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?
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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. \(^1\) Senate Bill 1661 (Kuehl, Chapter 91, 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\(^2\) 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;\(^3\)

- nearly 90 percent of program participants take a leave to bond with a new child and 10 percent use their leave for caregiving;\(^4\)

- women account for twice as many care claims and five times as many bonding claims as men.\(^5\)
Paid Family Leave Claimants by Age and Gender

Bonding and Care Claimants by Age

Source: Employment Development Department / Disability Insurance Branch (July 2006)
**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\(^6\) 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\(^7\) 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.

**Bonding Claims by Income Level**

<table>
<thead>
<tr>
<th>Income Level Breakdown</th>
<th>Number of Claims</th>
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</thead>
<tbody>
<tr>
<td>$12,000 or less</td>
<td>20,000</td>
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<tr>
<td>$12,001–$24K</td>
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<tr>
<td>$24,001–$36K</td>
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<tr>
<td>$72,000 +</td>
<td>5,000</td>
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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; 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. 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.
Total Claims by Income Level and Gender

Duration (in Days) of Care Claims by Gender

Duration (in Days) of Bonding Claims by Gender

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.¹⁰

Prior to the implementation of California’s paid family leave program, larger employers provided family and medical leave benefits 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, and a follow-up survey found a slight increase in program awareness: 29 ½ percent. 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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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.


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.


12 Ibid.

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