CALIFORNIA SENATE OFFICE OF RESEARCH
LEONOR EHLING, DIRECTOR ▪ JULY 1, 2014

CALIFORNIA'S PAID FAMILY LEAVE PROGRAM

TEN YEARS AFTER THE PROGRAM'S IMPLEMENTATION, WHO HAS BENEFITED AND WHAT HAS BEEN LEARNED?

EXECUTIVE SUMMARY

July 1, 2014, marks the 10-year anniversary of the implementation of the Paid Family Leave (PFL) program in California. The state was the first in the country to offer paid family leave and today remains one of only three that do.

Paid family leave is a tool that individuals and families can use to maintain some income while taking time off from work to bond with a new child or provide care for a seriously ill family member. Studies have shown paid family leave policies have had positive impacts on infant and maternal health, have been associated with greater labor-force attachment (women retaining jobs into their pregnancy and returning to work after giving birth), and have resulted in increased wages for some women (perhaps as a result of lessened interruption to employment resulting from greater labor-force attachment).[1]

Yet, despite paid family leave's role in offering employees the flexibility to tend to family matters, there is no federal paid family leave law in the United States—it is the only advanced industrialized nation that does not provide paid maternity leave, and one of only a few that do not provide family and medical leave insurance. The availability of such leave is limited primarily to individual state policies and employer practices; aside from California, only two states have paid family leave laws, and in 2013, only 12 percent of U.S. civilian workers had access to employer-provided paid family leave.

Californians' access to paid family leave was increased greatly with the passage of Senate Bill 1661 (Kuehl, Chapter 901, Statutes of 2002). In the decade since the state's implementation of PFL, more than 1.8 million claims have been filed, and approximately 1.7 million approved.[2] However, evidence suggests there are many Californians eligible for PFL who are not using it;[3] a look at who is using PFL and usage trends can help inform outreach efforts and possible policy changes aimed at increasing access to the program.

Current patterns of PFL use in the state are presented in the following pages and include the following highlights:

- There has been an increase in PFL applications over time; currently, more than 200,000 claims are filed annually. Between 2004 and 2013, 93.6 percent of claims were approved.
- The proportion of claims filed by men has nearly doubled from 17.3 percent in 2004 to 30.2 percent in 2013.
- The proportional increase in claims filed by men has been driven almost exclusively by an increase in bonding claims filed by men.
- Most bonding claims are filed by women and men between ages 21 to 40 years, while most care claims are filed by women and men between ages 31 to 60 years. In both the bonding and care categories, the claimants' ages have shifted to older individuals since 2004.
- In 2013 slightly more than one-fifth of PFL claims were made by individuals in the highest income bracket: annual salaries of more than $84,000. Just under one-fifth of claims were made by those in the two lowest income brackets: annual salaries of less than $12,000, and between $12,001 and $24,000. The percentage of claimants in the two lowest income brackets has decreased gradually over the past nine years.
- The proportion of claimants for both bonding and care leave who earn incomes in the highest recorded brackets (more than $72,000 annually) have nearly doubled since 2005 (the first full year of the program's implementation) to 2013, increasing from 13.8 percent to 26.3 percent for bonding, and from 16.1 percent to 30.8 percent

for care. The proportion of claimants with incomes in the two lowest brackets have steadily decreased from 2005 to 2013, from 29.7 percent to 21.1 percent of all bonding claims, and from 16.7 percent to 10.8 percent of all care claims.

- Claimants for both bonding and care leave with incomes in the lowest bracket have remained, by far, the smallest proportion of claimants since the program began in 2004.
- Over the past decade, more than one-fourth of female claimants consistently have had low incomes (up to $24,000 per year), while fewer than 10 percent of men have.
- Conversely, over the last decade the proportion of male claimants with higher-end incomes (over $72,000 per year) has grown from 26.3 percent to 36.2 percent, while the proportion of female claimants in the same earnings bracket has grown from 11.1 percent to 22.9 percent.
- The relatives most often receiving care from claimants are parents and spouses, but this pattern differs for female and male claimants; the largest proportion of care claims filed by females is for care of a parent, and the largest proportion filed by males is for care of a spouse.

Introduction

On July 1, 2004, California implemented the first state paid family leave program in the country. This program was authorized by the passage of Senate Bill 1661 (Chapter 901, Statutes of 2002), authored by Senator Sheila Kuehl, and signed in September 2002.

While the federal Family Medical Leave Act (FMLA) and the California Family Rights Act (CFRA) provide for up to 12 weeks per year of job protection for an employee who takes leave for bonding or care, these protections apply only to employees of businesses employing at least 50 workers. California's State Pregnancy Disability Leave (PDL) applies to a broader range of workers—those working for businesses with five or more employees—offering up to four months of job-protected leave (per pregnancy) for pregnancy, childbirth, or a related medical condition. However, FMLA, CFRA, and PDL do not offer the guarantee of any wage replacement. A 2012 survey by the U.S. Department of Labor found that the main reason employees in the United States did not take FMLA was because they could not afford to take it.

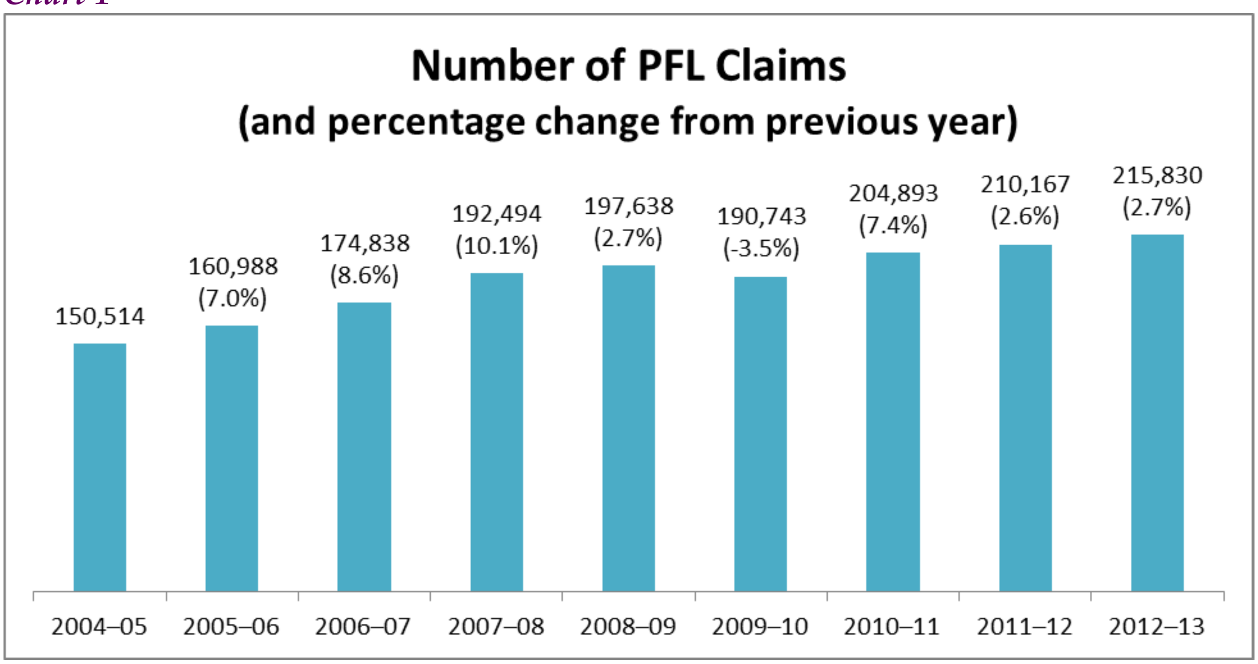
For the majority of California employees, this disincentive has been addressed to some degree: partial-wage replacement became available in 2004 through the adoption of PFL. Built on California's temporary State Disability Insurance (SDI) program, the PFL is funded through a payroll tax (1 percent total for both SDI and PFL on the first $101,636 of wages in 2014) on all SDI-eligible workers in the state. Workers eligible for PFL can take up to six weeks of paid time off at 55 percent of their weekly salary (up to a maximum of $1,075 per week in 2014) for bonding with a new child or providing care to a seriously ill family member.[4]

In 2007 the California Senate Office of Research published a report summarizing the impacts of PFL since its implementation in 2004.[5] This follow-up report—which coincides with the 10-year anniversary of PFL in California—summarizes additional impacts and findings. In the following pages, current PFL usage and trends in California are identified, and additional charts and tables will be posted on the California Senate Office of Research Web site at www.sen.ca.gov/sor.

Paid Family Leave Claimants

More than 1.8 million claims for PFL have been filed since the program was implemented, and approximately 94 percent of those claims have been approved. Chart 1 shows that, with the exception of 2009-10, the number of claims filed each year has increased.[6] Over this 9-year period, PFL claims as a percentage of the total employed civilian population of California increased from 1 percent to 1.3 percent. The number of SDI claims filed did not mirror the PFL pattern; SDI claims have held relatively steady since 2007–08, but dipped in 2012–13 by 7.4 percent.

Chart 1

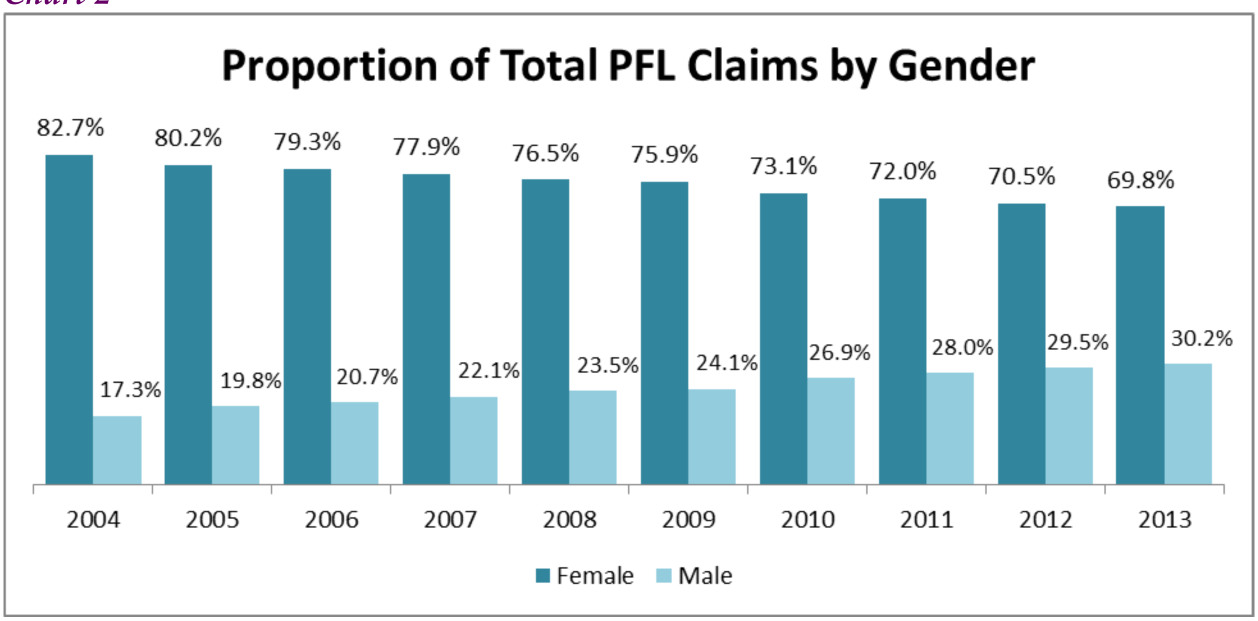


Monterey County had the highest per-capita number of PFL claims (10.6 per 1,000 people) in 2013, followed by Colusa, Santa Cruz, Santa Barbara, and San Benito counties (which ranged from 8.5 to 7.4 claimants per 1,000 people). Alpine County had the lowest per-capita claimant rate (less than 1 claim per 1,000 people), but this may be a reflection of the county's small population. Modoc, Trinity, Sierra, and Mariposa counties had the next lowest rates (ranging from 1.4 to 2.4 claims filed per 1,000 people).[7]

The average age of claimants has remained between 32 and 33 years old; however, there has been a slight increase in the average age in the past four years, and a shift toward older individuals filing both bonding and care claims (see pages 10 and 12 for more details).

The gender composition has changed markedly. As Chart 2 shows, the number of men as a percentage of total PFL claimants has increased over the years, growing from 17.3 percent in 2004 to 30.2 percent in 2013; this increase is due primarily to the greater number of men who are filing claims for PFL to bond with a new child (see page 9 for more details).

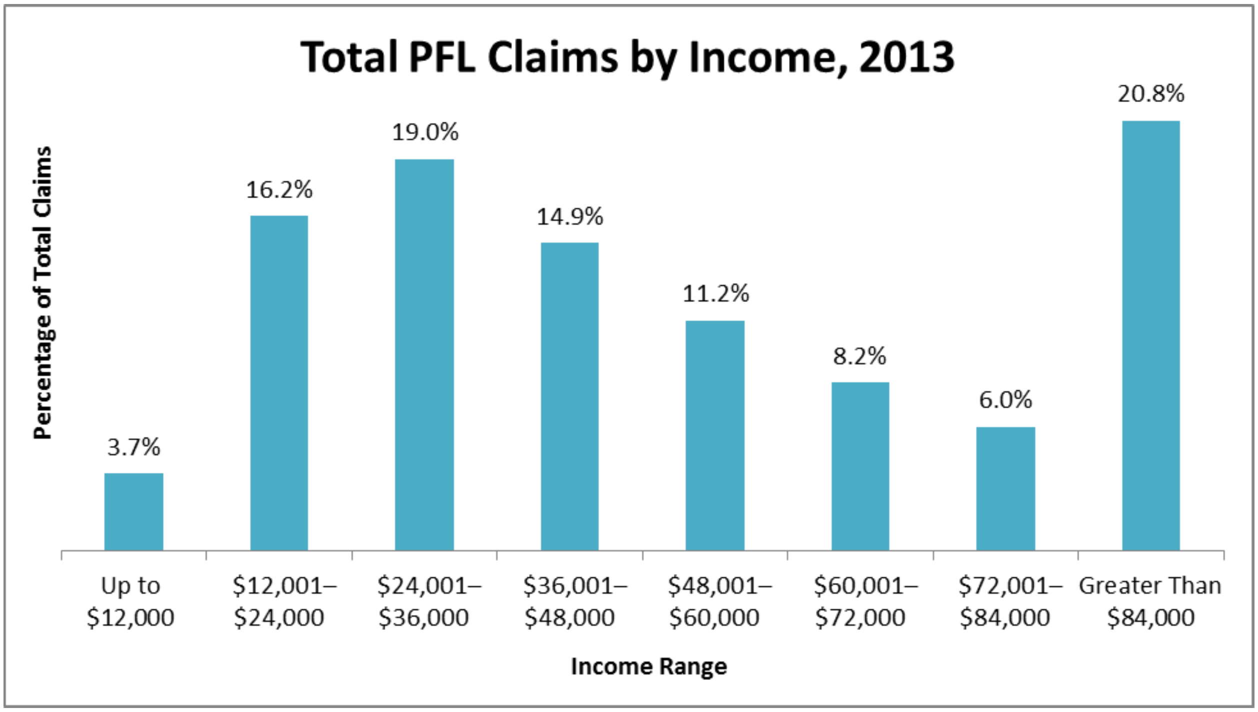
Chart 2



Individuals filing PFL claims have a wide range of annual incomes; as Chart 3 shows, in 2013 fewer than 4 percent of claimants had incomes in the lowest bracket of $12,000 or less annually, while more than 20 percent of claimants had incomes in the highest bracket of more than $84,000 annually. The distribution of claimants across income ranges shown for 2013 reflects patterns seen since PFL was implemented in 2004;

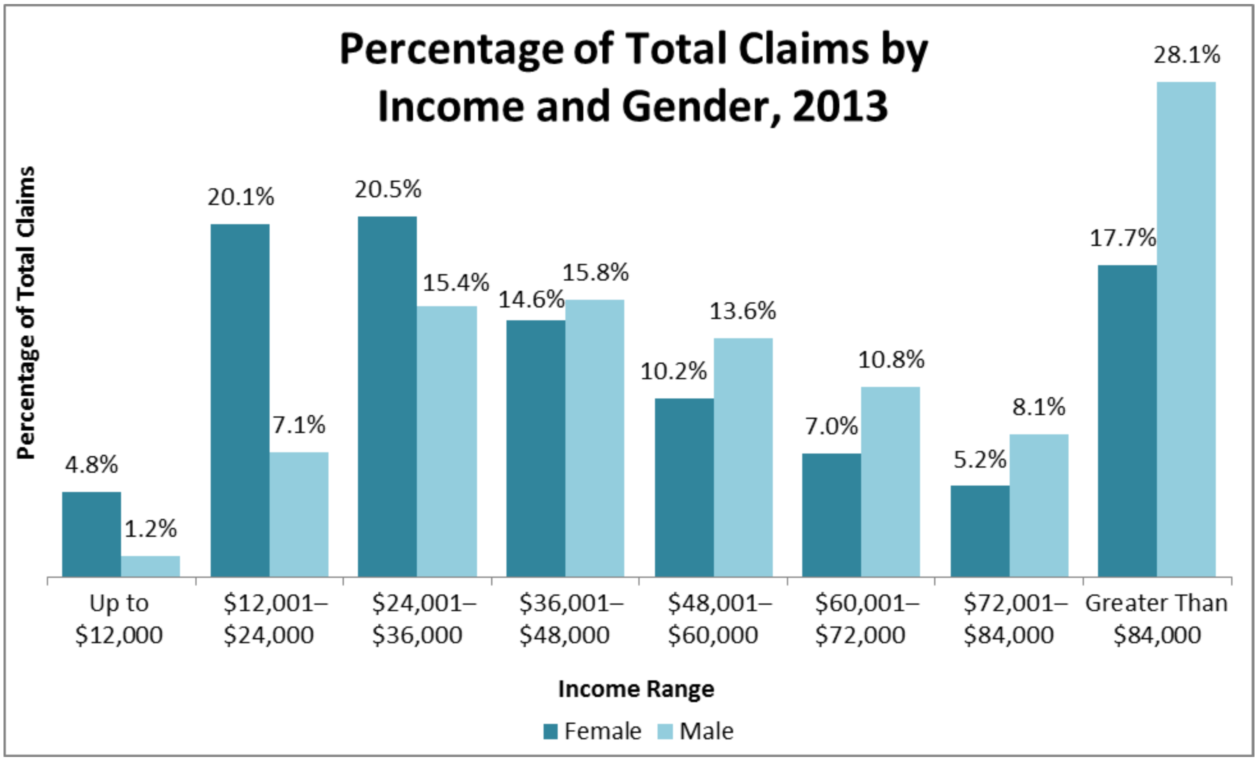
yet the percentage of claimants earning incomes at the lower end (up to $36,000 per year) as a percentage of all claimants has steadily decreased from a peak of 49.3 percent in 2005 to 38.9 percent in 2013.

Chart 3



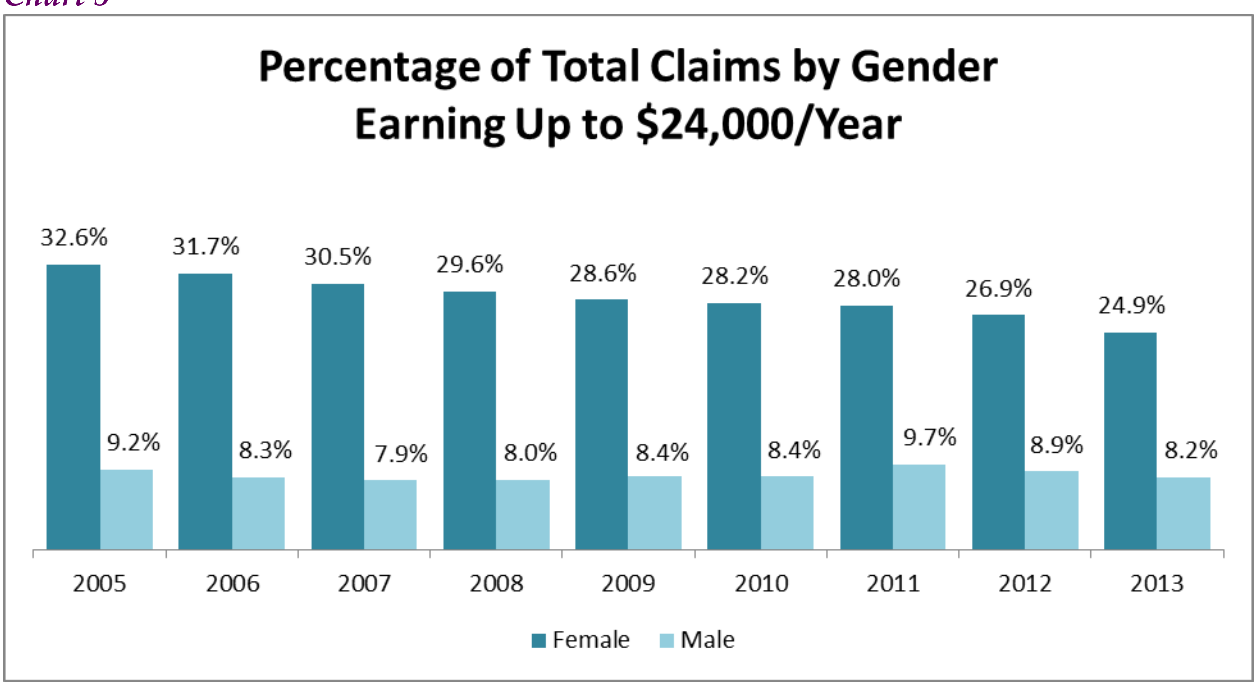
When taking into account both gender and income, the picture becomes more nuanced. As Chart 4 shows, in 2013 a greater percentage of female claimants were in the two lowest income brackets (incomes up to $24,000) than male claimants: 24.9 percent (4.8 percent earning $12,000 or less plus 20.1 percent earning up to $24,000) compared to 8.3 percent (1.2 percent earning $12,000 or less plus 7.1 percent earning up to $24,000). The percentage of total female claimants who earned incomes in the highest bracket (over $84,000) was 17.7 percent, compared to 28.1 percent for males.

Chart 4



The pattern in Chart 4, with more than a quarter of male claimants earning high incomes and fewer than 10 percent earning in the lowest two brackets, has generally occurred each year since PFL was implemented. Charts 5 and 6 show figures since 2005.

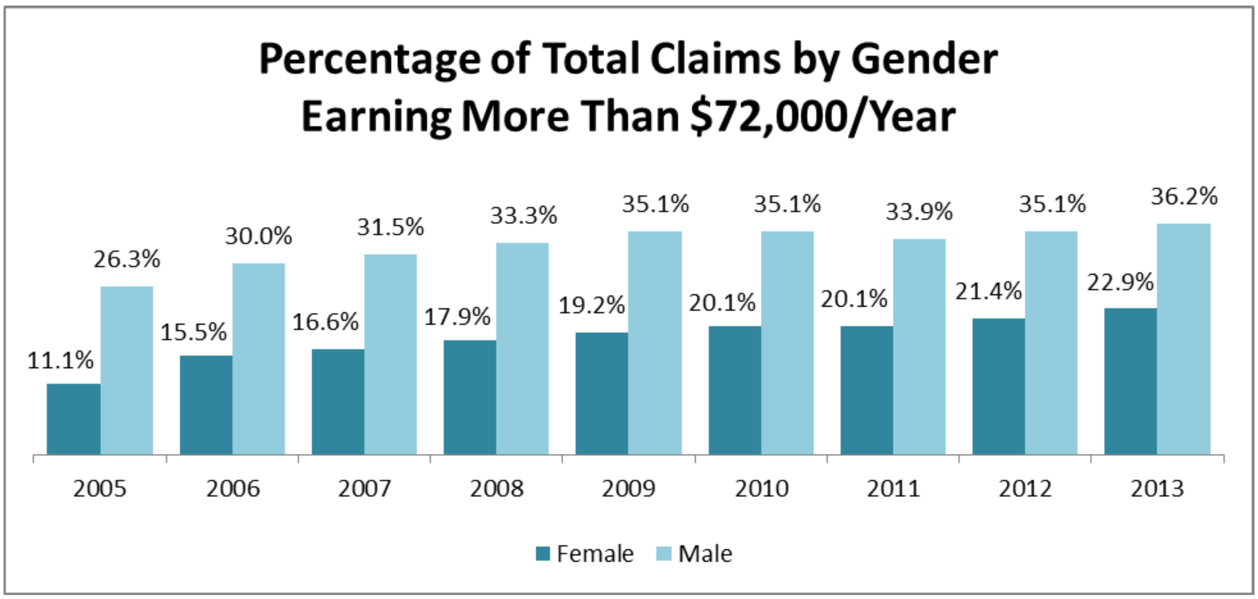
Chart 5



As shown in Chart 5, more than 25 percent of female claimants have consistently had incomes in the lowest two brackets, although this number has decreased slightly over time. The percentage of male claimants making less than $24,000 a year has never exceeded 10 percent.

Conversely, Chart 6 shows the percentage of female claimants earning more than $72,000 a year increased gradually to a peak of 22.9 percent, while the percentage of male claimants in this income bracket has been consistently higher, comprising one-third or more of all male claimants for the last six years.

Chart 6



The number of bonding claims always has surpassed the number of care claims. In 2013, 88.2 percent of claims were for bonding, and 11.8 percent were for care. These levels have held near-constant since the inception of PFL, with the percentage of claims for bonding ranging from 86.4 percent to 89.5 percent, and for care ranging from 10.5 percent to 13.6 percent. In the following two sections, the trends in bonding and care claims are examined in more detail.

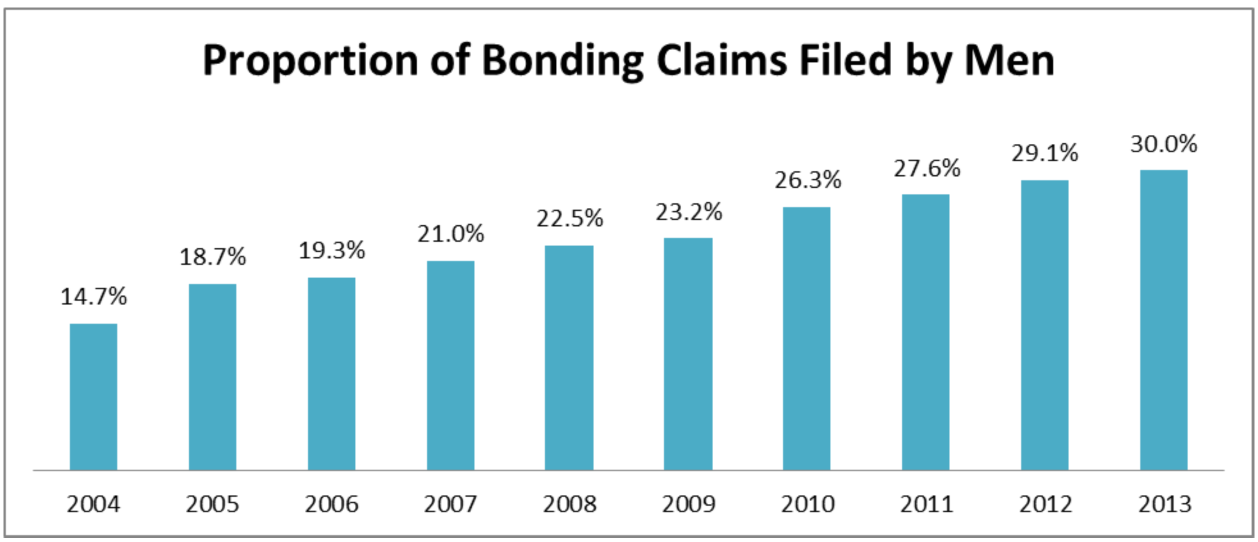
Bonding Claims

As the number of all claims filed for PFL has increased steadily since its first year, so has the number of bonding claims, which account for about 88 percent of all claims. Bonding leave by county has ranged from no claims to 10.2 claims per 1,000 people since the PFL program started. Statewide, the number of claims for bonding leave varies. The five counties with the most claims are in Northern California; since 2004 they have averaged—per 1,000 people—the following number of claims: 7.5 (Monterey), 5.9 (Colusa), 5.8 (Santa Cruz), 5.6 (San Mateo), and 5.5 (Alameda).

Relationship data was first collected for bonding claims in 2009. Since then, the proportions of claims to bond with a child classified as biological, adopted, foster, step, or other have remained almost constant. The majority of these claims—94.3 percent of all bonding claims filed since 2009—were filed to bond with a new biological child; claims for bonding with adopted and foster children made up less than 1 percent each of all bonding claims (0.35 percent and 0.31 percent, respectively). Claims for bonding with a stepchild were filed least: 0.02 percent since 2009.[8]

As previously noted, the proportion of all claims filed by men has steadily increased since the PFL program started. This shift has been driven almost exclusively by the relative increase in the number of claims filed by men to bond with a new child. As shown in Chart 7, from 2004 to 2013 the proportion of all bonding claims filed by men has doubled, increasing from 14.7 percent to 30 percent.

Chart 7



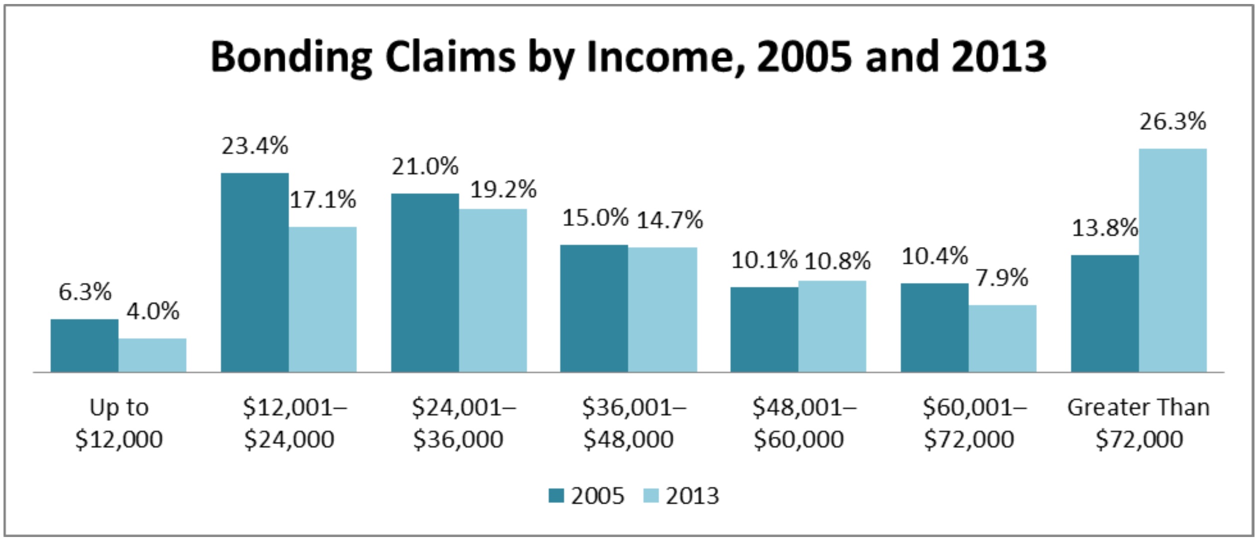
Even with the increase in the proportion of bonding claims filed by men, women continue to take the most PFL for bonding time each year. They not only have filed more than twice as many bonding claims as men, the duration of their claims has generally been longer, too. Since 2004 the average bonding leave taken by women has been for 5.17 weeks of the maximum 6-week allotment, while the average duration taken by men has been for 3.81 weeks; however, the differences between bonding time taken by men and women appear to be decreasing. The average bonding time claimed by women has remained relatively static since 2006, but as more men have claimed PFL to bond with a new child, the length of time they have taken also has increased. In 2006 women took bonding leaves that were 48 percent longer (1.72 weeks) than men, but by 2013 the differences in the average claim length had decreased, and the women's bonding leave was only 23 percent longer (1 week) than the men's bonding leave.

Younger adults have used PFL for bonding with a new child more than any other age group: claims overwhelmingly were made by claimants aged 40 and younger, with the largest proportion made by those under age 30 early in the program, although recently this has shifted to claimants older than 30. Beginning in 2012, 31- to 40-year-olds surpassed 21- to 30-year-olds as the group filing the most claims. By 2013 more than half (51.6 percent) of all bonding claims were made by those in the 31 to 40 age group, accounting for a nearly 11 percent higher share of all bonding claims than those filed by 21- to 30-year-olds (40.6 percent). The proportion of all bonding claims made by 41- to 50-year-olds also has increased since the beginning of the program, from under 5 percent before 2011 to 6.2 percent in 2013.

The shift toward higher use of PFL by older age groups might be the result of a few factors: the trend of more women starting families later in life,[9] younger employees having greater difficulty with taking leave for financial reasons (such as earning lower incomes than older, more established employees), or effects caused by the relatively larger proportion of male claimants (for instance, if the average age of a male claimant is older).

The income distribution of bonding claimants reflects the same general trends as that for all PFL claimants. That is, the smallest proportion of claimants had incomes in the lowest bracket ($12,000 or less), a majority had low-to-moderate incomes ($12,001 to $48,000), and the proportion that had incomes in the top bracket (over $72,000) was greater than that with incomes in the lowest bracket.[10] Since 2005 there has been a shift toward a growing proportion of claims filed by individuals with higher incomes, as shown in Chart 8.

Chart 8



Care Claims

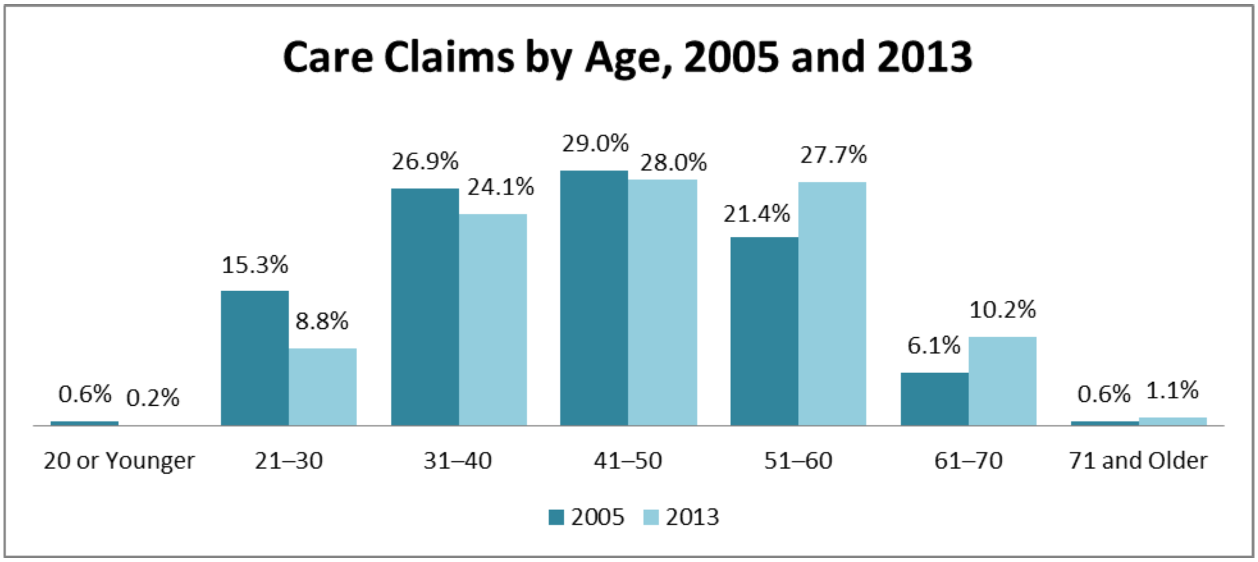
An average of 12 percent of claims filed under the PFL program provide partial-income replacement as workers take a leave from their jobs to care for seriously ill family members. The proportion of all PFL claims used for care has remained fairly steady since the program began, ranging from 10.5 percent to 13.6 percent of all claims.

By county, the largest number of care claims per 1,000 people in a year was only 1.4. Compared with the top five counties for bonding leave usage, the five counties with the highest average numbers of care claims per 1,000 people were more inland. These counties (and number of average claims per 1,000 people since 2004) were: Solano (1.1), Stanislaus (1.1), San Joaquin (0.89), Amador (0.88), and Merced (0.87).

While the proportion of claims filed by men to bond with a new child has increased steadily over the last decade, the proportion of claims filed by men to care for a sick relative has remained relatively stable. Each year, men file fewer than half the claims filed by women. Since 2004 the annual breakdown of care claimants has been about 69 percent female and 31 percent male. The duration of care claims is almost equal among men and women, with women claiming an average of one day more per claim to care for a relative who is seriously ill.

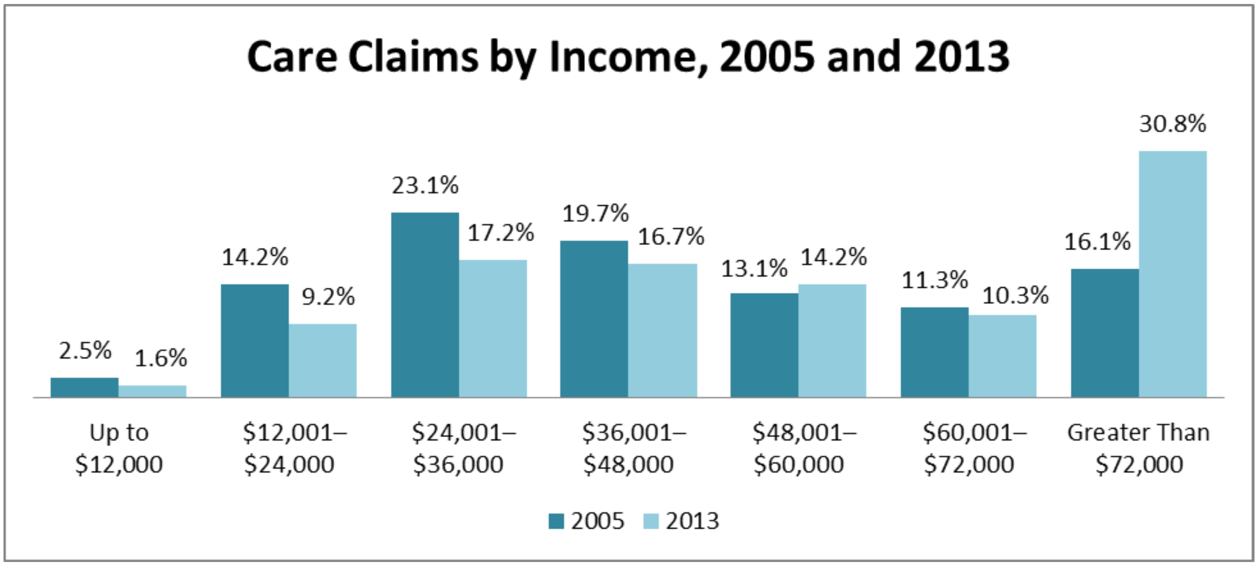
The age range of claimants caring for relatives is broader than the age range of those who file claims to bond with a new child. As Chart 9 shows, the majority of care claims are filed by 31- to 60-year-olds (in contrast to bonding claims, which are filed primarily by 21- to 40-year-olds). Yet like the bonding claimants, the age distribution of care claimants has shifted toward older groups over the last decade. For example, in 2005, 41- to 50-year-olds filed 1.4 times as many claims to care for relatives as 51- to 60-year-olds; yet by 2013, claimants in these age groups were caring for relatives in nearly equal numbers, and the proportion of claims filed by caregivers in the 61- to 70-year-old group had nearly doubled.

Chart 9



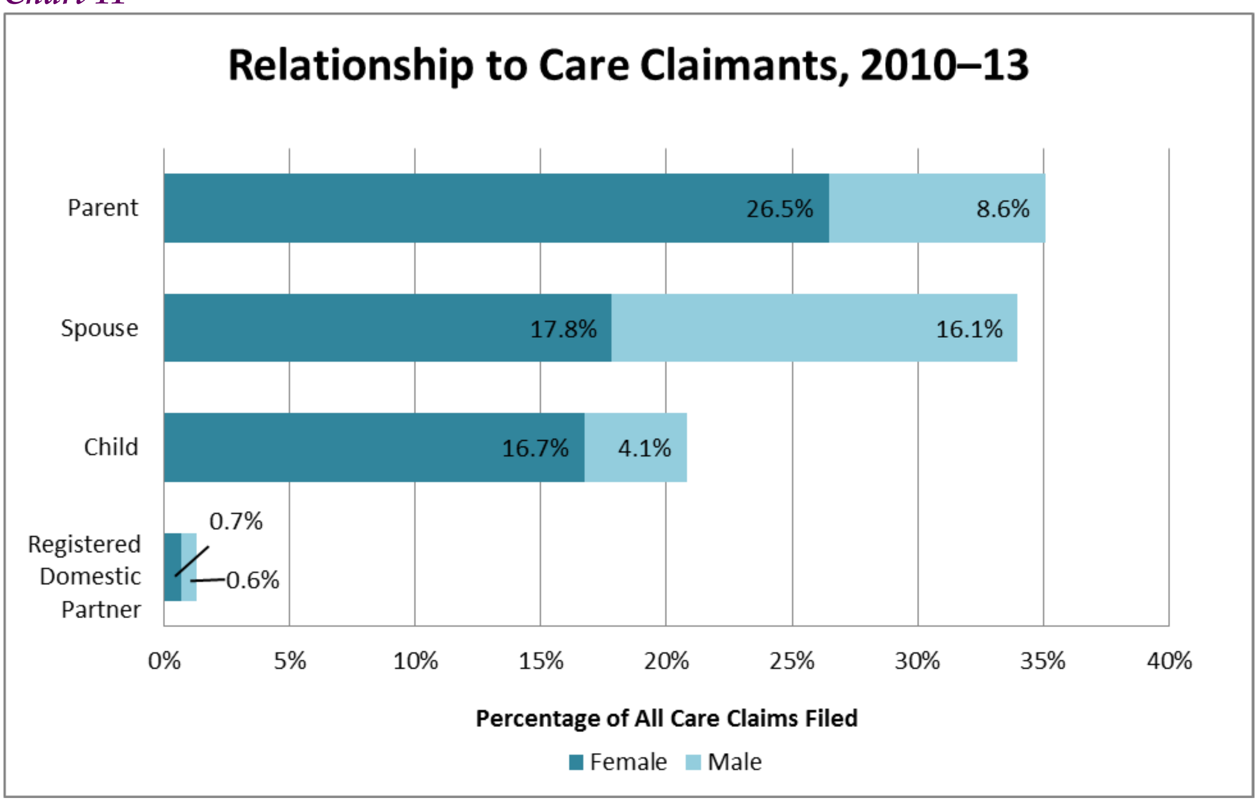
The distribution of care claimants' incomes is similar to bonding claimants' incomes, with the lowest PFL usage by individuals in the lowest income brackets, and a majority represented among the low-to-moderate income brackets (see Chart 10). While 29.7 percent of all bonding claimants had incomes in the two lowest brackets in 2005, only 16.7 percent of care claimants did. (This same general pattern holds true for other years; for example, in 2013, 21.1 percent of all bonding claimants had incomes in the lowest two brackets, while only 10.8 percent of all care claimants did.)

Chart 10



Currently, the types of seriously ill relatives eligible to be claimed for care include a child, spouse, registered domestic partner, or parent. In 2010 the California Employment Development Department began tracking the types of relatives who have been receiving care, and the department's data show that the proportion of claimants caring for each type of relative has remained similar from 2010 to 2013 (see Chart 11).

Chart 11



From 2010 to 2013, most care claims (69 percent over 4 years) were filed to care for a parent or spouse (in nearly equal numbers), followed by caring for a child (20.8 percent over 4 years). But when care claimants are separated into groups by gender, the data show that women have been the primary filers of PFL care claims.

Women and men filed care claims in nearly equal numbers to care for a spouse or registered domestic partner, yet more than 75 percent of care claims for parents and more than 80 percent of care claims for a seriously ill child were filed by women. Of all the care claims filed by men, nearly half (48.7 percent) were for care of a spouse; in contrast, the largest proportion of care claims filed by women was for care of a parent (39.6 percent).

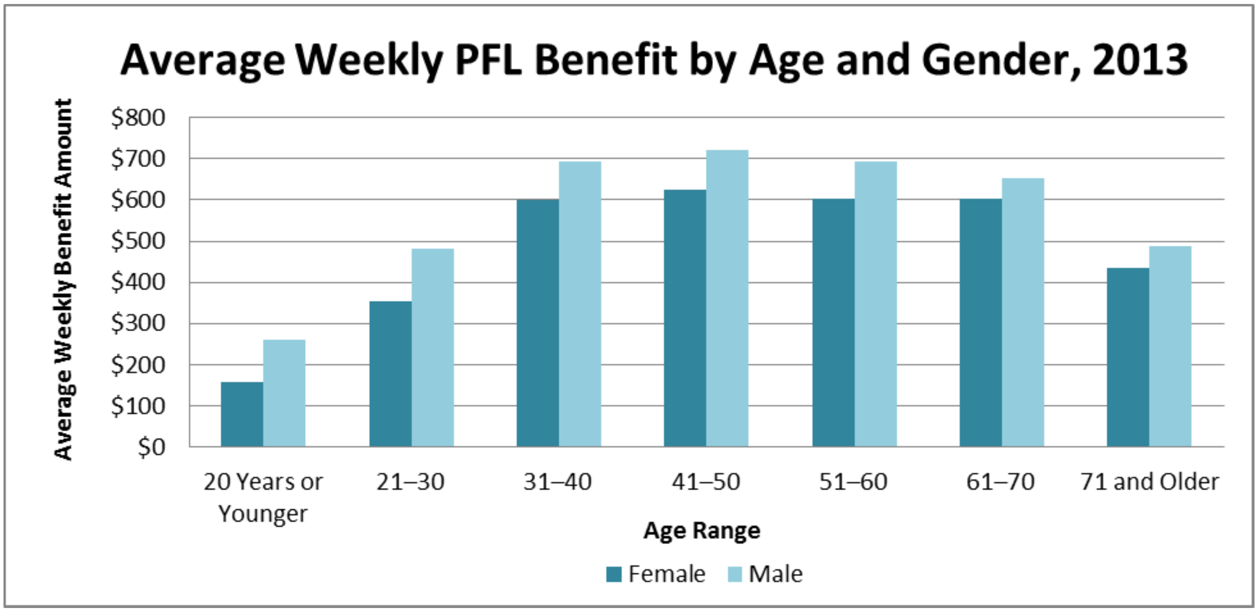
On July 1, 2014, Senate Bill 770 (Chapter 350, Statutes of 2013), authored by Senator Hannah-Beth Jackson, expands the scope of the PFL program to include time off to care for a seriously ill grandparent, grandchild, sibling, or parent-in-law. This broader eligibility increases access to PFL and may impact how women and men, young and old, and low- and high-income earners use this benefit for family care.

USE OF PAID FAMILY LEAVE

In 2013, 94.7 percent of PFL claims were approved—a proportion in line with claim approval rates over the history of PFL in California. From 2004 to 2013 the overall claim approval rate was 93.6 percent, which was slightly higher than the SDI approval rate for the same time frame of about 90 percent.

In 2013 the average weekly PFL benefit was $537.60. Chart 12 shows the average weekly benefit by age range and gender. Overall, the average benefit for women was $498.13, and the average for men was $629.49. This is not surprising, given that PFL benefit amounts are based on income, and a greater percentage of male claimants earn higher incomes compared to women.

Chart 12



PFL usage has varied by gender and type of leave: on average, in 2013 women took 5.5 weeks of bonding leave and 3.8 weeks of care leave; men took 4.5 weeks for bonding and 3.6 weeks for care.

In 2013, 89.7 percent of claims were filed in English, 9.3 percent in Spanish, and 1 percent in other languages. About 95 percent of the English and Spanish claims were approved, and 91.7 percent of claims in other languages were approved. Both of these patterns have held relatively constant since the inception of PFL.

The Future of Paid Family Leave

California was a pioneer in the adoption of state PFL law, and is still one of only three states in the nation with such a law.[11] In the decade since implementation of PFL, California has seen a gradual increase in the number of claims filed, and a marked increase in the number (and proportion) of men who have been filing claims.

While PFL use has become more equitable across gender lines, class differences still exist: the number of claims filed by individuals in the lowest income bracket consistently is much smaller than the number filed by those in the highest income bracket. Numerous factors may contribute to this, including the current PFL wage-replacement rate of 55 percent, which may provide insufficient income, particularly for households that earn less money; lack of job protection, which may leave some workers fearful they will lose their job if they take a leave; and a need for more outreach to employees who could benefit from PFL if they were aware of the program.

Policy considerations that might help strengthen the PFL program in the future include:

- Reviewing the wage-replacement rate
- Offering job protection
- Increasing outreach efforts, particularly efforts aimed at educating those who are least aware of PFL's benefits (such as low-income and immigrant workers)[12]

The PFL program now enters its second decade in California, and as of July 1, 2014, the changes adopted with the passage of Senate Bill 770 will go into effect, extending PFL care-leave coverage to grandparents, grandchildren, parents-in-law, and siblings. California policymakers and other stakeholders should continue to monitor the impact of this groundbreaking state legislation to ensure the employee-funded program is accessible to the state's wide range of workers, as it could serve as a valuable tool for assisting them with the difficult job of balancing both career and family.

Written by Brie Lindsey, PhD, and Daphne Hunt. The California Senate Office of Research is a nonpartisan office charged with serving the research needs of the California State Senate and assisting Senate members and committees with the development of effective public policy. It was established by the Senate Rules Committee in 1969. For more information and copies of this report, please visit **www.sen.ca.gov/sor** or call **(916) 651-1500.**

ENDNOTES

[1] For example, see: Eileen Appelbaum and R. Milkman, “Leaves That Pay: Employer and Worker Experiences With Paid Family Leave in California,” Center for Economic and Policy Research, 2011; Mark A. Schuster et al., “Perceived Effects of Leave From Work and the Role of Paid Leave Among Parents of Children With Special Needs,” *American Journal of Public Health*, vol. 99, no. 4, 2009, p. 698–705; Linda Houser and T. P. Vartanian, “Pay Matters: The Positive Economic Impacts of Paid Family Leave for Families, Businesses and the Public,” Center for Women and Work, Rutgers, January 2012; Maya Rossin-Slater, C. J. Ruhm, and J. Waldfogel, “The Effects of California’s Paid Family Leave Program on Mothers’ Leave-Taking and Subsequent Labor Market Outcomes,” *Journal of Policy Analysis and Management*, vol. 32, no. 2, Spring 2013,
p. 224–245.

[2] Data reflect claims approved through the end of 2013.

[3] Ruth Milkman and E. Appelbaum, *Unfinished Business: Paid Family Leave in California and the Future of U.S. Work–Family Policy* (New York: Cornell University Press, 2013).

[4] When PFL was adopted in California, care-leave benefits were available to eligible individuals providing care for a seriously ill child, spouse, parent, or domestic partner. SB 770 (Jackson, Chapter 350, Statutes of 2013), implemented on July 1, 2014, extended PFL benefits to eligible individuals providing care for a seriously ill grandparent, grandchild, sibling, or parent-in-law.

[5] Rona Levine Sherriff, “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, February 2007.

[6] Count of PFL claims is based on actual claims data for state fiscal years 2004–2005 through 2012–2013. The remaining data analyzed in this report are data supplied to SOR by the Employment Development Department’s Disability Insurance Branch. These data are based on a sample of PFL claims, representing approximately 95 percent of all claims. A sample was used because the remaining claim entries contain omissions and errors that potentially compromise the integrity of the dataset.

[7] For more county-level PFL data, see www.sen.ca.gov/sor

[8] This doesn’t include claims for relationships designated “other” or “none,” which made up 4.67 percent and 0.32 percent, respectively.

[9] According to the National Center for Health Statistics, the percentage of first births to mothers aged 35 and older has been steadily increasing since 1970. From: “Delayed Childbearing: More Women Are Having Their First Child Later in Life,” by T.J. Mathews, MS, and Brady E. Hamilton, PhD, National Center for Health Statistics Data Briefs, 2009.

[10] The top two income brackets recorded since 2008 ($72,001–$84,000 and over $84,000) were combined to more easily compare post–2007 data with data from earlier years, when “over $72,000” was the highest income bracket. No adjustment has been made for inflation.

[11] New Jersey passed a paid family leave law in 2008, and Rhode Island in 2013.

[12] Ruth Milkman and E. Appelbaum, *Unfinished Business: Paid Family Leave in California and the Future of U.S. Work–Family Policy* (New York: Cornell University Press, 2013).