

# Paid Leave Works in California, New Jersey and Rhode Island

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## Three U.S. states guarantee paid family and medical leave – California, New Jersey and Rhode Island. Studies of these programs demonstrate how well paid leave policies work.

The three programs were built upon temporary disability insurance programs created decades ago to ensure that most workers have access to a portion of their usual wages when they need time away from their jobs for a serious medical problem. Similarly, the states' family leave programs provide workers with a share of their wages when they need time to care for a family member with a serious health condition or to bond with a new child.

## Support from Workers, Families and Businesses

- ▶ **California** workers have filed approximately 1.7 million leave claims since the state implemented its family leave insurance program in 2004 – 1.5 million of them by parents seeking time to care for new children.<sup>1</sup> California families have experienced positive economic and health effects, and the vast majority of California employers perceive a positive impact on employee productivity, profitability and performance, or no effect, which means that the fears some employers articulated when the policy was being considered never materialized.<sup>2</sup>
- ▶ In **New Jersey**, more than 160,000 leave claims have been filed since the state implemented its paid family leave program in 2009 – 120,000 of them by parents seeking time to bond with a new child.<sup>3</sup> Three out of four workers (76.4 percent) say they view the program favorably and support crosses gender, race/ethnicity, age, marital status, union affiliation, employment status and income lines.<sup>4</sup> Both small and large businesses say they have adjusted easily.<sup>5</sup>
- ▶ In **Rhode Island**, six months after the program's implementation, more than 2,000 workers had filed paid leave claims – more than half of them were to bond with a new child.<sup>6</sup> Early indications suggest the law is working well.<sup>7</sup> Business supporters were critically important to passing the law. Rhode Island's program is in some ways the strongest of the nation's three paid family leave programs. It improves upon the programs in California and New Jersey by guaranteeing workers reinstatement to their jobs and offering protection from workplace retaliation for taking paid leave.

## Proven Results for Workers and Families

- ▶ **Paid leave improves the health of parents and children.** Paid leave gives parents time to establish a strong bond with a new child during the first months of life, which

results in long-term health benefits for both children and parents. Parents who use the California paid family leave program are much more likely than those who do not to report that leave has a positive effect on their ability to care for their new children and arrange child care.<sup>8</sup>

- ▶ **Fathers and children benefit from paid leave.** Access to paid family leave encourages fathers to take leave. And when fathers take leave after a child's birth, they are more likely to be involved in the direct care of their children long term. In California, the number of fathers filing leave claims increased by more than 400 percent between 2005 and 2013, as the state's program became better established and known.<sup>9</sup> In the first six months of Rhode Island's program, a greater proportion of new dads had taken leave to bond with a newborn or adopted child than did new dads in the first six months of the California or New Jersey programs.<sup>10</sup> As a much newer program, this suggests a broader cultural shift around fathers taking leave and, potentially, increased knowledge of its benefits.
- ▶ **Paid leave means families are less likely to use public assistance.** An analysis of states with paid family and medical leave programs found that women in those states are less likely than women in other states to receive public assistance or food stamp income following a child's birth, particularly when they use the paid leave programs.<sup>11</sup> And new mothers living in states with temporary disability insurance programs are 53 percent less likely than those not living in states with family friendly workplace policies to report relying on income from the federal Supplemental Nutrition Assistance Program in the year following a child's birth.<sup>12</sup>

## Demonstrated Benefits for Businesses

- ▶ **Paid leave improves businesses' bottom lines.** Paid leave insurance programs are an affordable way for businesses to support and retain workers when serious family and medical needs arise, without creating significant new administrative burdens. In New Jersey, for example, about six in 10 medium- and large-sized businesses report no increased administrative costs as a result of the state's paid family leave program.<sup>13</sup> And a survey of California employers revealed that 60 percent report coordinating their benefits with the state's paid family leave insurance system, which likely resulted in cost savings.<sup>14</sup>
- ▶ **Paid leave is good for small businesses.** In California, although all employers report positive outcomes associated with paid leave, small- and medium-sized businesses (those with fewer than 50 employees and those with 50 to 99 employees) report more positive outcomes than large businesses (100+ employees).<sup>15</sup> A consultant for the New Jersey Business and Industry Association found that, regardless of size, New Jersey businesses have had little trouble adjusting to the requirements of the state's law.<sup>16</sup>
- ▶ **Paid leave improves employee loyalty and morale.** A majority of the most successful companies report that exemplary benefit programs strengthen employee loyalty and morale.<sup>17</sup> In California, virtually all employers (99 percent) report that the state's program had positive or neutral effects on employee morale.<sup>18</sup> Several New Jersey employers interviewed as part of a small study noted that the state's paid leave

program helped reduce stress among employees and improve morale among employees who took leave and their co-workers.<sup>19</sup>

- ▶ **Paid leave programs are used as intended by workers without burdening employers.** In California, only a very small share of employers report suspecting or knowing of workers who misuse the program.<sup>20</sup> In New Jersey, despite fears that the program would be abused, no employers report being aware of any instances of abuse.<sup>21</sup> The California Society for Human Resource Management, a group of human resources professionals, declared that California's law is less onerous than expected.<sup>22</sup> And few businesses have reported challenges resulting from workers taking leave.<sup>23</sup>

## A Clear Case for a National Solution

All workers in the United States need to be able to take time away from their jobs when serious family and medical needs arise, without jeopardizing their financial stability. The success of the programs in California, New Jersey and Rhode Island demonstrates that progress is possible – and that there is a common sense, tested model that works for families, businesses and economies.

**Workers' access to paid leave shouldn't depend on where they live or who they work for. It is past time for a national solution.** Gone should be the days when only 12 percent of workers in the United States have access to paid family leave, and fewer than 40 percent have paid medical leave.<sup>24</sup> Everyone needs and deserves time to care for their health and their families. Learn more at [www.NationalPartnership.org/paidleave](http://www.NationalPartnership.org/paidleave).

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1 State of California Employment Development Department. (2014). *State Disability Insurance – Quick Statistics: Paid Family Leave Claims Filed*. Retrieved 9 October 2014, from [http://www.edd.ca.gov/About\\_EDD/pdf/qspfl\\_Claims\\_Filed.pdf](http://www.edd.ca.gov/About_EDD/pdf/qspfl_Claims_Filed.pdf). Data are through January 2014.

2 Appelbaum, E., & Milkman, R. (2011). *Leaves That Pay: Employer and Worker Experiences with Paid Family Leave in California*. Center for Economic and Policy Research Publication. Retrieved 9 October 2014, from <http://www.cepr.net/index.php/publications/reports/leaves-that-pay>

3 State of New Jersey Department of Labor and Workforce Development. (2009-2014). *Family Leave Program Statistics*. Retrieved 29 September 2014, from [http://lwd.dol.state.nj.us/labor/fli/content/fli\\_program\\_stats.html](http://lwd.dol.state.nj.us/labor/fli/content/fli_program_stats.html). (Unpublished calculation) Data are through July 2014.

4 Houser, L., & White, K. (2012). *Awareness of New Jersey's Family Leave Insurance Program is Low, Even as Public Support Remains High and Need Persists*. Rutgers University, The State University of New Jersey Center for Women and Work Publication. Retrieved 9 October 2014, from [http://njtimetocare.com/sites/default/files/03\\_New%20Jersey%20Family%20Leave%20Insurance-%20A%20CWW%20Issue%20Brief.pdf](http://njtimetocare.com/sites/default/files/03_New%20Jersey%20Family%20Leave%20Insurance-%20A%20CWW%20Issue%20Brief.pdf)

5 Ramirez, M. (2012). *The Impact of Paid Family Leave on New Jersey Businesses*. New Jersey Business and Industry Association and Rutgers University, The State University of New Jersey Presentation. Retrieved on 9 October 2014, from <http://policy.rutgers.edu/academics/projects/presentations/AFE2012/Ramirez.pdf>

6 Figures provided to the National Partnership by the Rhode Island Department of Labor and Training. Rhode Island Department of Labor and Training. (n.d.). *Monthly Update: Temporary Disability Insurance Program: January to June 2014*.

7 Original analysis by the National Partnership comparing the first six months of paid leave programs in California, New Jersey and Rhode Island. State of New Jersey Department of Labor and Workforce Development. (2009-2014). *Family Leave Program Statistics*. Retrieved 9 October 2014, from [http://lwd.dol.state.nj.us/labor/fli/content/fli\\_program\\_stats.html](http://lwd.dol.state.nj.us/labor/fli/content/fli_program_stats.html) (Unpublished calculations); See also note 6.

8 Milkman, R., & Appelbaum, E. (2014). Low-Wage Workers and Paid Family Leave: The California Experience. In Luce, S., Luff, J., McMartin, J., & Milkman, R. (Eds.), *What Works for Workers?: Public Policies and Innovative Strategies for Low-Wage Workers* (pp. 305 - 328). New York, NY: Russell Sage Foundation.

9 State of California Employment Development Department. (2014, July). *Paid Family Leave: Ten Years of Assisting Californians in Need*. Retrieved on 9 October 2014, from [http://www.edd.ca.gov/Disability/pdf/Paid\\_Family\\_Leave\\_10\\_Year\\_Anniversary\\_Report.pdf](http://www.edd.ca.gov/Disability/pdf/Paid_Family_Leave_10_Year_Anniversary_Report.pdf)

10 See note 7.

11 Houser, L., & Vartanian, T. (2012, April). *Policy Matters, Public Policy, Paid Leave for New Parents, and Economic Security for U.S. Workers*. Center for Women and Work at Rutgers, The State University of New Jersey Publication.

12 Ibid.

13 See note 5.

14 See note 2.

15 Applebaum, E., & Milkman, R. (2011, January 19). Paid Family Leave Pays Off in California. *Harvard Business Review, HBR Blog Network*. Retrieved 9 October 2014, from <http://blogs.hbr.org/2011/01/paid-family-leave-pays-off-in/>

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16 See note 5.

17 Harvard Business Review Analytic Services. (2012). *Commitment to the Future: 10 Years of The Principal 10 Best Companies*. Retrieved 9 October, 2014, from <https://secure02.principal.com/publicsupply/GetFile?fm=VF1040&ty=VOP&EXT=.VOP>

18 See note 2.

19 Lerner, S., & Appelbaum, E. (2014, June). *Business As Usual: New Jersey Employers' Experiences with Family Leave Insurance*. Center for Economic and Policy Research Publication. Retrieved 9 October 2014, from <http://www.cepr.net/documents/nj-fli-2014-06.pdf>

20 See note 2.

21 See note 21.

22 Redmond, J., & Fkiaras, E. (2010, January). *California's Paid Family Leave Act Is Less Onerous Than Predicted*. Society for Human Resources Management Publication. Retrieved 9 October 2014, from <http://www.shrm.org/LegalIssues/EmploymentLawAreas/Documents/LR012010.pdf>

23 See note 2.

24 U.S. Bureau of Labor Statistics. (2014, September). *Employee Benefits in the United States National Compensation Survey: Employee Benefits in the United States, March 2014* (Tables 32). Retrieved 9 October 2014, from <http://www.bls.gov/ncs/ebs/benefits/2013/ebb10052.pdf>

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The National Partnership for Women & Families is a nonprofit, nonpartisan advocacy group dedicated to promoting fairness in the workplace, access to quality health care and policies that help women and men meet the dual demands of work and family. More information is available at [www.NationalPartnership.org](http://www.NationalPartnership.org).

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