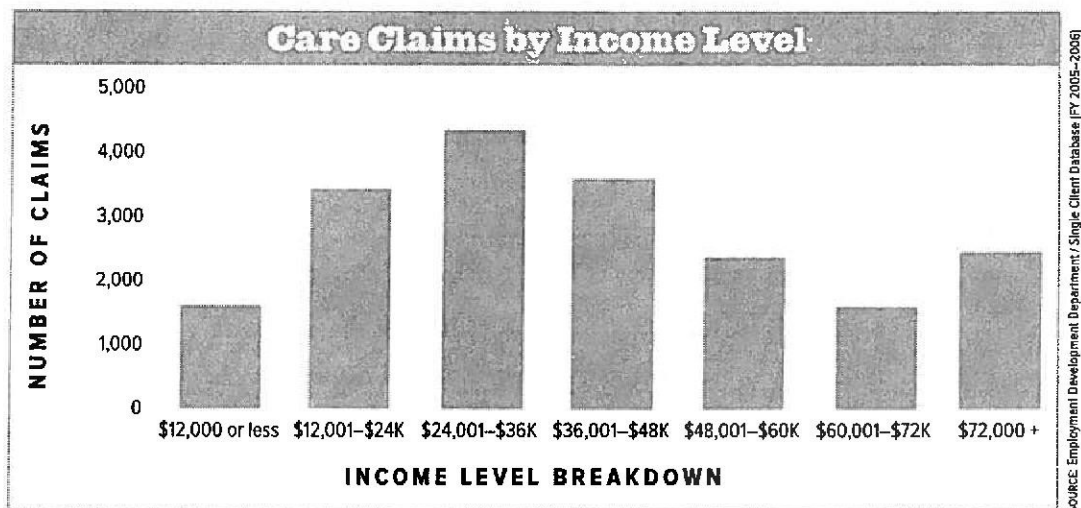


## Care Claims

Care claims represent about 10 percent of all paid family leave claims and may be used to care for a seriously ill or injured child, spouse, parent, or registered domestic partner. Key findings include:

- ▶ 32 percent of care claims in state fiscal year 2004–2005 and 29 percent in 2005–2006 were for surgical procedures; 17 percent in 2004–2005 and 18 percent in 2005–2006 were for cancer; 9 percent in 2004–2005 and 10 percent in 2005–2006 were for circulatory-related illness; and the remaining claims were for a diverse range of other medical issues;
- ▶ 37 percent of all care claims in state fiscal year 2004–2005 and 38 percent in 2005–2006 were for the care of a spouse;
- ▶ 22 percent of the claims in both fiscal years were for the care of a seriously ill or injured child;
- ▶ 37 percent of the claims in state fiscal year 2005–2006 were for the care of a parent;<sup>8</sup>
- ▶ women were twice as likely to be the caregiver in both fiscal years.

Over the two-year period in which paid family leave data has been collected and reviewed, about 10 percent of the care claims that were denied were filed for individuals who were not included in the program's definition of a family member. Most of these denied claims were filed for siblings (35 percent), followed by grandparents (19 percent) and mothers- and fathers-in-law (10 percent).

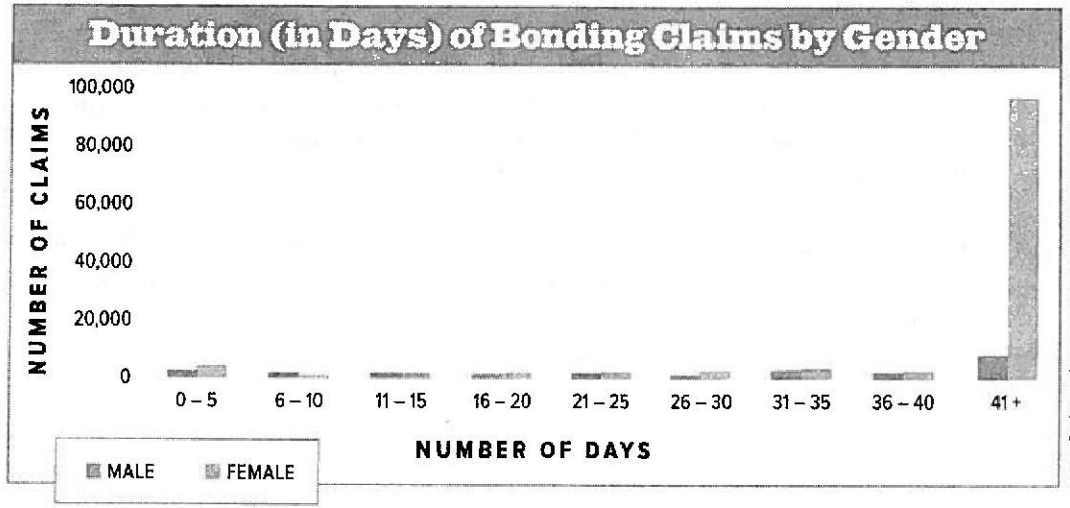
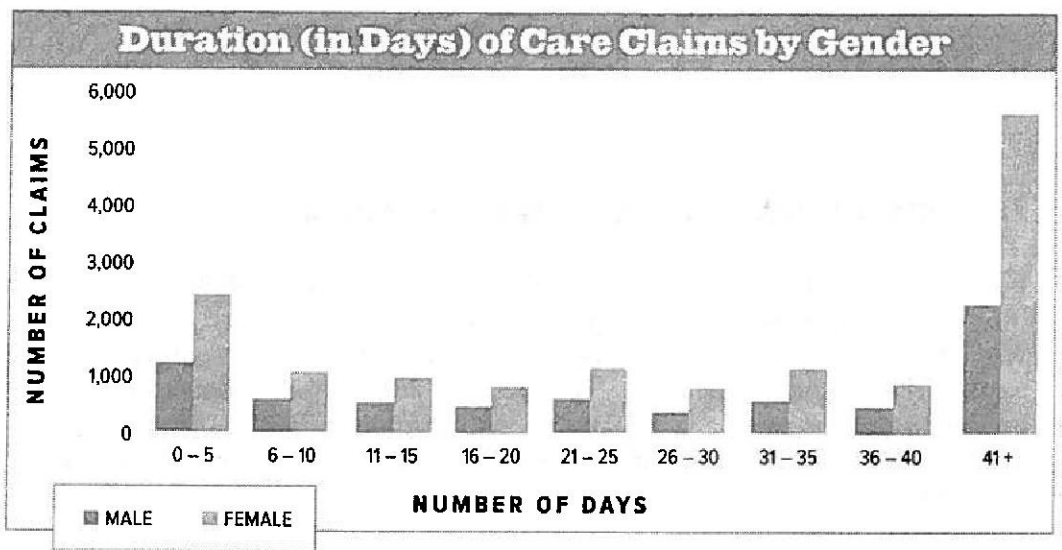
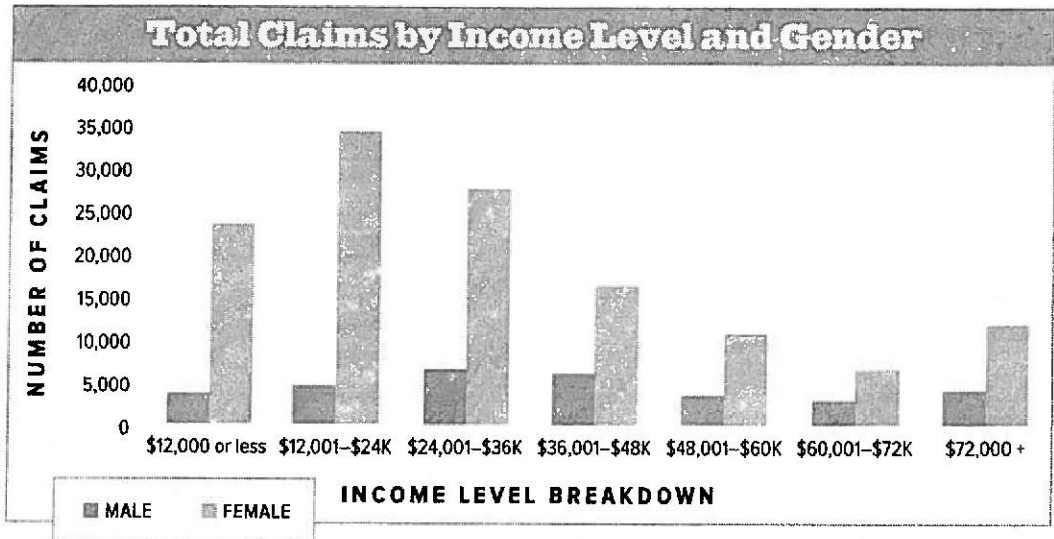


## Income Level, Gender, and Duration

With the exception of low-wage earners, workers at nearly all other earning levels took advantage of the program in proportion to their share of the workforce.<sup>9</sup> While those who earned \$12,000 or less per year represented 20 percent of the total workforce (and 26 percent of the total female workforce), they represented only about 16 percent of all paid family leave claimants. Also, these low-wage workers represented 18 percent of all bonding claimants, yet they only represented about 8 percent of all care claimants.

A maximum of six weeks of paid family leave can be used in a 12-month period. There was a wide discrepancy in the duration of a claim depending on the type of claim filed and whether the claimant was male or female. In state fiscal year 2004-2005, only 37 percent of care claims were for the maximum time period. While women were twice as likely to take paid family leave for caregiving, men and women generally filed claims for the same length of time.

In contrast, 74 percent of the bonding claims were for the entire six-week period. Women had five times as many bonding claims as men. Women also were more likely to take bonding leaves for the maximum time allowed: 82 percent of the women and 35 percent of the men claimed benefits for the full six weeks.



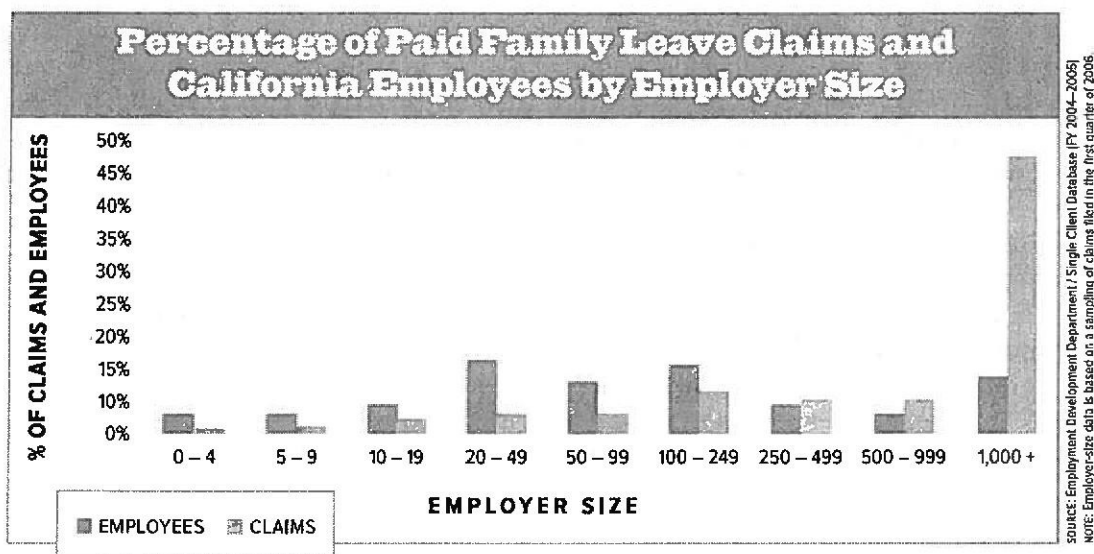
## Employer Profile

Individuals who worked for large employers (1,000 or more employees) accounted for nearly half of the claims, although these employees only represented about 14 percent of California's workforce.<sup>10</sup>

Prior to the implementation of California's paid family leave program, larger employers provided family and medical leave benefits<sup>11</sup> more often than smaller employers, which raises two questions:

- (1) Were workers who already had an employer-sponsored leave benefit plan available to them more likely to be aware of—and therefore use—the benefits provided by the new paid family leave program?
- (2) Were workers in small- and medium-size establishments without a human-resource department aware of their rights to receive these benefits?

The health-care and social-assistance field, an industry dominated by women, had the largest number of claims with 21 percent of the total, which is more than double the industry's share of the workforce (8 ½ percent). The industries with the next largest number of claims were retail trade, with 14 percent of the claims, and manufacturing, with 11 percent, and both were more on a par with their representation in the workforce.



## **Conclusion**

While the preliminary data suggests that many individuals have benefited from California's landmark legislation, a significant need to provide the public with more information about the program persists.

Initially, knowledge of the new benefits program was low. A state survey conducted in 2003, after passage of the law but prior to the program's inception, showed that only 22 percent of the respondents knew about the new law,<sup>12</sup> and a 2005 follow-up survey found a slight increase in program awareness: 29 ½ percent.<sup>13</sup> This awareness level is low, given that notification requirements are mandatory for all employers.

Birth mothers, who have been eligible for pregnancy benefits under the state disability insurance system since the 1970s, are much more likely to take bonding leaves than adoptive or foster parents. Similarly, the reason why relatively low numbers of employees in small- and medium-sized companies file for paid family leave benefits may be because they are uninformed (or inadequately informed) about the program's offerings. A targeted outreach effort would help ensure that needy workers who contribute financially to this program are aware of the benefits available to them.

While the data presented in this report highlights how the paid family leave program has initially been used, additional issues should be explored over a longer timeframe. How women and men differ in their use of the program's benefits should be tracked over time, as changes in the workplace and on the home front will continue to impact lives in new ways.

The partial-wage-replacement benefit may not provide enough financial assistance to many low-wage workers who simply can't afford the pay cut. This issue merits more attention and analysis, especially since these workers who earn \$12,000 or less per year—usually women—help finance the program.

The data also points to a potential gap in how family members are defined. The dynamics of the family have changed, and will likely continue to change. For example, many adults now choose to remain single (some with children, some without) and they often turn to their siblings for care assistance as they age, and more grandparents now provide extensive care for their grandchildren. The large number of rejected care claims filed by those who need to care for siblings and grandparents raises an important question: should the paid family leave program be expanded to cover these family members as well?

## **California Senate Office of Research**

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## **Rona Levine Sherriff**

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## Notes

- 1 According to a 2000 U.S. Department of Labor survey, 78 percent of the respondents said they needed to take a leave of absence under the federal Family and Medical Leave Act but did not because they were unable to afford it.
- 2 Paid family leave, a component of California's disability insurance program, is also known as family temporary disability insurance.
- 3 California Employment Development Department, July 2006 data.
- 4 Ibid.
- 5 California Employment Development Department, State Fiscal Year 2004–2005 and 2005–2006 data.
- 6 The state disability insurance program generally provides benefits for the four weeks prior to birth and the six weeks after birth for a normal pregnancy (eight weeks after birth for a pregnancy with complications). After the completion of a pregnancy claim, a new mother may then file for a paid family leave bonding claim.
- 7 California's pregnancy disability leave provides up to four months of unpaid job-protected leave for a disability related to pregnancy, childbirth, and related medical conditions, however, this does not apply to workplaces with fewer than five employees.
- 8 Complete data for fiscal year 2004–2005 is not available.
- 9 Earnings distribution of California workers for the 2004 and 2005 calendar years were based on Current Population Survey data analysis provided by the California Budget Project.
- 10 California Employment Development Department, from a sampling of claims filed in the first quarter of 2006.
- 11 Ruth Milkman and Eileen Appelbaum, "Paid Family Leave in California," UCLA Institute of Industrial Relations Research Brief (June 2004).
- 12 Ibid.
- 13 Ruth Milkman, "Paid Family Leave: New Survey Findings," UCLA Institute of Industrial Relations Research Brief (May 2006).



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# The New York Times

ON THE WEB

## Catching Up on Family Values

*The New York Times* — Tuesday, February 26, 2008

### EDITORIAL

Members of Congress and state legislatures talk about family values. But unlike those in other developed countries, they have not done much to help workers with new babies or sick family members. The New Jersey Legislature is in position to become just the third state to address this problem.

Only California and Washington have laws mandating paid family leave, and Washington's benefits are not scheduled to take effect until next year. The New York State Assembly passed a family leave bill in June that is bottled up in the Republican-controlled Senate.

But a bill approved by a Senate committee in Trenton would extend up to six weeks of paid leave to workers to care for a newborn or newly adopted child, or a sick child, spouse, domestic partner or parent. The full Senate and Assembly should approve the bill, which Gov. Jon S. Corzine says he would sign.

The cost, an increase of less than \$1 in payroll taxes, seems reasonable, and so do the benefits. Workers would get two-thirds of their pay, up to a maximum of about \$520 a week. To mollify business groups who blocked the legislation last year, the authors scaled down the original plan of 10 weeks of paid leave. The bill also contains no guarantee that workers in companies with fewer than 50 employees would get their jobs back after a leave.

Federal law requires employers of 50 or more workers to give up to 12 weeks of unpaid family leave, which is of little use to low-paid workers, or even many middle-income workers who live paycheck to paycheck. Business groups argue that paid leave would encourage significantly more workers to take time off and that replacing them would be too burdensome for small companies.

However, a legislative study in California suggests these fears may be unfounded. During the first year of the program, which took effect in 2004, only about 1 percent of the eligible employees filed for benefits – a number that has not increased significantly since. Employees in workplaces of fewer than 10 people took leave in much smaller proportions than those in large workplaces. Large majorities of those who took paid leave were women, and about 80 percent of the men and women receiving paid leave did so to spend time with newborns or newly adopted children. A majority of the remaining workers took leave because a family member suffered from cancer or was recovering from surgery.

A survey by the McGill Institute for Health and Social Policy reports that 169 countries offer mothers paid maternal leave and 66 offer new fathers paid leave. Thirty-nine nations grant paid

leave to workers whose children are ill, and 23 offer it to employees to care for other family members.

It's time for more states in America to follow suit. Better yet, Congress should make paid family leave national policy. Elected officials would then be in a better position to talk about the importance of the family without sounding hypocritical.

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# The Philadelphia Inquirer

## Help N.J. Caregivers

*The Philadelphia Inquirer — Thursday, November 29, 2007*

### Editorial | Paid Family Leave

The New Jersey Legislature should end its stalling on a reasonable bill that would provide families with a financial safety net when a relative needs care.

Paid family leave will become a standard benefit in the United States one of these years, but now it's rare. If Trenton approves the plan, New Jersey would become only the third state to allow paid time off to take care of a sick relative or a newborn child.

The bill sponsored by Senate Majority Leader Steve Sweeney (D., Gloucester) is sensible, modest and compassionate. But unless the Senate and Assembly approve it before they adjourn this year, the bill will die. Next year, legislators would need to begin work on it all over again.

Sweeney's proposal would allow an employee to take off for up to 10 weeks to care for a sick relative, a newborn or a newly adopted child. A worker would get paid up to two-thirds of his or her salary, up to \$502 per week, during the leave.

The money would come from mandatory employee contributions to a fund – \$1 for every \$1,000 of salary. For a worker earning \$50,000 per year, it would cost \$50 annually. Companies wouldn't pay the cost of this fund.

But businesses oppose the measure, arguing it would create a hardship for companies to hold open a job or fill it with temporary help. Trying to address employers' concerns, Sweeney has made a major concession. He agreed that companies with fewer than 50 employees don't need to guarantee a job to workers who take a family leave. Larger companies must promise these workers a job when they return from leave.

Under federal law, U.S. workers have been allowed since 1993 to take up to 12 weeks of unpaid family leave. But this country lags far behind the rest of the world in granting workers paid time off. Around the world, 168 countries guarantee paid leave for women after they have a child. The only nations that don't, according to a 2007 study, are the United States, Liberia, Papua New Guinea, Lesotho and Swaziland. The majority of American employees don't have paid maternity leave.

Also, 137 nations offer workers paid annual leave for illnesses. But in the United States, there is no legal guarantee of paid sick time. Only about half of middle-class Americans receive sick leave from private employers.

New Jersey's proposal is timely, as more adults grapple with caring for elderly parents and children. Granting employees such peace of mind and a financial security will lead to workers

being more productive.

Only California now offers paid family leave. Washington state's plan is set to take effect in 2009. New Jersey could be on the leading edge of a needed wave. The Legislature should approve this worthy proposal now.

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