

Public Sector Paid Family Leave Issues

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International Foundation
OF EMPLOYEE BENEFIT PLANS 

Poll: Do You Have Paid Leave Benefits?



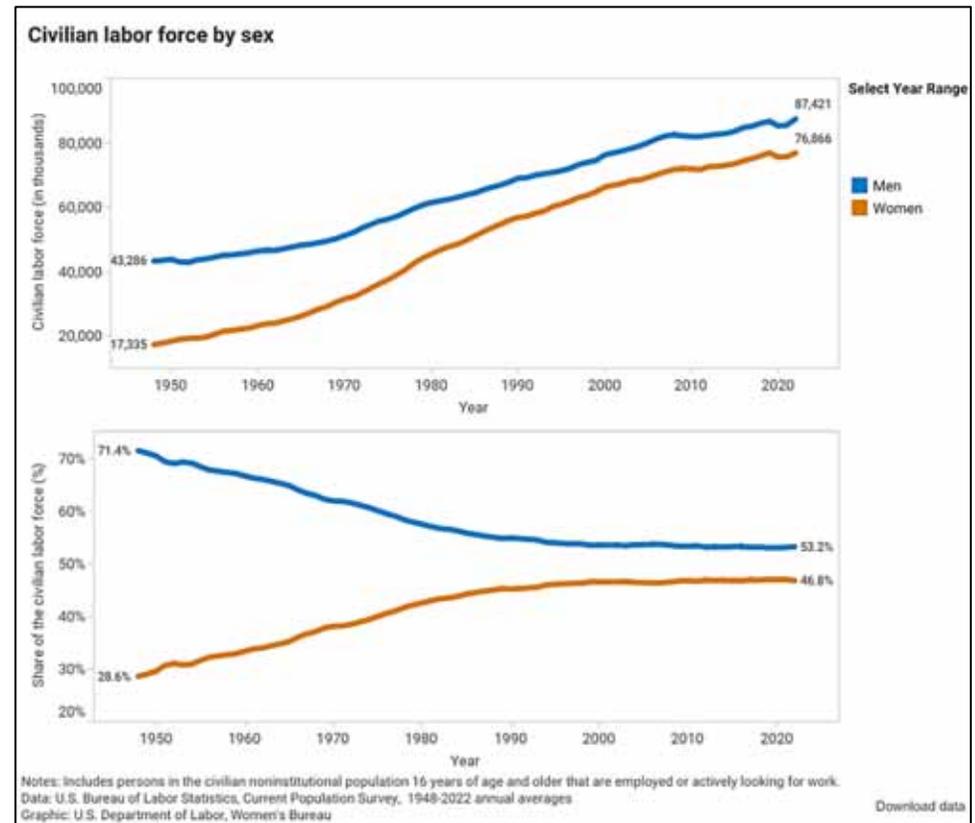
In This Presentation

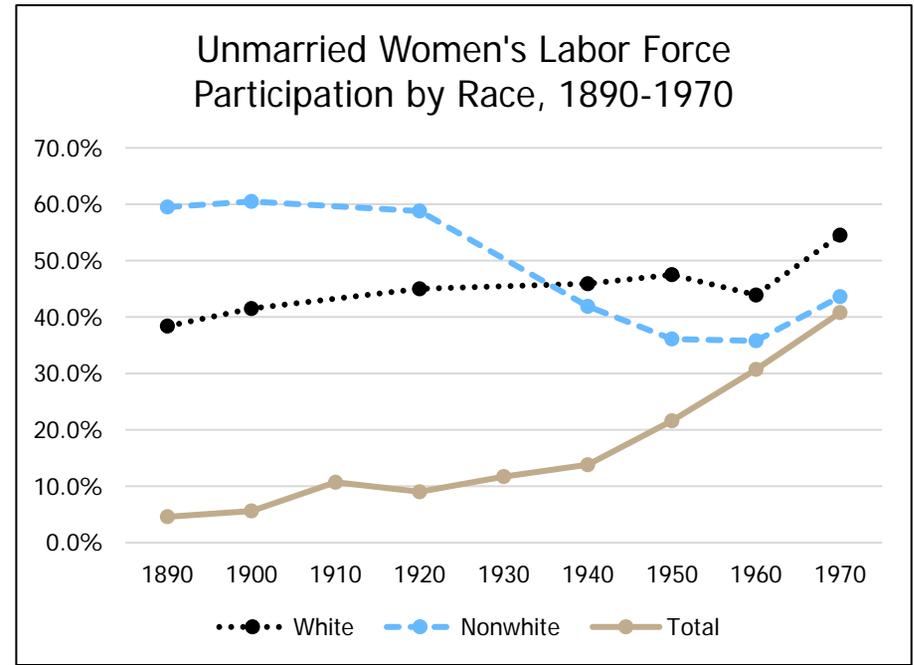
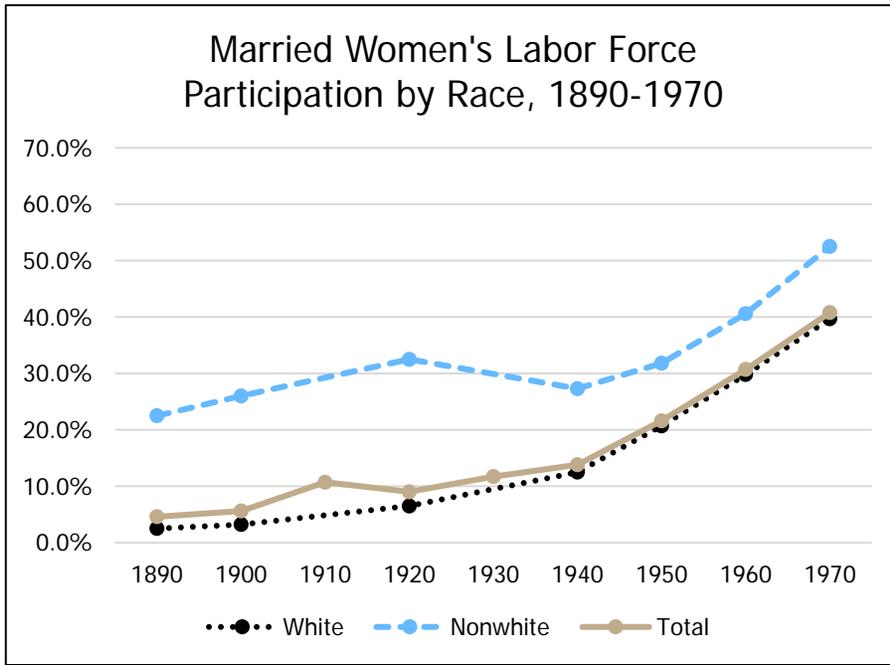
- I. Current paid family leave landscape
- II. Designing paid family leave benefits for equity
 - A. Funding and contributions
 - B. Eligibility and accessibility
 - C. Benefit amounts and duration
 - D. Education and public outreach
 - E. Exceptions: Private plans, CBAs and opt-ins
- III. Conclusion

I. Current Paid Family Leave Landscape

Before Paid Family Leave—Women at Work

In the United States, Family Leave policies emerge from the changing political, social and economic roles of women, children and the family in society.





Before Paid Family Leave—Marriage and/or Labor

Data: Table 1, Goldin, Claudia. 1977. "Female labor force participation: The origin of black and white differences, 1870 and 1880," *Journal of Economic History* 37(1): 87-108. https://dash.harvard.edu/bitstream/handle/1/2643657/Goldin_FemaleLabor.pdf?sequence=4&isAllowed=y

Note: Race-specific data omitted for 1910 and 1930 due to data limitations. White category includes foreign-born, i.e., Mexican. Nonwhite includes Chinese, Japanese and Native American.

Family and Medical Leave Act of 1993 (FMLA)

- Provides workers with up to 12 weeks of unpaid, job-protected time off for:
 - Birth, adoption, or foster-placement of a child
 - Serious health condition of a close family member
 - Worker's own serious health condition
 - Military deployment of a worker's family member
- But only about 56% of employees are eligible due to employer and job tenure requirements.*

Data: Brown et al, "Employee and Worksite Perspectives of the FMLA: Who is Eligible?" *US Department of Labor*, July 2020, https://www.dol.gov/sites/dolgov/files/OASP/evaluation/pdf/WHD_FMLA2018PB1WhosEligible_StudyBrief_Aug2020.pdf

Paid Family Leave (PFL)

Includes:

- **Paid Parental Leave**
 - For birth, adoption, or foster placement
- **Paid Caregiving Leave**
 - To care for a sick or injured family member

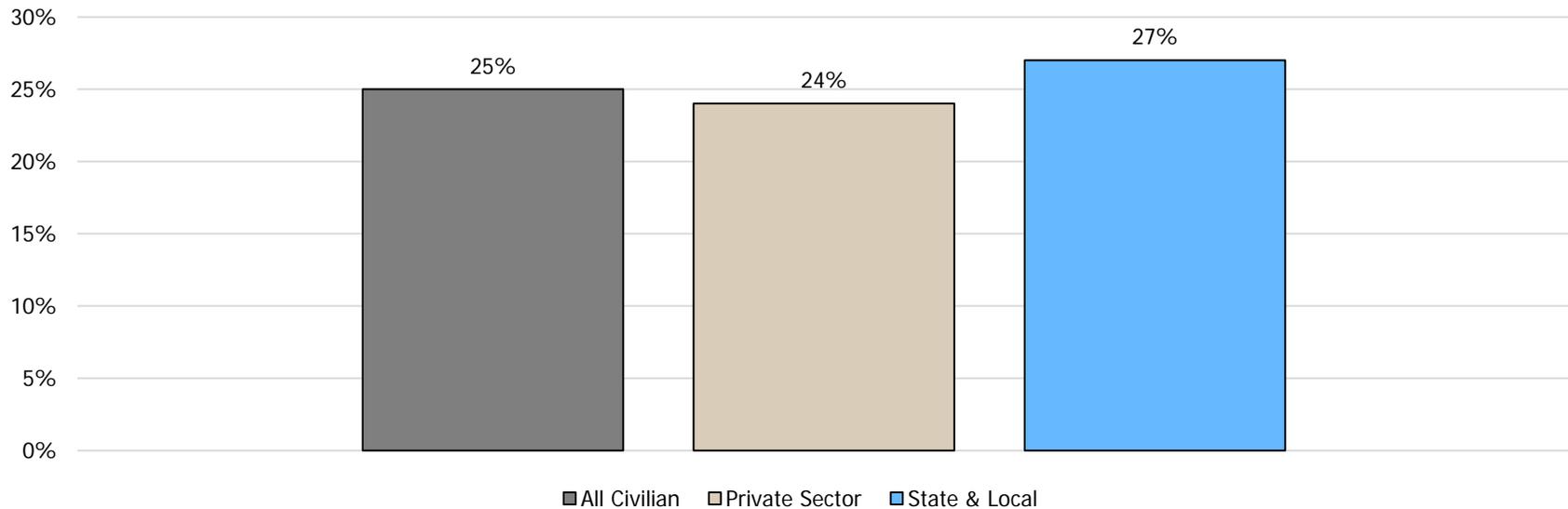
Does NOT Include:

- Personal Leave
- Sick Leave
- Medical Leave for worker's own health condition (Short-term Disability Leave)

Poll

What Percent of U.S. Workers Have Access to Paid Family Leave?

Paid Family Leave Availability by Sector, 2022



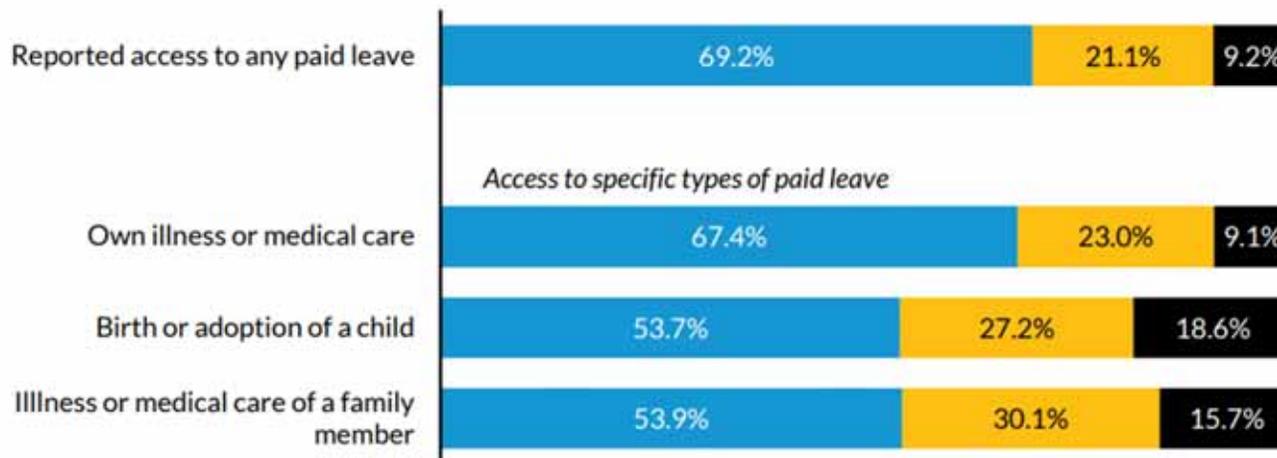
Only about 1 in 4 workers have employer-paid family leave plans. Some workers also use other benefits for family caregiving.

Data: BLS, National Compensation Survey: Employee Benefits in the United States, March 2022, <https://www.bls.gov/ebs/publications/september-2022-landing-page-employee-benefits-in-the-united-states-march-2022.htm>

Access to Paid Leave among Adults Ages 18 to 64 Who Work for an Employer

December 2021

■ Yes ■ No ■ Don't know

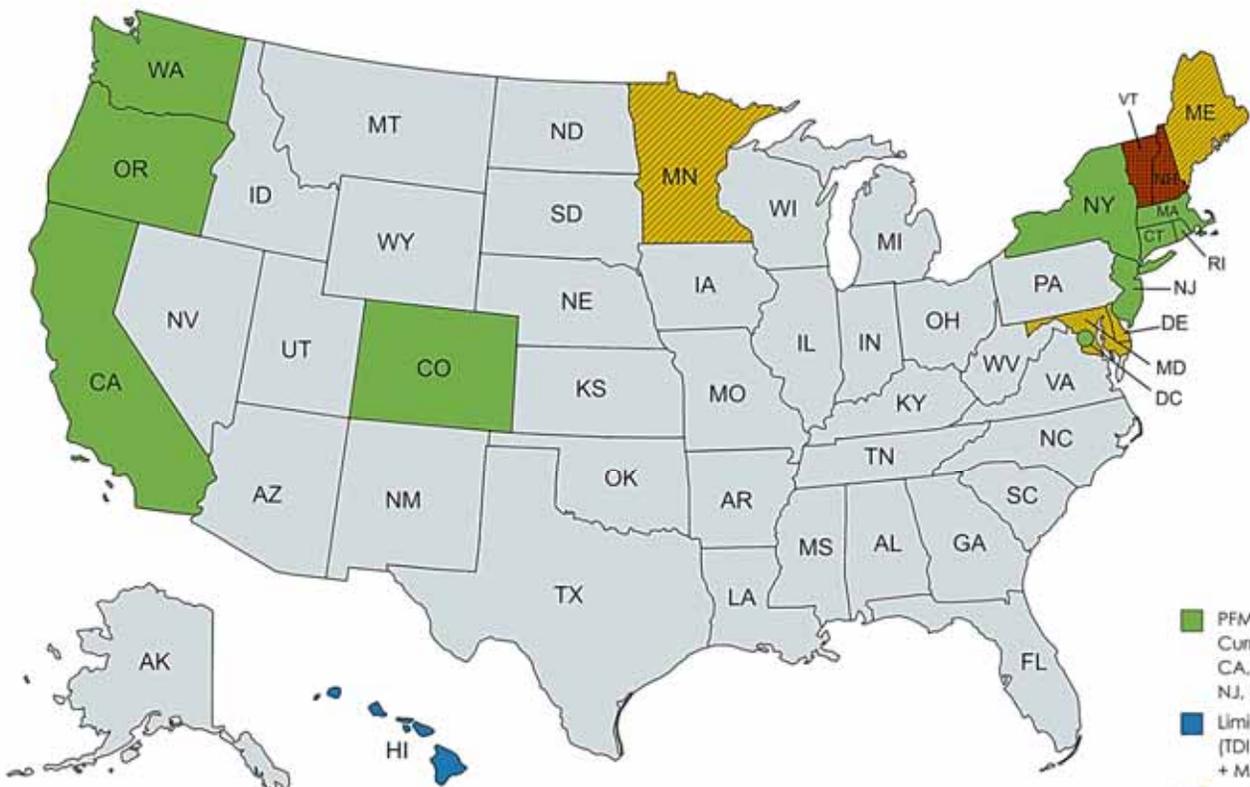


About half of workers reported being able to take paid leave to care for a new child or ill family member. But many did not know.

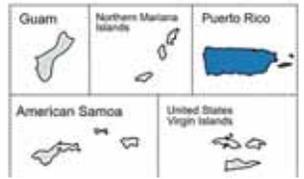
Source: Well-Being and Basic Needs Survey, December 2021, <https://www.urban.org/research/publication/access-paid-leave-lowest-among-workers-greatest-needs>

Notes: Estimates for access to any paid leave include workers reporting paid leave for any reason, having no paid leave for all three reasons, or not knowing if they have paid leave for one or more reasons. Estimates are not shown for those who did not answer whether they have paid leave for their own illness or medical care (0.5 percent), the illness or medical care of a family member (0.3 percent), birth or adoption of a child (0.5 percent), or one or more reasons (0.5 percent)

13 States and DC Have PFML Laws, But Reach Is Still Limited



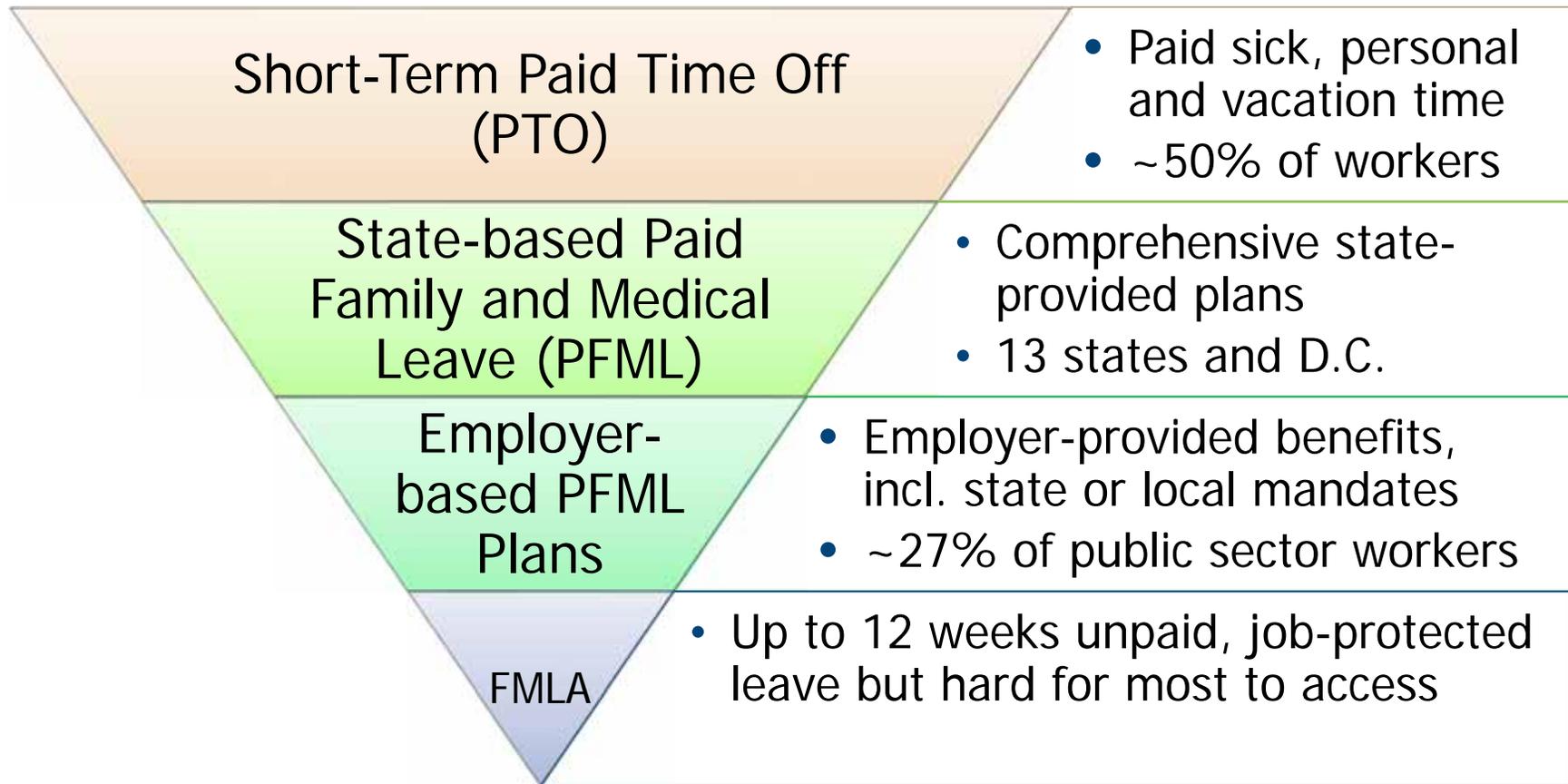
- PFML Benefits
Currently Available:
CA, CO, CT, DC, MA,
NJ, NY, OR, RI & WA
- Limited Benefits: HI
(TDI Only) & PR (TDI
+ Maternity Leave)
- PFML Benefits
Available in 2026:
DE, MD, ME & MN
- PFL for State
Workers Only +
Opt-in: NH & VT



Other PFML and PFL Programs

- 2 States Have Opt-in Programs
 - NH: Only Paid Family Leave for State employees, Other employers and individuals can opt-in for PFML
 - VT: PFML for State employees, Other employers and individuals can opt-in for PFML
- 20+ States and 30+ Municipalities Offer PFL Options for Public Employees

The Paid Leave Patchwork Has Many Cracks: Plan Design Is the Key to Access and Reliability



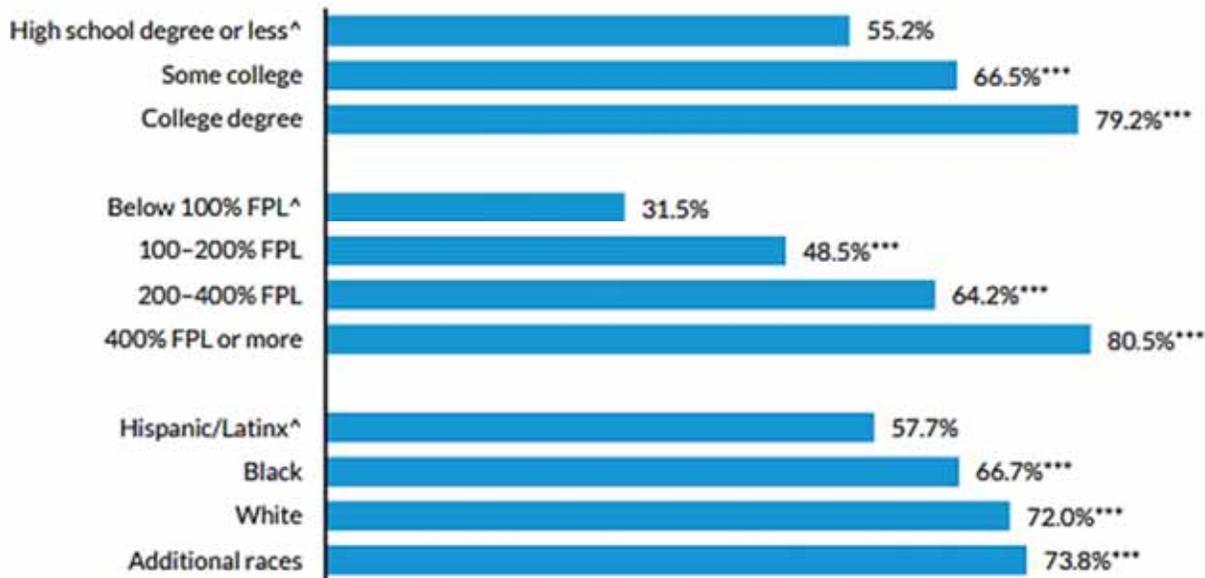
II. Designing Paid Family Leave Benefits for Equity

Poll

Which Groups of Workers Do You Think Have the Least Access to Paid Family Leave?

Access to Paid Leave among Adults Ages 18 to 64 Who Work for an Employer, by Educational Attainment, Family Income, and Race/Ethnicity

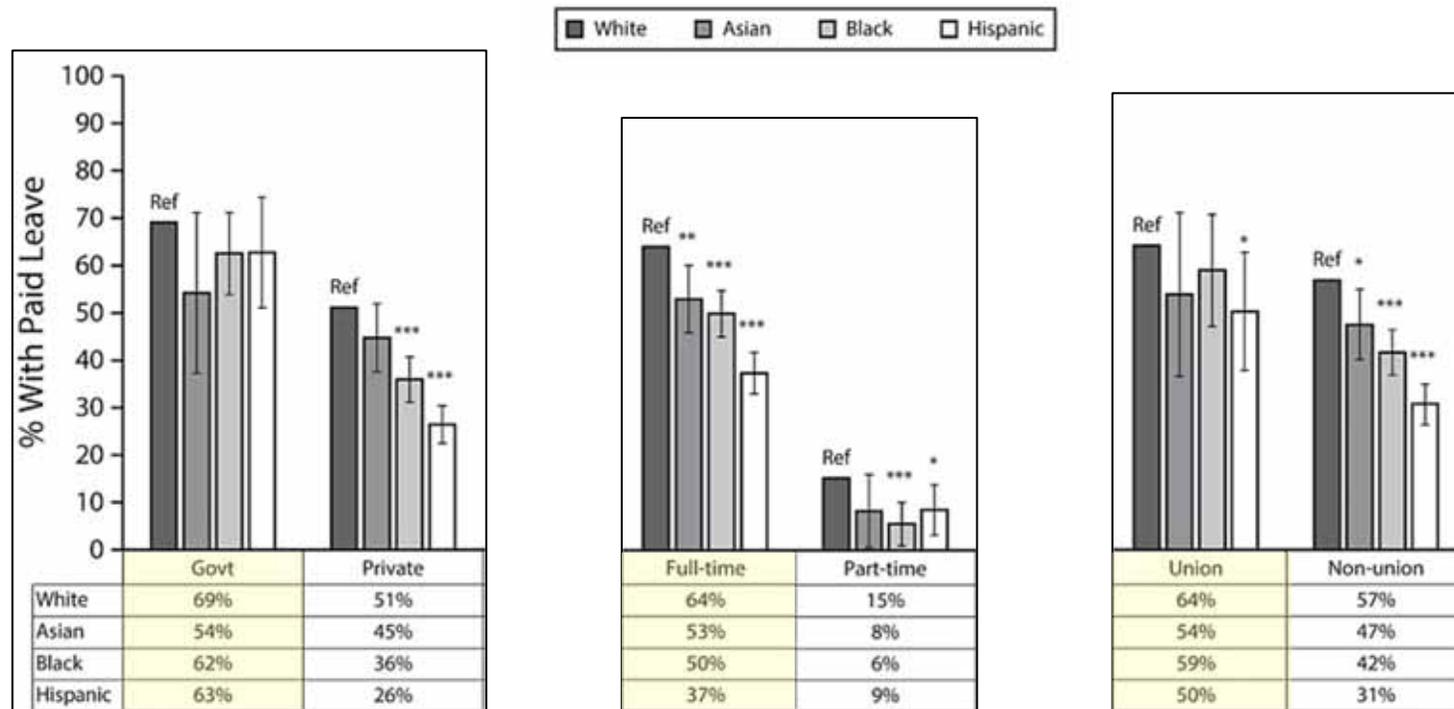
December 2021



Paid leave was least accessible for those with less education, lower incomes, or who are Black or Latina/o.

Family caregiving access was most stratified by income.

Source: Urban Institute, Well-Being and Basic Needs Survey, December 2021, <https://www.urban.org/research/publication/access-paid-leave-lowest-among-workers-greatest-needs>
Notes: FPL is federal poverty level (in 2021, \$12,880 for an individual, \$26,500 for a family of four). Black and white adults are not Hispanic/Latinx. Adults of additional races are non-Hispanic/Latinx adults who are not Black or white or who are more than one race.



**Public Sector, Union, Full-time workers have reported highest access.
But racial stratification persists regardless of other factors.**

"FIGURE 2—Paid Family and Medical Leave, Stratified by Occupational Characteristics and Race/Ethnicity: United States, 2017–2018" in Goodman, Julia M et al. "Racial and Ethnic Inequities in Paid Family and Medical Leave: United States, 2011 and 2017–2018." *American journal of public health* vol. 112,7 (2022): 1050-1058. doi:10.2105/AJPH.2022.306825. Source: Authors' analysis of data from the American Time Use Survey 2017–2018 Leave Module

Paid Family Leave Design Elements

A. Funding

B. Eligibility

C. Benefits

D. Education

E. Exceptions

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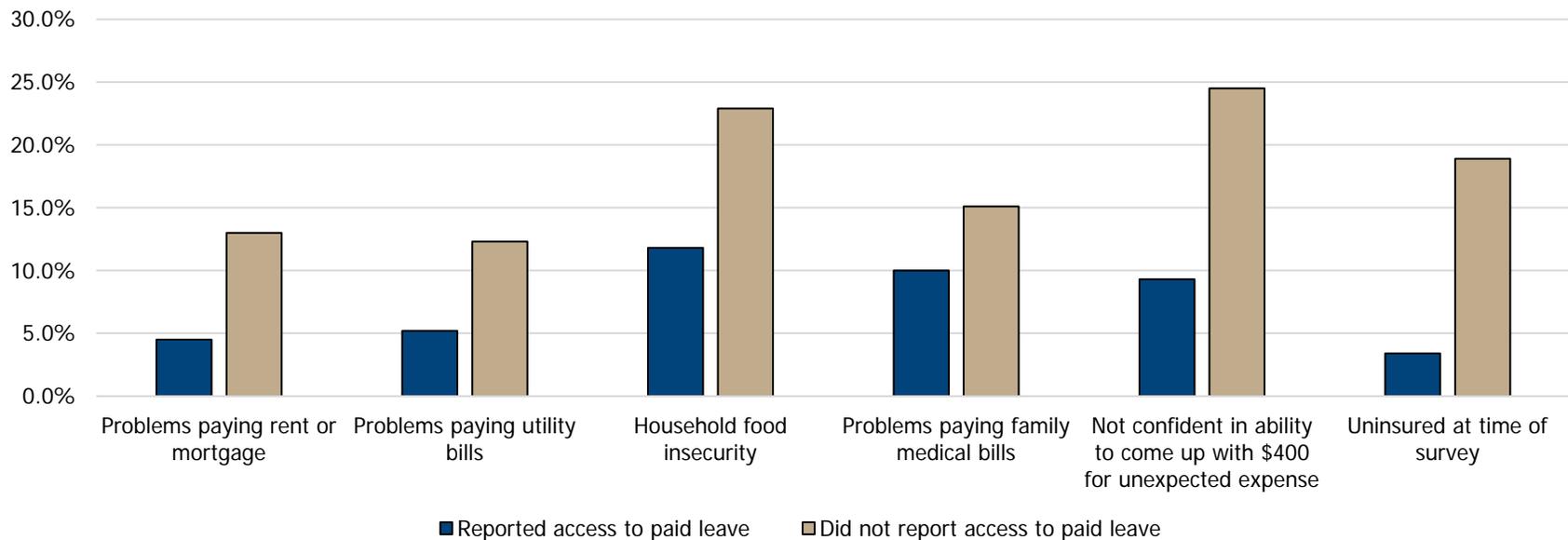
D. Education

E. Exceptions

A. Funding and Contributions

- Private, State and Local employer plans usually require no contributions from employees
 - Instead, costs are managed through specified eligibility requirements and benefit amounts
 - Private employers offering paid leave can also apply for a Section 45S Employer Tax Credit
- State-based programs collect contributions from employees and/or employers through deductions
 - Administrators should be careful that worker contributions do not become burdensome

Material Hardship, Financial Insecurity and Lack of Health Insurance Coverage among Adults Ages 18 to 64 Who Work for An Employer, by Access to Paid Leave



Lack of access to paid leave is heavily associated with material hardship, financial insecurity and uninsurance.

Source: Well-Being and Basic Needs Survey, December 2021. Note: Problems paying the rent, mortgage, utility and medical bills; utility shutoffs; household food insecurity; and unmet needs for medical care because of costs are reported for the past 12 months.

A. Funding Paid Family Leave: Washington

- Washington State PFML Program
 - Premium rate was 0.6% of each worker's gross wages
 - Employers with 50+ employees paid up to 27.24% and employees paid 72.76% (incl. all PFL premiums)
- Overreliance on worker contributions led to projected \$8.7 million deficit.
 - State increased contribution rates from 0.6% to 0.8% of employee wages on Jan 1, 2023*
- Equity Lesson: Plans should not over-rely on worker contributions. Employers should pay a significant share of costs since they also benefit from a more stable workforce.

*<https://apnews.com/article/washington-business-20b6b5d2294de470cc0e5a4b131c7f47>

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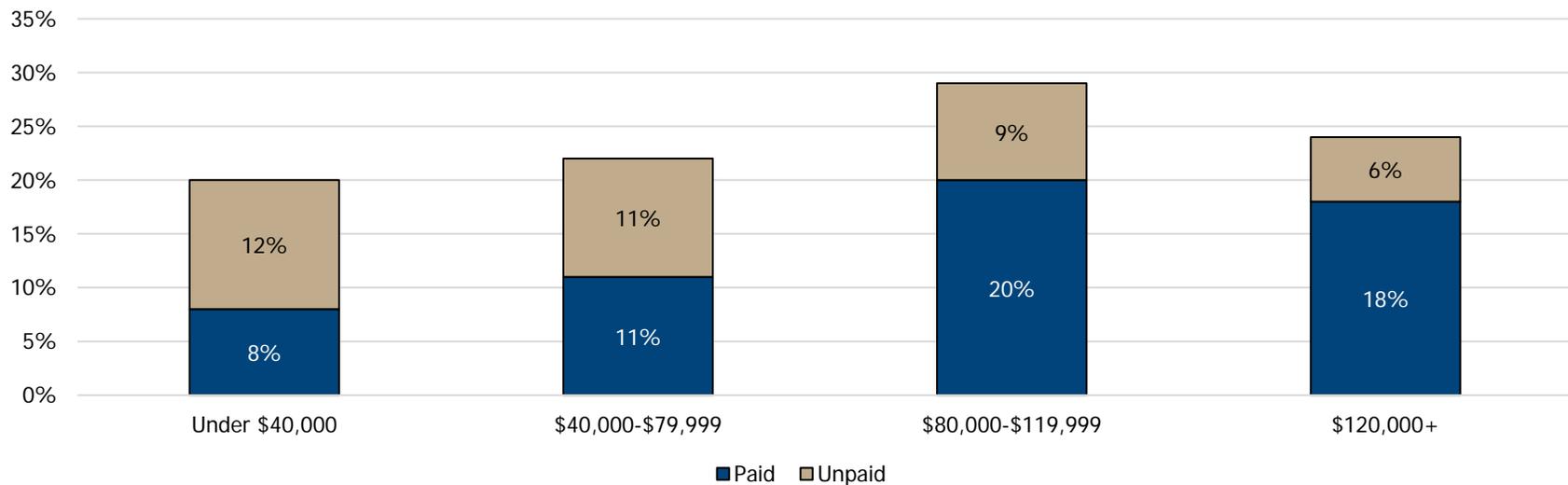
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B. Worker Eligibility and Accessibility

- Common Kinds of Requirements:
 - Months or weeks on the job (e.g., 90 days vs. 1 year)
 - Hours worked in the past year (680 hrs. vs. 820 hrs.)
 - Wages earned in the previous year (\$300 vs. \$13,000)
- Eligibility Requirements balance plan costs against worker access.
 - Administrators should make sure requirements are reasonable given workforce needs and characteristics
 - Equitable design includes low-wage, part-time workers

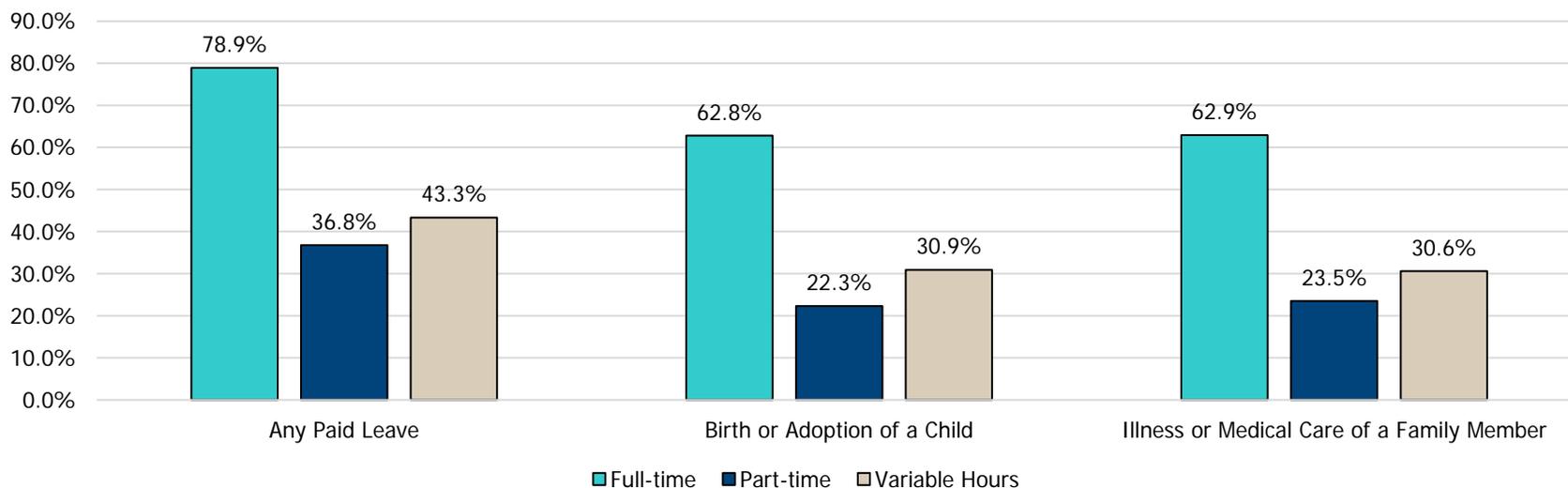
Percentage of workers over 18 who report taking paid or unpaid family leave in the last 5 years, by income



Most lower-wage leave takers received no pay for family leave. Higher-wage workers took more leave and more of it was paid.

"Figure 2.2" in Isabel V. Sawhill, Sarah Nzau and Katherine Guyot, "A primer on access to and use of paid family leave," *Brookings*, Dec. 5, 2019, <https://www.brookings.edu/articles/a-primer-on-access-to-and-use-of-paid-family-leave/>. Source: Authors' calculations using American Family Survey, 2019.

Access to Paid Leave among Workers Ages 18 to 64 Who Work for an Employer, by Usual Hours Worked per Week



Full-time workers report higher access to paid time for family caregiving.^ Women are more likely to work part-time.*

Source: ^Well-Being and Basic Needs Survey; *"Women in the Labor Force: A Databook," BLS, Report 1097, March 2022, <https://www.bls.gov/opub/reports/womens-databook/2021/home.htm>

Note: Full-time workers are those who usually work at least 35 hours per week at their main job.

B. Worker Eligibility and Accessibility

- Qualifying Reasons for Family Leave
 - Birth, adoption, or foster placement
 - Seriously ill family member (spouse, parent, or minor or disabled child)
- Expanded Options to Consider
 - Coverage for bereavement, pregnancy loss or stillbirth and domestic violence/safe leave
 - Expanded family definition (e.g., domestic partners, grandparents, grandchildren, siblings, adult children and chosen family)
 - Broader job protection than FMLA requirements
 - State plan opt-in for self-employed and small businesses

B. Worker Eligibility and Accessibility: Arkansas and California Family Definitions



Arkansas offers 12 weeks of paid parental leave only to “female” state employees with no plans to extend it to other workers.



California PFML includes extended family (though not chosen family). Eligibility requires only \$300 of wages in the previous year.



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A. Funding

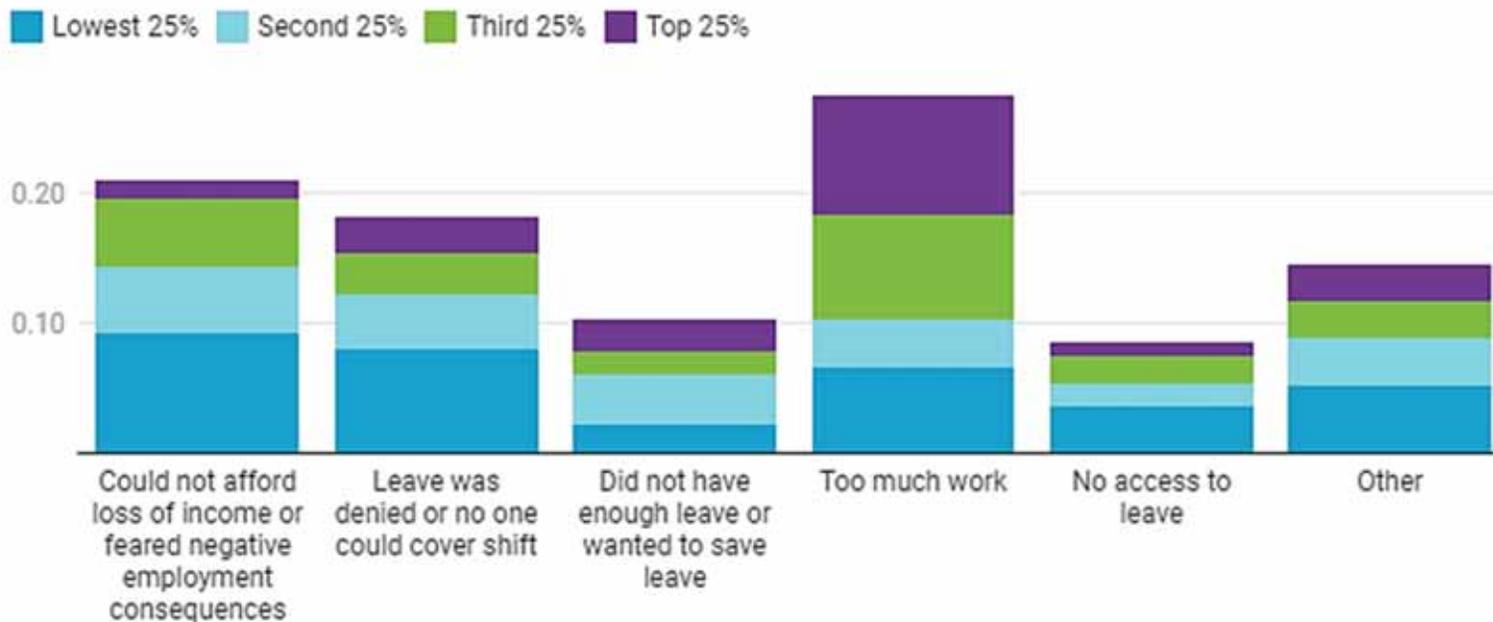
B. Eligibility

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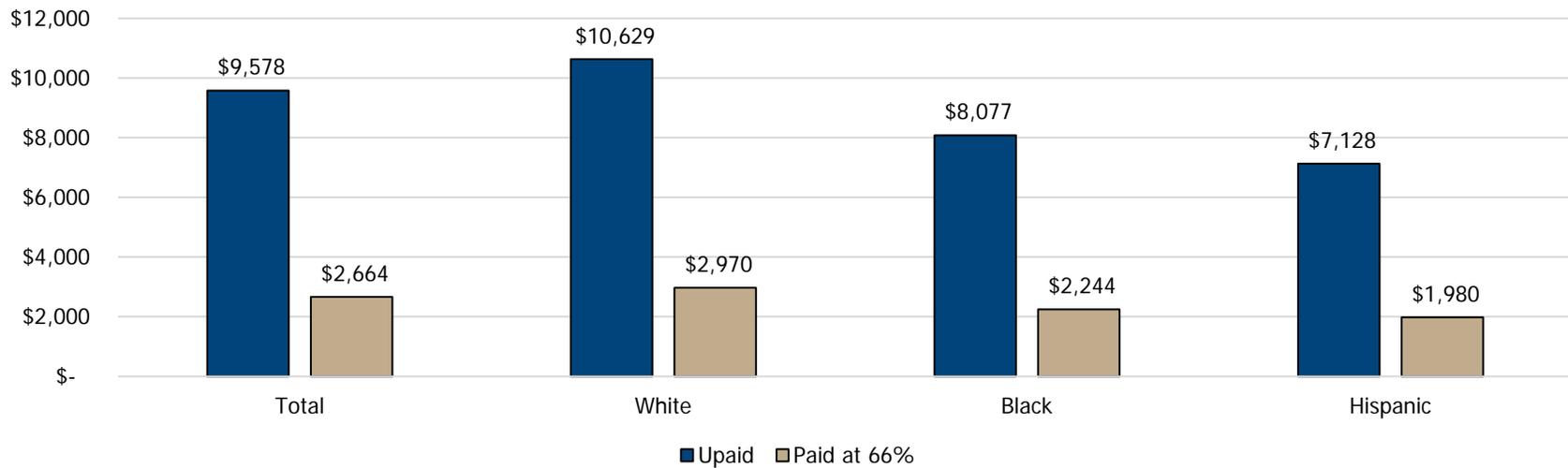
Figure 4: Among those who did not take leave when it was needed, percent who said the reason was...



Many workers don't take leave even if they technically have access.

Isabel V. Sawhill, Sarah Nzau and Katherine Guyot, "A primer on access to and use of paid family leave," *Brookings*, Dec. 5, 2019, <https://www.brookings.edu/articles/a-primer-on-access-to-and-use-of-paid-family-leave/>. Source: Authors' calculations using ATUS, 2017-2018.

Estimated Median Wage Loss in the Event a Full-Year Worker Age 21-64 Needed to Take 12 Weeks of Family or Medical Leave



Unpaid leave means serious financial hardship, especially since caregiving and medical care are incredibly expensive.

Source: Authors' analysis of data from the pooled 2014-2017 Current Population Survey March ASEC. "Making Leave Affordable," *Diversity Data Kids*, Feb. 2018, https://www.diversitydatakids.org/sites/default/files/2020-02/making-leave-affordable_family-act_final.pdf

Notes: The sample for this analysis is working adults, ages 21-64, who worked 50 or more weeks in the previous year and lived in states that have not passed a statewide paid leave law (N=172,078). Working adults living in CA, NJ, NY, RI, WA and DC were excluded because these jurisdictions have implemented or passed statewide paid leave laws. This analysis assumes that only one working adult in a family takes leave. A worker's family does not lose 100% of income during unpaid leave due to the presence of other sources of income or wage earners. Due to data limitations, these estimates do not account for any paid leave benefits provided through employers that could potentially mitigate wage loss. The paid leave scenario is based on the proposed FAMILY Act which provides workers with wage replacement at a rate of 66% of monthly wages up to a maximum amount of \$1,000 per week. Wage loss is presented in 2016 dollars. See [diversitydatakids.org](https://www.diversitydatakids.org) for additional notes.

C. Benefit Amounts and Duration: More Is More!

- Workers need access to at least 12 weeks of job-protected leave in a year, but more is better!
 - Allows workers to balance caregiving and employment
 - 12 weeks of leave is key for parental and child health
- Benefits should cover close to 100% of wages
 - Full wage replacement, a relatively high benefit cap and job protection make paid leave more affordable
 - Graduated replacement rates can control costs and give more to lower-income workers

C. Benefit Amounts and Duration: Municipal Coverage Is Irregular

Louisville, Kentucky

12 weeks paid parental leave

No paid family caregiving leave

100% base salary

Same tenure eligibility requirements as FMLA

Columbus, Ohio

6 weeks paid parental leave

4 weeks paid family caregiving leave

70% of current salary

Same tenure eligibility requirements as FMLA

Virginia Beach, Virginia

3 weeks paid for birthing parent; 2 weeks paid for non-birthing parent

1 week to care for ill parent

100% Base salary

Covers all full-time and part-time city employees

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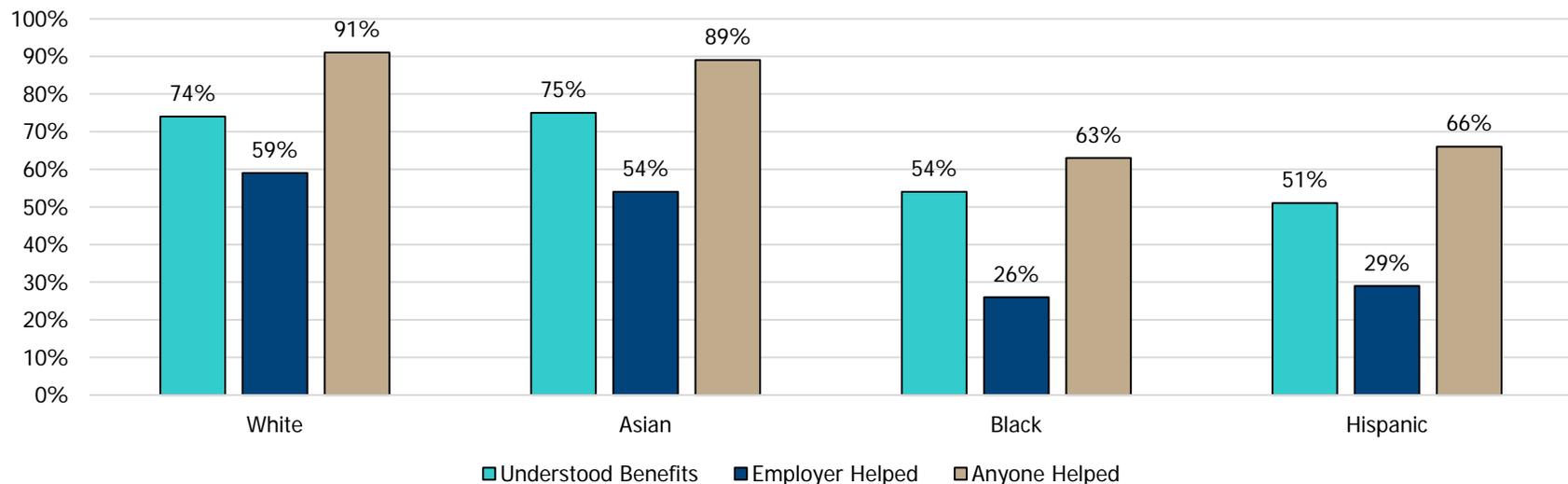
B. Eligibility

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Percent of mothers who understood their maternity leave benefits and sources of information about benefits, by race/ethnicity.



Black and Hispanic women are significantly less likely to understand the maternity leave benefits available to them. They received much less help from anyone to understand benefits, including employers.

Source: Figure 4, Goodman, Julia M et al. "Racial/Ethnic Inequities in Paid Parental Leave Access." *Health equity* vol. 5,1 738-749. 13 Oct. 2021, doi:10.1089/heq.2021.0001
Note: Analysis of women employed during pregnancy from the 2016-2017 Bay Area Parental Leave Study of Mothers

D. Education and Public Outreach

- Education is one of the largest barriers to access for low-income and marginalized workers
 - Workers may not apply if they don't understand eligibility requirements and available benefits
 - Administrators will receive incomplete and ineligible applications instead, adding to admin labor
- Administrators should dedicate time and resources to educating vulnerable workers
 - Use plain, inclusive language (e.g., parental vs. maternity leave) in multiple formats (e.g., online, in orientation, etc.) and multiple languages according to need.

Lessons From New Jersey PFML Program

Use Plain Language and Train Staff

- Use plain language about eligibility, reasons for using PFML and application processes in all public facing materials and hire/train staff who can apply this mindset to all communications work.

Test for Understandability

- Test all public-facing materials with real users— Either by contracting with experts or testing in-house.

Collect Data and Target Outreach

- Develop a few key metrics to summarize program usage along key dimensions (e.g., overall usage among birthing and non-birthing parents, usage by income bucket, usage by geographic area).

Source: Gabriel Zucker, "Implementing Paid Family and Medical Leave: Lessons for State Administrators from Research in New Jersey," *New America*, March 31, 2021, <https://www.newamerica.org/better-life-lab/reports/implementing-paid-family-and-medical-leave/>

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E. Exceptions: Private Plans, CBAs and Opt-Ins

- State-based PFML programs must consider:
 1. Whether private employers and workers covered by Collective Bargaining Agreements (CBA) can opt out
 2. Whether small businesses and the self-employed can opt-in for coverage
 3. How approval, appeals and ongoing oversight and enforcement mechanisms will be established if private plans are allowed.

Five Options for States to Handle Private Plans

Rhode Island and D.C.

- No Private Plan Exceptions

California

- Private plans must offer at least one benefit better than the state plan, 3% of workers

Massachusetts and Most Other PFML States

- Private plans at least equivalent to the state plan, 33% of workers

New Hampshire and Vermont

- Public plan only for state employees, Private and local employers can opt-in for coverage
- <1% of NH private employers participating in first 4 months

Virginia

- Allows private insurers to sell paid leave insurance to employers

III. Conclusion

Key Questions for Paid Leave Accessibility

- How do you ensure lower-wage workers can afford to take leave when they need it?
- How do you ensure benefit requirements are not unreasonably burdensome (by hours/tenure, paperwork/request process, etc.)?
- How do you ensure equitable access across the organizational chart, from management to the lowest-wage, part-time staff?

Key Takeaways

- Paid Family Leave is least available to low-income, part-time and minority workers
- Many workers cannot afford to take leave even if they have access
- 12 weeks of fully paid, job-protected leave should be the minimum available benefit
- Benefits should have low eligibility requirements and cover more than maternity
- Administrators must invest in educating workers about available benefits

**Your Feedback
Is Important.
Please Scan
This QR Code.**

Session Evaluation



Additional Sources on Paid Leave Access

- Sources

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- Bureau of Labor Statistics, National Compensation Survey, March 2022, <https://www.bls.gov/ebs/publications/september-2022-landing-page-employee-benefits-in-the-united-states-march-2022.htm>
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- Center for the Study of Elections and Democracy, American Family Survey 2019, <https://csed.byu.edu/american-family-survey/>

- Research and Analysis

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- “Designing Universal Family Care: State-Based Social Insurance Programs for Early Child Care and Education, Paid Family and Medical Leave and Long-Term Services and Supports,” *National Academy of Social Insurance*, June 2019, <https://www.nasi.org/research/caregiving/designing-universal-family-care-state-based-social-insurance-programs-for-early-child-care-and-education-paid-family-and-medical-leave-and-long-term-services-and-supports/>
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