

**PAID FAMILY LEAVE IN CALIFORNIA:  
NEW RESEARCH FINDINGS**

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# PAID FAMILY LEAVE IN CALIFORNIA: NEW RESEARCH FINDINGS

by Ruth Milkman and Eileen Appelbaum

California made history on September 23, 2002, when the nation's first comprehensive paid family leave program was signed into law by former governor Gray Davis. Benefits provided by this pioneering legislation became available to most working Californians starting on July 1, 2004. The new law provides up to six weeks of partial pay – 55% of weekly earnings up to a maximum of \$728 per week – for eligible employees who need time off from work to bond with a new child or to care for a seriously ill family member. The program, funded entirely by a payroll tax on employees, builds on California's existing State Disability Insurance (SDI) system, which for many years has provided income support for employees' medical and pregnancy-related leaves. Like SDI, the new paid family leave program is extensive (although not universal) in coverage: apart from some self-employed persons, virtually all private sector employees are included.<sup>1</sup> California's new law is especially valuable for the growing numbers of low-wage workers, many of them female, who currently have limited access to employer-sponsored fringe benefits providing paid time off (such as paid sick leave and paid vacation). Until July 1, 2004, such benefits were the main sources of income support for employees who took leaves from work to bond with a new child or to provide care for a seriously ill family member.

After briefly reviewing the various developments contributing to the recent growth in demand for time off from work as well as the political processes that led to the passage of California's pioneering paid family leave legislation, this chapter analyzes new data on paid family leave from two recent state-level surveys—the fall 2003 *Golden Bear Omnibus* (GBO) survey of California adults and the 2003 *Survey of California Establishments* (SCE) of employers.<sup>2</sup> Although California adults responding to the GBO survey expressed overwhelming support for the idea of paid family leave, their awareness of the new law was surprisingly limited, with only about one in five respondents indicating that they were familiar with it. Awareness of the new law was especially low among the groups that are least likely to have access to employer-sponsored paid time off: women, low-wage workers,

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1. Self-employed individuals are covered only if they participate in the SDI Elective Coverage Program. Public sector employees are generally not eligible unless they participate in SDI. For more details see <http://www.edd.ca.gov/direp/pflfaq1.asp>.

2. Both surveys are more fully described in the Appendix. The GBO was a random digit telephone survey of 1,050 California adults, conducted from September 17 through November 22, 2003, that examined public attitudes about paid leave, public awareness of the new law, employees' previous experience with family and medical leave, and employees' expectations about future needs for leave. The SCE was a telephone survey of 1,080 businesses and nonprofit organizations, conducted from May 13 through October 22, 2003, that included questions on the extent to which California employers provided family and medical leave benefits beyond what was legally required prior to the implementation of the new law, as well as employers' previous experience with such leaves.

immigrants, and disadvantaged racial-ethnic groups. Ironically, these same groups expressed disproportionately favorable attitudes toward the idea of paid leave.

The survey data also provide insight into the ways in which, prior to the implementation of the new law, employers and employees in the state handled the kinds of events that the paid family leave program now covers. Many employed Californians have taken family leaves in the past, the GBO data show. And the data from the SCE survey reveal that many employers in the state—especially those that are unionized, those with large numbers of employees, and those with a relatively large proportion of professional, managerial, and technical employees—already provided family and medical leave benefits beyond those required by law before the establishment of the new paid family leave program. The recent extension of such benefits to the much larger population covered by the legislation passed in 2002 could be its most far-reaching effect; realizing that potential, however, will require increasing public awareness of the law substantially.

## **BACKGROUND**

As family and work patterns have shifted over recent decades, the demand for time off from work to address family needs has become increasingly urgent. Three key factors have contributed to the expanding need for family leave: the dramatic growth of female labor force participation, especially among married women and mothers; the growing demand for eldercare; and the increasing (if still relatively small) number of men who participate in family caregiving. The leave-related needs of employees vary, however, particularly in light of the steady growth of income inequality in recent decades. Although long working hours are an especially serious problem among high-income professionals and managers, most of them have access to some form of income support during any leaves from work that they might take.<sup>3</sup> The need for financial support during leaves from work is increasingly acute for those in households at the bottom and middle layers of the income distribution, however, as real incomes for this group of workers have stagnated or declined in recent years (see Jacobs and Gerson 2004).

For most of the postwar era, the lack of provision for family leave in public policy has distinguished the United States from the rest of the advanced industrial world. All across Europe and in many other regions as well, government policies established decades ago have provided mothers (and, in many countries, fathers) with wage replacement and job security for extended periods immediately before and after the birth of a new child (Gornick and Meyers 2003; Heymann et al. 2004; Kamerman and Kahn 1991). Among other effects, the availability of such leaves reduces the wage penalties associated with motherhood and thus may help decrease the extent of gender inequality in the labor market (Lester forthcoming; Rose and Hartmann 2004; Waldfogel 1998). Many countries provide additional forms of paid family leave as well.

In the United States the only major legislation of this type is the 1993 federal Family and Medical Leave Act (FMLA), the first bill then-president Bill Clinton signed into law after

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3. Among respondents to a 2000 national survey on family and medical leave conducted for the U.S. Department of Labor, 87.6% of salaried employees received pay while on leave, compared to only 54.0% of hourly employees (U.S. Department of Labor 2001: A-2–31).

taking office.<sup>4</sup> The FMLA guarantees up to twelve weeks of job-protected but *unpaid* leave, with continuing fringe benefits. It covers all public sector workers, as well as private-sector workers who work for organizations with fifty or more employees on the payroll at or within seventy-five miles of the worksite. The law is gender-neutral, applying equally to males and females who worked 1,250 or more hours in the year preceding the leave.

Over the past decade FMLA has led to greater availability of time off from work for U.S. workers, with many employers expanding their family and medical leave benefits after it became law (see Waldfogel 1999, 2001). Although organized business groups consistently and actively opposed the FMLA prior to its passage (Bernstein 2001), since that time employers appear to have had little difficulty adhering to its provisions. A U.S. Department of Labor employer survey conducted in 2000 found that almost two-thirds (63.6%) of respondents found it “very easy” or “somewhat easy” to comply with FMLA, and even larger majorities reported that the 1993 law had had “no noticeable effect” or a “positive effect” on productivity (83.6 %) or profitability (90.2%) (U.S. Department of Labor 2001).

FMLA’s coverage is limited to only about half of all workers, however, and less than a fifth of new mothers (Ruhm 1997: 177). Moreover, because the leaves it provides are unpaid, even workers who are covered by FMLA often cannot afford to take advantage of them. This problem is particularly acute for the growing ranks of low-income workers, who are the least likely to have access to employer-provided paid sick leave, paid vacation, and similar benefits—in practice the main source of income support during otherwise unpaid family and medical leaves. One recent study found that families in the top quartile of the nation’s income distribution had the most extensive such benefits, but that “families in the bottom quartile of income were significantly more likely to lack paid sick leave, paid vacation leave, and flexibility (in regard to work schedules) than were families in the upper three quartiles.” Moreover, although women continue to shoulder the bulk of family caregiving responsibilities, employed mothers had significantly *less* access to paid sick leave and paid vacations than did employed fathers, and mothers were also less likely than fathers to have flexible working hours (Heymann 2000: 114, 152).

In the absence of paid family and medical leave, working families are often forced to choose between economic security and providing vital care for ill children and elderly parents. Nationally, two-thirds of low-income mothers and more than one-third of moderate- and upper-income mothers lose pay when they miss work because a child is sick (Kaiser Family Foundation 2003). Parents who have paid sick leave or vacation are five times more likely to stay home with a sick child than are those who lack such benefits, and it is well-documented that ill children recover more quickly when their parents are present (American Academy of Pediatrics 2003; Heymann 2000: 57–59; Ruhm 2000). In addition, almost 40% of working Americans provide unpaid assistance to their elderly parents during periods of serious illness (Heymann 2000: 103). This too involves lost hours of work (and thus lost income) and can generate other negative employment consequences for caregivers. And although a significant (if not uncontested) body of evidence suggests that parental time at home, especially during infancy, is beneficial to child health and development (Gornick and Meyers 2003: 242–245), many new parents cannot afford to leave work for any length of time.

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4. A somewhat different version of the FMLA had been passed in 1991 by both houses of the U.S. Congress but was vetoed by the first President Bush. For details see Bernstein 2001, chapter 5.

The recent implementation of California's 2002 law, with its nearly universal private sector coverage, is a major breakthrough in addressing the unmet need for paid leave, especially among workers who previously had little or no access to wage replacement during leaves. Unlike FMLA, the new state law covers all private sector employees, regardless of the size of the organization they work for, including most part-time workers and others unlikely to have access to paid time off benefits through their employer.<sup>5</sup> The paid family leave program is structured as an insurance benefit, building on the state's longstanding SDI program. As with SDI, there are no direct costs to employers: the wage replacement benefit is funded entirely by an employee payroll tax (capped at \$55.06 per worker per year for 2004 and at \$63.53 for 2005) that took effect on January 1, 2004. Eligible workers can receive, after a one-week waiting period, up to 55% of their normal weekly earnings with a maximum of \$728 per week in 2004 (the maximum is indexed in relation to the state's average weekly wage) for up to six weeks a year.<sup>6</sup> These family leave benefit payments (unlike SDI benefits) have been deemed taxable by the U.S. Internal Revenue Service, although the state has requested reconsideration of this decision, and a final determination is still pending at this writing.<sup>7</sup>

Even before the passage of the new law in 2002, California provided more income support for family leave than most other states did. For many years California has been among a handful of states that provide paid leave for pregnant women through its SDI program.<sup>8</sup> Almost all pregnant women employed in the private sector, as well as some in the public sector, can receive partial wage replacement under SDI for four weeks before delivery, and an additional six to eight weeks afterward. And since the late 1970s, the California Fair Employment and Housing Act (FEHA) has given women who are disabled because of pregnancy, childbirth, or related medical conditions the right to up to four months of job-protected leave. The California Family Rights Act (CFRA), passed in 1991 (two years before FMLA), provided additional leave rights; it was amended in 1993 to conform with the federal law. Used together, the FEHA and the CFRA permit a pregnant woman disabled because of pregnancy to take up to four months' leave as well as an additional (unpaid but job-protected) leave for bonding with a new child extending beyond what the federal law provides, up to a total of four months. A 1999 amendment to the state's FEHA requires that employers with five or more employees provide reasonable accommodations to pregnant women. And a 1999 kin care law requires that California employers who provide paid sick leave allow employees to use up to half of it each year to care for sick family members. Table 2.1 summarizes the key provisions of these various California laws.

The new paid family leave law builds on the SDI system to provide six weeks of partial wage replacement for leaves to care for a new child or seriously ill family member. Eligible leaves include those for bonding with a new biological, adopted, or foster child; this new benefit is available to fathers as well as mothers. (For biological mothers, this

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5. To be eligible they must only have earned \$300 or more during any quarter in the "base period," which is five to seventeen months before filing a claim.

6. For more details see <http://www.edd.ca.gov/direp/pflfaq1.asp>.

7. Fred Darbonnier, U.S. Internal Revenue Service (IRS), to Rick Stevens, State of California Employment Development Department (EDD), December 18, 2003; and Terence R. Savage, EDD, to Cheryl Powers, IRS, February 6, 2004. Copies of this correspondence are in the authors' possession.

8. Four other states (Hawaii, New Jersey, New York, and Rhode Island) and Puerto Rico have similar temporary disability insurance programs.

benefit supplements the pregnancy disability benefits previously available under SDI. Although it does not increase the amount of job-protected leave available to women who have given birth, it does provide six *additional* weeks of partial wage replacement.) Also eligible are leaves to care for a seriously ill family member (a parent, child, spouse, or domestic partner). Workers can apply for paid family leave under the program after a one-week waiting period, and they must submit appropriate documentation to the state's Employment Development Department. The new law does not provide job protection or guarantee the continuation of fringe benefits (although in many cases leave-takers have these additional protections under the FMLA, the CFRA, or other laws). Employers may require workers to take up to two weeks of earned (unused) vacation leave before collecting paid family leave benefits from the state; in such cases this vacation period is concurrent with the one-week waiting period under the new law.

California's paid family leave law was actively promoted by a coalition of labor unions, women's rights advocates, and groups representing the interests of seniors, children, the disabled, and others, many of whom had previously been advocates of more extensive governmental support for family leave. The political momentum for the new law accelerated during the late 1990s. Organized labor—then at the peak of its political power—had successfully pressed for an increase in California's SDI benefit in 1999, following a period of economic upsurge that generated large budget surpluses for the state. The same legislation that raised the level of SDI benefits at this time also mandated the state's Employment Development Department to launch a study of the potential costs of providing paid family leave through SDI. That study was completed in the summer of 2000, and the following year a newly established Coalition for Paid Family Leave launched a full-fledged campaign for a state paid family leave law. The coalition's members included the Labor Project for Working Families and the California Labor Federation.<sup>9</sup> At labor's request, State Senator Sheila Kuehl, an influential Los Angeles Democratic legislator, agreed to introduce the bill. She did so in February 2002, and six months later the law was passed by both houses of the state legislature (Labor Project for Working Families 2003).

The California Chamber of Commerce and other business groups vigorously opposed the proposed law from the outset, arguing that it would impose excessive burdens on employers, especially small businesses, and drive them out of the state (Koss 2003).



By 2002 the economic climate had deteriorated considerably from the point at which the campaign was launched, which made some legislators especially attentive to these employer concerns. Although the organized business campaign did not succeed in preventing the bill's passage, the final version of the law was considerably modified from the initial proposal as a result of this opposition. Whereas the original bill had provided twelve weeks of paid family leave, with costs evenly split between a tax on employers and one on employees, lobbying by organized business did lead to elimination of the employer tax. Ultimately employees alone were required to pay the full costs of the program, and the benefit was cut back to six weeks. Pressure from business groups also resulted in an

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9. The coalition also included the Family Caregivers' Alliance, Equal Rights Advocates, the Asia Law Caucus, California NOW, the Employment Law Center, the California Congress of Senior Citizens, and many other unions and community organizations.

**Table 2.1. Highlights of Legislative History on Family and Medical Leave in California, 1946–2002**

1946	State Disability Program created as Temporary Disability Insurance (TDI), with pregnancy specifically excluded.
1973	TDI extended to cover disability tied to “abnormal” pregnancies (normal pregnancies remain excluded).
1976 effective 1977	TDI amended to cover disabilities tied to normal pregnancies for three weeks before and three weeks after delivery.
1978	Federal Pregnancy Discrimination Act prohibits discrimination against pregnant employees
1978 effective 1979	State Fair Employment Practices Act amended to cover pregnancy discrimination and provide up to four months job-protected leave for pregnancy-related disability. Small employers (with less than five employees) exempted.
1979	TDI program amended to repeal all provisions specific to pregnancy, in effect entitling disabled pregnant women to the same benefits as employees with any other type of disability. (In 1979, the maximum leave under TDI was twenty-six weeks per year; that maximum has since been increased to fifty-two weeks per year, with medical certification required.)
1991 effective 1992	California Family Rights Act gives private sector employees of both genders whose employers have fifty or more workers the right to four months job-protected family leave to care for a newborn or adopted child or a seriously ill family member.
1992	State Fair Employment and Housing Act amended to require employers with five or more employees to provide job-protected leave of up to four months for employees disabled by pregnancy.
1993	Federal Family and Medical Leave Act gives all public sector employees, and private sector employees of both genders whose employers have fifty or more workers, the right to twelve weeks of job-protected unpaid family or medical leave.
1999 effective 2000	“Kin Care” Employers who provide paid sick leave must permit employees to use up to 50% of annual allotment to care for a sick child, parent, or spouse.
2002 effective 2004	SDI (formerly TDI) amended to provide Paid Family Leave of up to six weeks per year for bonding with a newborn, adopted, or foster child or for caring for a seriously ill family member.

 = federal legislation  
 = state legislation

amendment providing that employers could require employees to use up to two weeks of paid vacation time before receiving the paid family leave benefit. With these modifications, the bill was passed in August 2002, and it was signed into law by then-governor Gray Davis the following month (Labor Project for Working Families 2003).

## **PUBLIC SUPPORT FOR PAID FAMILY LEAVE**

The survey data we report on here reveal extensive public support for paid family (and medical) leave among Californians—something legislators and Davis were presumably well aware of when they brought the law into existence.<sup>10</sup> The GBO survey (for which data were collected in the fall of 2003, about a year after the legislation had been signed) found that 84.9% of respondents favored paid leave when asked, “Do you favor or oppose the idea of a law that guarantees that eligible workers receive a certain portion of their pay when they take family or medical leave?” As Figure 2.1 shows, although there is some variation in the extent of support, large majorities favored paid leave in virtually every segment of the state’s population. Indeed, in all the demographic groups shown in Figure 2.1, at least three-quarters of Californians favored such a law—regardless of their gender, race or ethnicity, nativity, education, or political orientation.

As one might expect, those most in need of paid leave were the most positively inclined toward the idea: female respondents favored the idea more frequently than males did; African Americans, Asian-Pacific Islanders and Latinos favored it more than Whites; and foreign-born respondents more than the native-born.<sup>11</sup> In addition, paid leave was supported by liberals more than by conservatives or moderates; by less-educated respondents more than by those with at least some post-secondary education; and by young respondents more than by older ones.<sup>12</sup> A somewhat higher proportion (86.9%) of respondents in the Los Angeles metropolitan area favored the idea of paid family leave, compared to 81.7% of their counterparts in the San Francisco Bay metropolitan area, although this difference is not statistically significant.<sup>13</sup>

The minority (15.1%) of respondents who opposed the law have a rather distinctive profile: 38.4% of them were native-born White males thirty-five years old or more who self-identified politically as “conservative” or “moderate”; another 24.5% were

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10. An earlier survey of California adults conducted for the UC Institute for Labor and Employment during the second half of 2001 and continuing through January 2002 found 78% of respondents supported paid family leave. This figure is not directly comparable to the data we report below, however, since the questions were worded differently (see Weir 2002: 128).

11. Here and throughout the discussion of the survey data in this paper, the term “Latino” refers to what many data collection agencies call “Hispanic,” while “African Americans” refers to what many call “Blacks.” The terms “African American,” “White” and “Asian-Pacific Islander” all refer here to non-Hispanic persons from those racial/ethnic groups.

12. All these relationships are statistically significant, with  $p < .05$  using an F-statistic for all variables (other than geography) shown in Figure 2.1 except nativity, for which  $p = .07$ . (See the Appendix for details on the tests of significance used in the analysis.)

13. For recent evidence that present-day Southern Californians are more favorable toward a variety of forms of state intervention to support social needs, see Weir 2002: 111–119.

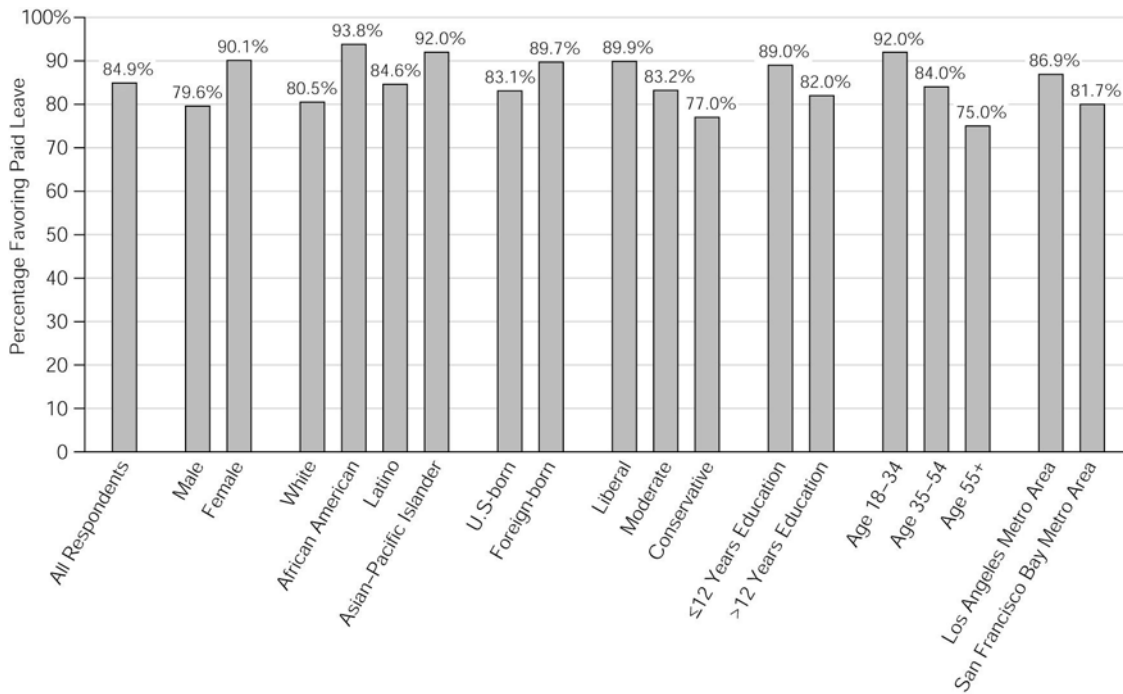


Figure 2.1. Support for Paid Family and Medical Leave in California, by Selected Characteristics, Fall 2003

Source: Golden Bear Omnibus survey.

Note: The categories “Whites” and “African Americans” include non-Latinos only.

N = 1,107 for gender; 995 for race/ethnicity; 1,014 for nativity; 1,007 for political orientation; 1,011 for education; 1,004 for age; and 1,017 for metro area.

native-born White females in the same age group and with a similar political self-identification.<sup>14</sup> Males were 2.5 times more likely than females to oppose the law; Whites were 2.1 times more likely than Latinos to do so; respondents who self-identified as politically conservative were 2.1 times as likely to oppose the law as those who considered themselves liberal; and older individuals were about twice as likely to oppose it as those under thirty-five years old, holding other factors constant.<sup>15</sup> While all these variations are significant, it is nevertheless the case that the overwhelming majority of respondents in all major demographic groups favored the idea of paid leave.

14. These percentages are based on a denominator of 159 GBO respondents who opposed paid family leave and for whom data were available on gender, race, ethnicity, nativity, age, and political self-identification. Those who indicated “none” when asked about their political ideology or who stated they “hadn’t thought about it” were omitted from this part of the analysis. Within this group (n = 159) who opposed paid family leave, 37 (23.2%) were conservative White native-born men thirty-five years old or more; 24 (15.1%) were moderate White native-born men thirty-five years old or more; 21 (13.2%) were conservative White native-born women thirty-five years old or more; and 18 (11.3%) were moderate White native-born women thirty-five years old or more.

15. These odds ratios are estimated from a weighted logistic regression analysis of the GBO data (n = 917) in which opposing paid family leave is the dependent variable; gender, age, political ideology, race/ethnicity, nativity, and income are the independent variables. (Education was omitted due to its collinearity with income; the results change only slightly when income is omitted instead.) The results in the text are all statistically significant at the  $p < .05$  level, except for race/ethnicity, for which  $p = .08$ .

## PUBLIC AWARENESS OF FAMILY AND MEDICAL LEAVE LAWS

When the GBO survey was conducted in the fall of 2003, relatively few Californians were aware of the state's recently legislated program: only 22.0% of respondents responded affirmatively when asked, "Have you seen, read or heard anything about a new California law scheduled to go into effect next year, that provides up to six weeks of paid family and medical leave for eligible workers at 55% of their weekly earnings, up to a maximum of \$728 per week?"<sup>16</sup>

Knowledge of the new law varied considerably among key segments of the state's population, as Figure 2.2 shows. It is striking that the lowest level of awareness was found among precisely those groups who are least likely to have access to employer-provided paid leave. Less-educated respondents were less aware of the new law than were those with at least some post-secondary education; low-income respondents (with household incomes of \$25,000 or less) were less aware than those with higher incomes; younger respondents (aged 18–34) were less aware than older ones; and female respondents were somewhat less aware of it than males were. Foreign-born respondents were less aware of the new state law than were the native-born, and Latino respondents less so than those from other ethnic groups. In contrast, African American respondents had the highest level of awareness among the four racial/ethnic groups shown in Figure 2.2.<sup>17</sup>

The decade-old FMLA is much better known to Californians: 58.9% of respondents indicated that they were aware of the federal law. This is consistent with previously reported national and state survey data on awareness of FMLA.<sup>18</sup> The variation in awareness of FMLA among different subgroups of GBO respondents is generally similar to that for the new California law, as Figure 2.3 shows, except that female respondents were more likely than males were to be familiar with the FMLA. Once again, low-income respondents were far less likely than those with higher incomes to be aware of the law. Foreign-born respondents, younger respondents, and those with less education were also among those least aware of FMLA.<sup>19</sup> When all variables were considered in a single analysis, females were twice as likely as males to be familiar with FMLA; respondents with more than twelve years of education were 2.5 times as likely as those with less schooling to do so; Whites were 1.6 times as likely as Latinos to be familiar with FMLA; native-born respondents were 2.3 times as likely as those who were foreign-born; and older individuals were about three times as

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16. Ramos et al. (2004) report on another survey (using a convenience sample) that also found low levels of awareness of the new law.

17. All these relationships, except for gender, are statistically significant, with  $p < .05$  using an F-statistic for all variables (other than gender) shown in Figure 2.2 except nativity, for which  $p = .06$ . A weighted logistic regression analysis using these variables yielded statistically significant results only for age.

18. A 2000 national survey by the U.S. Department of Labor found that 58.1% of employees at FMLA-covered establishments were aware of the law (Waldfoegel 2001: 18). Another survey of Californians in 2001–02 found that 54% were aware of FMLA (Weir 2002: 127). Neither result is strictly comparable to that from the 2003 GBO because the questions were worded differently, and in the case of the U.S. Department of Labor survey only employees in covered establishments were included.

19. All these relationships are statistically significant, with  $p < .001$ , using an F-statistic.

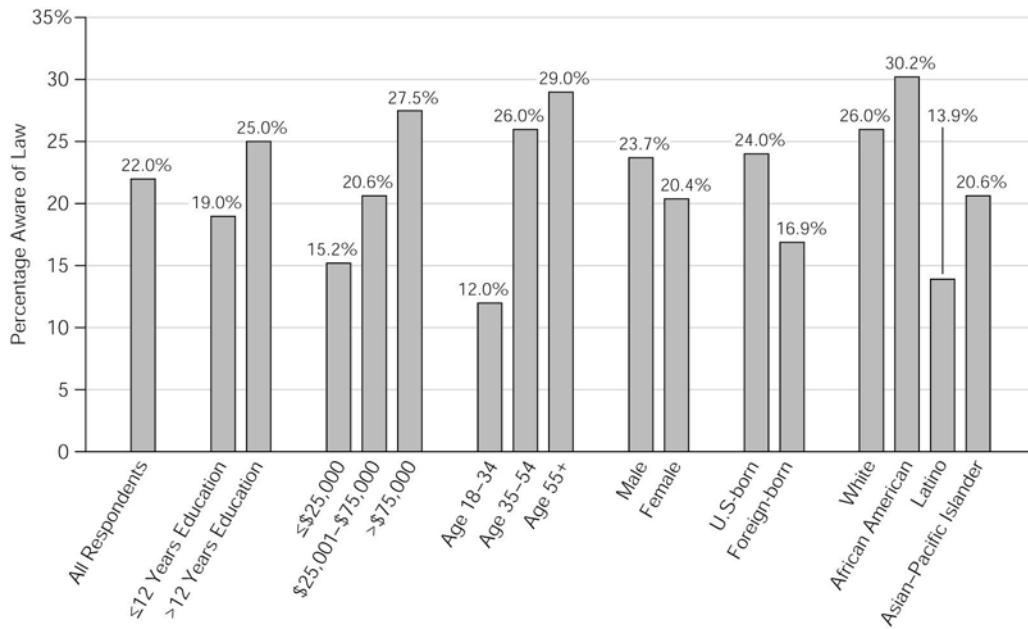


Figure 2.2. Awareness of California’s Paid Family Leave, by Selected Characteristics, Fall 2003

Source: Golden Bear Omnibus survey.

Note: The categories “Whites” and “African-Americans” include non-Latinos only.

N = 1,040 for education; 783 for income; 1,033 for age; 1,046 for gender; 1,043 for nativity; and 1,023 for race/ethnicity.

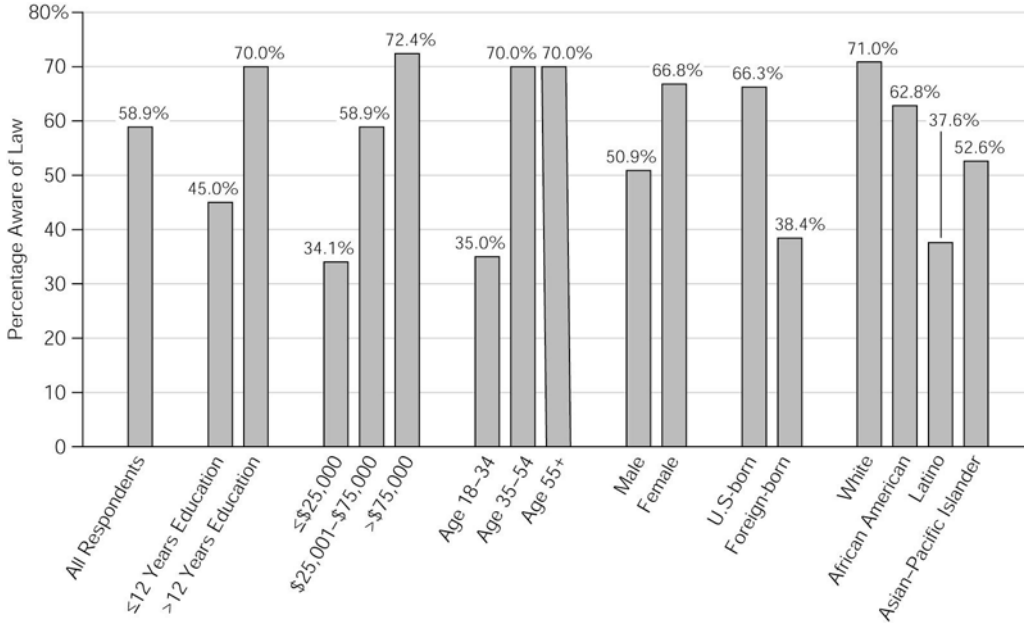


Figure 2.3. Awareness of Federal Family and Medical Leave Act in California, by Selected Characteristics, Fall 2003

Source: Golden Bear Omnibus survey.

Note: The categories “Whites” and “African-Americans” include non-Latinos only.

N = 1,038 for education; 780 for income; 1,031 for age; 1,044 for gender; 1,041 for nativity; and 1,021 for race/ethnicity.

likely to be aware of the federal law as those under thirty-five years old, holding other factors constant.<sup>20</sup>

## PAST EXPERIENCE WITH LEAVES AND FUTURE EXPECTATIONS

Despite the limited income support available, many workers have taken family and medical leaves in the past, and an even greater number expect to need such leaves in the future. The 2003 GBO survey found that 44.4% of employed respondents had taken a family or medical leave at some point during the past five years, and 65.1% of employed respondents indicated that it was “very likely” or “somewhat likely” that they would need such a leave in the next five years.

There were no systematic differences by gender or by household income in the proportion of employed respondents who had taken leave in the past five years. However, a greater percentage of females (69.4%) than males (61.3%) expected to take a leave from work in the five years following the survey. Similarly, respondents from low- and middle-income households were more likely to expect to need leaves than their more affluent counterparts were: 80.0% of those with household incomes of \$25,000 or less and 70.6% of those with household incomes over \$25,000 but less than \$75,000 expected to take leaves in the next five years, but the proportion among those with household incomes over \$75,000 was only 58.4%.<sup>21</sup>

Although men were about as likely as women to have taken a leave in the five years previous to the survey, female respondents reported much longer leaves than did males, as Figure 2.4 shows. Only 7.9% of employed male respondents reported that their most recent family or medical leave had lasted more than eight weeks, compared to 35.8% of employed female respondents. And although 61.5% of males reported that their most recent leave had lasted only a week or less, this was the case for only 27.8% of the females. This gender disparity is not surprising in view of the fact that women’s leaves include those for pregnancy- and childbirth-related disability (which typically are supported by SDI for ten to twelve weeks) and that women have a disproportionate role in family caregiving. Nonetheless, males do take leaves (albeit of much shorter duration) as often as females.

Nearly one in five (18.4%) employed respondents reported that at some point in the previous five years they had wanted to take a leave from work but had not done so.<sup>22</sup> There was no significant association between gender and not taking a desired leave. *Within* the relatively small group of would-be leave-takers, however, 83.0% of the females, but only 52.2% of the males, reported that the main reason they had not gone on leave was because they could not afford to do so, and here the association with gender is statistically

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20. These odds ratios are estimated from a weighted logistic regression analysis of the GBO data (n = 946) in which awareness of FMLA is the dependent variable; gender, age, education, race/ethnicity, and nativity are the independent variables. (Income was omitted due to its collinearity with education.) The results in the text are all statistically significant at the  $p < .01$  level, except for race/ethnicity, for which  $p = .08$ .

21. In relationship to expecting to take leave in the future, both the gender and income variables are statistically significant, with  $p < .01$  using an F-statistic.

22. The survey question was, “In the past five years, was there ever a time when you wanted to take family or medical leave from work, but did not for any reason?”

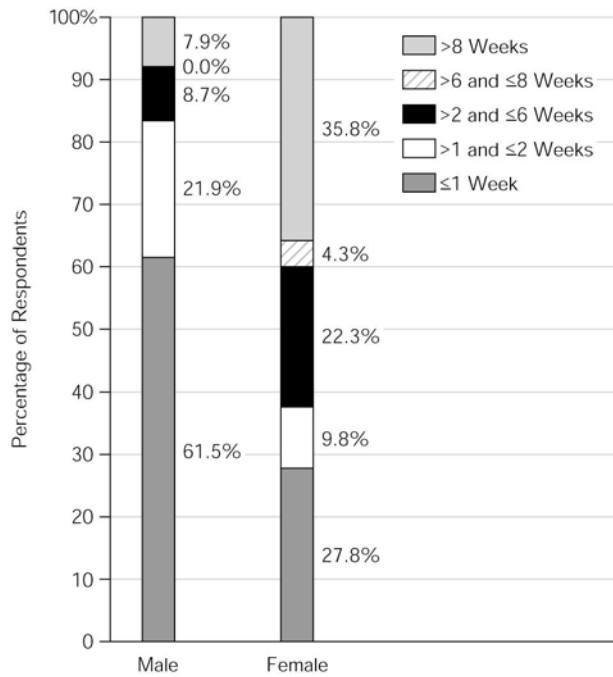


Figure 2.4. Length of Last Leave of Employed Respondents in California, by Gender, Fall 2003

Source: Golden Bear Omnibus survey.

Note: No male respondents reported that their most recent leave was between 6 and 8 weeks.

N = 240.

significant.<sup>23</sup> As one would expect, employed respondents within this group from low- and middle-income households were more likely than were those from upper-income households (those with over \$75,000 per year) to report that they had not taken leaves because they could not afford to, although the relationship between income and forgoing leave due to unaffordability was not statistically significant.

## CALIFORNIA EMPLOYERS' FAMILY AND MEDICAL LEAVE POLICIES

Another source of insight into past experiences with family leave is the 2003 SCE survey of employers. In this section of the chapter we first examine employers' family and medical leave policies and the leave-taking behavior they reported using the establishment as the unit of analysis. We then turn to the same data to examine the impact of employer policies on the state's workforce as a whole, adjusting for the fact that although there are relatively few large employers in the state, they account for a disproportionate share of the overall workforce.<sup>24</sup>

### *Employer Policies and Experience with Leaves*

Over a third (35.5%) of California employers responding to the 2003 SCE

23. With  $p < .01$  using an F-statistic.

24. The 2003 SCE survey oversampled large establishments to facilitate meaningful analysis of differences among employers of various sizes. See the Appendix for details.

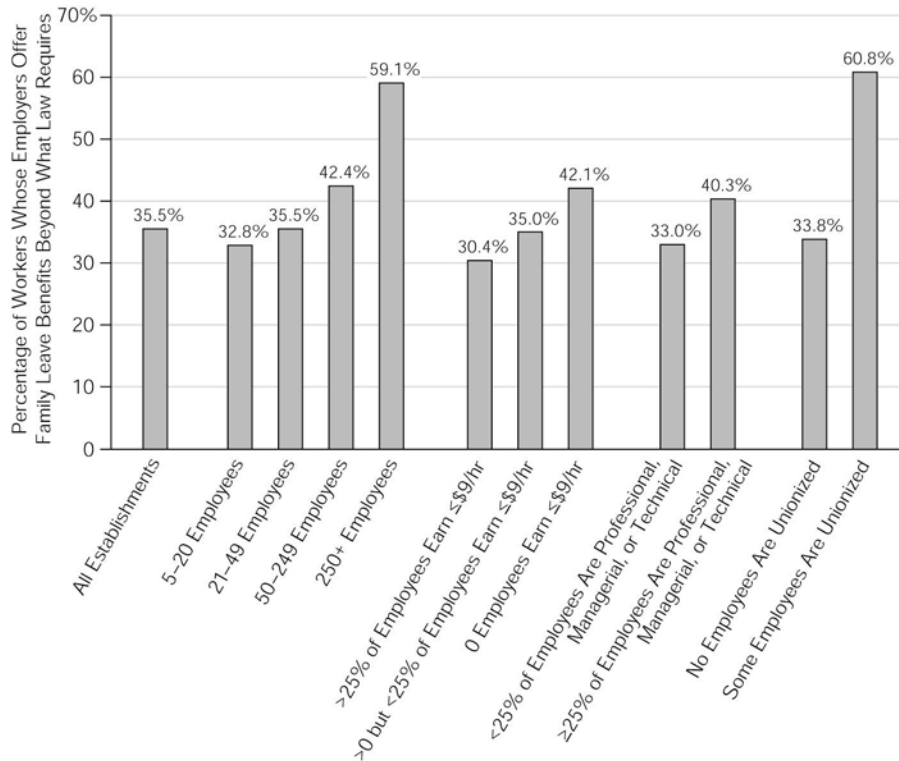


Figure 2.5. Employers in California with Leave Benefits Beyond What Law Requires, by Selected Characteristics, Fall 2003

Source: Survey of California Establishments.

N = 1,061 for number of employees; 1,046 for wage level; 1,059 for professional, managerial, or technical; and 1,056 for unionism.

provided family and medical leave benefits beyond what then was required by law.<sup>25</sup> As Figure 2.5 shows, larger employers, those with the fewest low-wage workers, those with a large proportion of professional, managerial, and technical (PMT) employees, and those where unionization is present were particularly likely to provide such extensive leave benefits. The relationship between union presence and providing benefits beyond what the law requires is statistically significant, but this is not the case for any of the other variables shown in Figure 2.5. Unionized employers were 2.8 times more likely to have leave benefits beyond those required than were employers with no union, holding establishment size and proportion of PMT employees constant.<sup>26</sup> Given that fringe benefits are often improved in collective bargaining, this is not surprising. Establishment size also mattered: the odds of having more extensive leave benefits were twice as high in larger establishments (those with 250 or more employees) than in smaller establishments, holding

25. The survey question was, “Does this establishment offer family and medical leave benefits beyond what is required by law?”

26. With  $p < .05$  using an F-statistic.

unionization and proportion of PMT employees constant.<sup>27</sup>

The SCE survey also indicates that relatively few employees go on leave at any one time. When asked, “In the past twelve months, how many employees, if any, at this establishment took maternity or other family or medical leave?” respondents indicated that 6.3% of their employees, on average, had done so over the one-year period. As one might expect, a higher proportion of workers (8.0%) went on leave in establishments that offered family and medical leave benefits beyond those required by law than in establishments that did not (5.3%).<sup>28</sup> In establishments with more extensive leave policies, however, leave-takers also were more likely to return to their jobs. Overall, 81.0% of workers who had gone on leave returned to work at the same establishment afterward, SCE respondents reported. But in establishments that provided leave benefits beyond those required by law, 87.7% of workers returned to their jobs following a leave, whereas only 75.8% returned in establishments that did not provide benefits beyond those required—a statistically significant difference.<sup>29</sup>

Leave-taking and retention rates differed somewhat between small and large employers. Among those establishments that provided benefits beyond those required by law, the smallest establishments (those with 5 to 20 employees) had the highest proportion of leave-takers, with an average of 9.8% of the employees having taken leave in the year preceding the survey, compared to only 5.6% in larger establishments. This difference was not statistically significant. The small businesses with extensive benefits did have significantly higher employee retention rates, however, with an average of 95.4% of employees returning to their jobs following a leave, compared to only 82.6%, on average, in larger establishments with similarly extensive benefits.<sup>30</sup>

### *Impact of Employer Policies on the Overall Workforce*

The data on employers can also be considered from a different perspective by adjusting the analysis to reflect the proportion of California workers employed in establishments of various sizes. This allows us to examine the impact of employer policies on the state’s workforce as a whole. Analyzing the data in this fashion, we find that slightly more than half (51.1%) of California workers were employed in establishments that already provided family and medical leave benefits beyond what was required by law when the SCE was conducted. As Figure 2.6 shows, larger employers were more likely than small ones to provide such extensive benefits, and those with the fewest low-wage workers were more likely to do so than those with more low-wage workers. Those with a large proportion of PMT employees were more likely to provide benefits beyond those required by law than

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27. This odds ratio is estimated from a weighted logistic regression analysis of the SCE data (n = 1,054): provision of FML benefits beyond those required by law is the dependent variable; establishment size, proportion of PMT workers, and union presence are the independent variables. (The proportion of low-wage workers was not included in the analysis due to its collinearity with unionization.) The result for unionization is the strongest, statistically significant at the  $p < .01$  level, and size is also statistically significant ( $p = .06$ ).

28. This difference is not statistically significant.

29. Based on a t-test, with  $p < .05$ .

30. Based on a t-test, with  $p < .05$ .

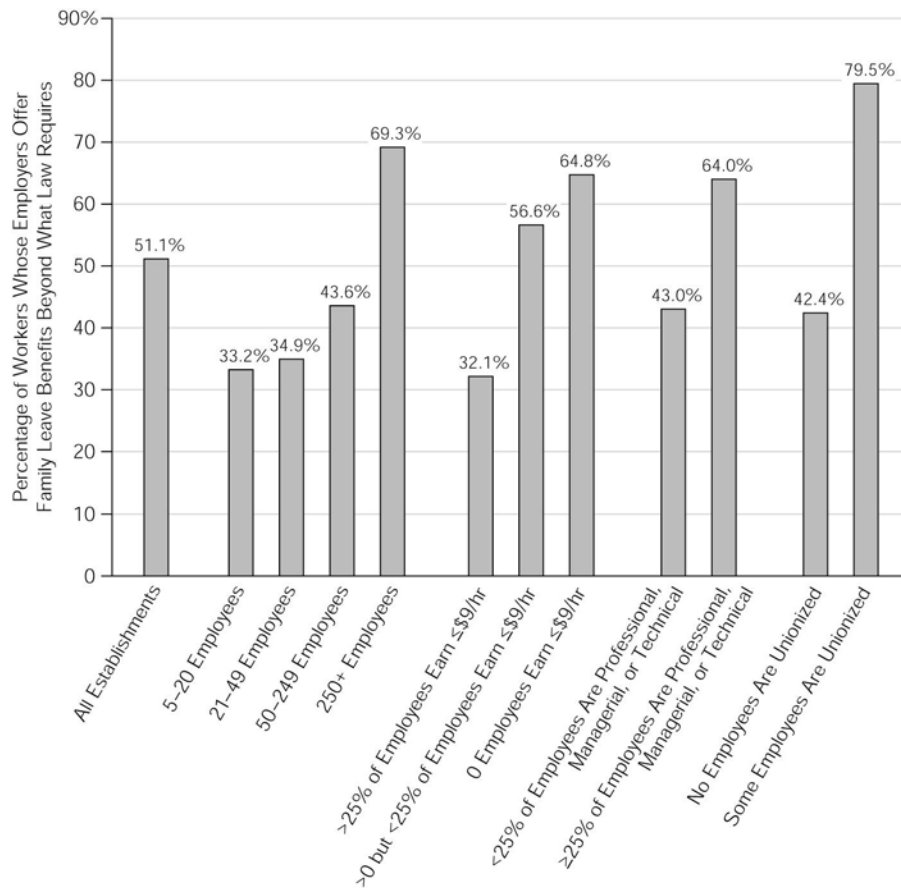


Figure 2.6. Distribution of California Workers among Employers with Leave Benefits Beyond What Law Requires, by Selected Characteristics, Fall 2003

Source: Survey of California Establishments.

N = 1,061 for number of employees; 1,046 for wage level; 1,059 for professional, managerial, or technical; and 1,056 for unionism.

were those with relatively few PMT employees, and those where unionization is present were more likely to do so than those with no union.<sup>31</sup>

Unionization had the greatest effect on the provision of leave benefits beyond what the law required when all these variables were considered in one analysis. Workers employed at establishments where unions were present were 3.6 times more likely to have leave benefits beyond those required by law than workers at nonunion establishments, holding establishment size and proportion of PMT employees constant. Establishment size also mattered, however: the odds of having more extensive leave benefits were 2.1 times higher for workers in larger establishments (those with 250 or more employees) than for those in smaller establishments, holding unionization and proportion of PMT employees constant. And finally, holding unionization and establishment size constant, employees in establishments where PMT workers made up 25% or more of the workforce were 1.8 times

31. The relationships among variables shown in Figure 2.6 are all statistically significant, with  $p < .01$  using an F-statistic.

more likely than employees in establishments with fewer PMT workers to have family and medical leave benefits beyond those required by law.<sup>32</sup>

This adjusted analysis of the SCE data indicates that an average of 5.6% of employees went on leave in the twelve months prior to the survey, the vast majority (84.8%) of whom returned to their jobs at the same establishment after their leaves. A greater proportion of workers employed in establishments offering leave benefits beyond what the law required (6.7%) went on leave than in other establishments (4.5%). The return rate was also higher for workers employed in establishments with more extensive benefits: 88.8% of workers in such establishments returned to their jobs, on average, compared to an average of 80.0% of workers in establishments that did not provide such extensive benefits—a statistically significant difference.<sup>33</sup>

As in the analysis above, among workers employed in establishments that provided benefits beyond those required by law, the leave-taking rate was highest for those at the smallest establishments (5 to 20 employees), with an average of 9.6% having taken leave in the year preceding the survey, compared to only 6.4% of workers in larger establishments. This difference (as in the earlier analysis) is not statistically significant, however. And once again, at small businesses with extensive benefits, nearly all (95.8%) employees, on average, returned to their jobs after taking leave, compared to an average of 88.4% of workers employed at the larger establishments with similarly extensive benefits.<sup>34</sup>

These findings suggest that offering extensive family and medical leave benefits may help reduce turnover, potentially resulting in cost savings for employers (see Dube and Kaplan 2002). Alternatively, employers with superior family and medical leave benefits may be better employers to work for in general, which could also explain their higher retention rate. In any case, covering the work of employees on leave is relatively straightforward: in four out of five cases employers indicated that they usually covered the work by sharing it among other employees.<sup>35</sup>

On the whole, the SCE data suggest that family and medical leaves already have become a routine feature of the human resource management repertoire of most California employers. Leaves have been common in the past, they seem to be managed with little difficulty, and the more “family friendly” employers may actually benefit from the reduced turnover associated with providing more extensive leave benefits, insofar as they save on the costs of recruiting and training new employees. Family-friendly employers also may find that

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32. Odds ratios are estimated from a weighted logistic regression analysis of the SCE data ( $n = 1,054$ ): provision of FML benefits beyond those required by law is the dependent variable; establishment size, proportion of PMT workers, and union presence are the independent variables. (The proportion of low-wage workers was not included in the analysis due to its collinearity with unionization.) With  $p < .05$  for all three independent variables.

33. Based on a t-test, with  $p < .05$ .

34. This result is of marginal statistical significance, with  $p < .1$  using a t-test.

35. This result varies only slightly with the two different weighting schemes described in the Appendix: 79.5% of the employers surveyed, covering 80.3% of employees when adjusting for the size distribution of the sample, reported that they covered the work of leave-takers by sharing it among other employees. The U.S. Department of Labor’s 2000 national survey, similarly, found that 75% of employers reported that assigning work temporarily to other workers was their most frequently used method of covering the work of employees on leave (U.S. Department of Labor 2001: 6–5).

by coordinating their existing benefits with the state's new paid family leave program, they can further enhance the benefit to employees and their families at no additional expense to their organizations.

## **CONCLUSION**

Californians from every segment of the population strongly favor the idea of paid family leave. Even in the changed political climate that emerged after the 2003 recall election in which Arnold Schwarzenegger replaced Gray Davis as governor – a shift that has sparked numerous proposals to roll back labor legislation passed in the Davis era – California's new paid family leave law does not seem to be in any jeopardy. Paid leave commands wide support among Californians of all ages, all education levels, all racial and ethnic groups, among the native-born as well as among immigrants, and among self-described liberals, moderates, and conservatives.

One of the most important features of the new law is that it covers workers throughout the private sector, including those who previously lacked access to paid leave benefits provided by employers. Public awareness of the new law remains limited, however, and relatively few workers are aware that this benefit is already available to most private sector employees in the state. Business interests continue to express concern about the burdens imposed by the program on employers, and they warn that the costs may be higher than originally projected. Now that the law has taken effect, however, employers have already begun to coordinate it with their own benefit packages.

Employers – especially those who previously provided benefits that could be used to support paid leave – may be the major conduit for information about the new program. Some employers may even reap cost savings as they coordinate the benefits available in the new state program with those that they themselves provide. The new state law was intended to extend access to paid family leave to all workers, especially those who previously lacked access to wage replacement for bonding with a new child or to care for a seriously ill family member. But if awareness of the new program does not extend well beyond those workers whose employers are coordinating it with their own previously existing benefits, the new law will do little to ameliorate the disparity between workers who previously had access to paid leaves (via employer-sponsored benefits) and those who lacked such access. Thus the most urgent task facing those who support paid family leave is to ensure that the vast numbers of workers who stand to benefit most from the new state law become aware of its existence.

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## APPENDIX. Data and Methodology

The data analyzed in this chapter are drawn from two surveys.

The first is the *Golden Bear Omnibus* (GBO) survey, a random digit dial (RDD) telephone survey of 1,050 California adults that was conducted over the period September 17 through November 22, 2003, by the University of California at Berkeley's Survey Research Center. This survey, conducted in English and Spanish, investigated public attitudes about paid leave, public awareness of the state's new paid family leave law, employees' previous experience with family and medical leave, and employees' expectations about future needs for leave.

The GBO sample was a cross-sectional RDD sample covering residential telephone exchanges in California. An attempt was made to interview one person in each selected household. The sample of telephone numbers for this survey was generated using a procedure called list-assisted random-digit sampling. This method preserves the characteristics of a simple random sample but draws on large databases of telephone directory information to make the sample more efficient and to reduce the number of calls to nonworking numbers. For a detailed description of this sampling method see Casady and Lepowski 1993.

The overall response rate for this survey was 32.6% of all eligible households and 57.8% of selected respondents; 1,817 respondents were selected from 3,225 eligible households. Within this group were 720 refusals and 47 cases where no contact could be made, for a total of 1,050 completed interviews.

All results reported in the text are weighted. Two types of adjustment were made. First, an adjustment was made for the number of telephone lines serving a household. A person who can be reached at two telephone numbers has twice the chance of being selected as a person with only one reachable number; the former therefore should receive half the weight of the latter in computing statistics. The other factor affecting probability of selection is the number of eligible adults in each selected household. Since only one eligible adult was selected to be interviewed, an adjustment was made to account for variations in the number of eligible persons in each household contacted. Second, the sample was adjusted for discrepancies between the demographic distribution of the sample and that of the state's overall adult population. Since some segments of the population are more likely than others to reside in a household with a telephone and to respond to an interview, certain groups of people are over- or underrepresented in the data file. Post-stratification weights were introduced to adjust the distribution of the sample to a reliable standard. The variables used to post-stratify the GBO were race/ethnicity, gender, age, and education, using the California data from the 2000 U.S. Census for distribution criteria.

The second survey is the *Survey of California Establishments* (SCE), a telephone survey of 1,080 California businesses and nonprofit organizations sponsored by the University of California's Institute for Labor and Employment that was conducted over the period May 13 through October 22, 2003, by the University of California at Berkeley's Survey Research Center. This survey, on which the Principal Investigator was Michael Reich, included a few questions designed by the authors on the extent to which California employers provided family and medical leave benefits beyond what was legally required prior to the

implementation of the new law, as well as employers' recent experience with such leaves. Interviewees were management representatives with expertise on employment policies.

The SCE sample was drawn from a Dun and Bradstreet database, stratified by establishment size into seven size categories that were based on the number of employees at the establishments. The seven categories were: 5–9, 10–19, 20–49, 50–99, 100–249, 250–999, and 1000+ employees, sampled at progressively higher rates. The sampling fractions ranged from 0.97% for the category with the smallest establishments to 100% for the category with the largest establishments. (Establishments with fewer than five employees were excluded from the sample.) All results reported here are adjusted to reflect non-response and adjusted for discrepancies between establishment size as recorded in the D&B database and establishment size as reported by SCE respondents.

The overall response rate was 49.1%, with considerable variation by size category:

<i>Size Category</i>	<i>Response Rate</i>
5–9 employees	61.6%
10–19 employees	59.0%
20–49 employees	47.7%
50–99 employees	50.4%
100–249 employees	53.0%
250–999 employees	48.6%
1000+ employees	40.1%

Since the establishments were sampled with different sampling fractions, weights were calculated to compensate for those differences. The SCE results reported in the text involve two distinct weighting methods. They differ in the relative weight given to larger and smaller establishments. As detailed below, the “establishment weight” treats each establishment the same, regardless of the number of employees, whereas the “worker weight” gives additional weight to establishments with more employees. Each weight includes an adjustment for non-response.

### ***Establishment Weight***

Establishments in the various size categories were sampled at different rates in order to increase the proportion of large establishments in the sample. This weight compensates for that oversampling by weighting each case inversely proportional to the relative sampling fraction. For example, if case number 1 had double the chance of being selected as case number 2, the first weighting factor for case number 1 is only half that of case number 2. This weight also was adjusted to compensate for differential response rates within the seven Dun and Bradstreet size categories used for sampling. The establishment weight for each case was divided by the response rate for its size category and then rescaled so that the weighted number of cases equals the actual number of cases. Since the response rate was lower in the largest establishments, their weight is correspondingly greater. The weights were scaled so that the sum of the weighted number of cases equals the actual number of cases.

The establishment weight is used in the section of the chapter text titled “Employer Policies and Experience With Leaves,” where the discussion focuses on the proportion of establishments with various characteristics, considering all establishments equally, regardless of size.

## *Worker Weight*

In the next section of the chapter, “Employer Policies’ Impact on the Overall Workforce,” where our focus is on the proportion of workers affected by some characteristic or decision of the establishments, the establishments are weighted by the number of employees. For example, suppose 10% of all sampled establishments have a certain type of leave policy. It might be just the smaller establishments that have such a policy, however, and that might affect only 5% of the workers in the state. The worker weight is designed to address this issue.

The worker weight was created by multiplying the establishment weight for each case by the number of employees in the establishment and then rescaling so that the weighted number of cases is equal to the actual number. The non-response adjusted version of the worker weight was created by multiplying the number of employees by the non-response adjusted version of the establishment weight. Since the response rate was lower in the largest establishments, their weight is correspondingly greater.

## **TESTS OF SIGNIFICANCE**

We use two types of significance tests for the descriptive data discussed in the chapter, as indicated in the footnotes. One type of test is summarized by an F-statistic. This F-statistic is based on a Pearson Chi-square statistic, which tests for independence between variables and corrects for the survey design using the second-order correction of J. N. K. Rao and A. J. Scott (1984).

In other instances we use two-sample t-tests to test the significance of differences in weighted means. Finally, the text includes a series of weighted logistic regression analyses, from which we report the p-values of the coefficients.