

Paid Family Leave in the States

BY JACKSON BRAINERD

The composition of the American workforce and family have changed significantly over the last few decades. [Single motherhood](#) and [dual-earner](#) households have been trending upward, and the majority of mothers with young children are now in the labor force. Some fear that this represents a shift toward an increasingly untenable work-life balance for parents who must choose between their livelihoods and being physically present for their kids or family members in need. Given that the United States is the [only](#) industrialized country without a national paid leave mandate, the debate over whether to implement one has grown.

Currently, the 1993 [federal Family and Medical Leave Act \(FMLA\)](#) offers 12 weeks of unpaid, job-protected leave to care for newborns or seriously ill family members for employees who have worked at least a year for a larger employer (50 or more employees). While these protections cover [60 percent](#) of the workforce, [evidence](#) suggests that many eligible employees do not take leave when they need it because they cannot afford it.

There's no shortage of economic [concerns](#) surrounding mandated paid family leave proposals. They include the potential [cost increases](#) employers could experience due to new administrative requirements or covering for employees who take leave, the potential for employees to abuse the program, and the [possibility](#) that employers will avoid hiring women in child-bearing years.

However, proponents of paid family leave justify their proposals by pointing to the potential [long-term economic benefits](#). Families lose [billions](#) in wages by taking unpaid leave, reducing their time at work to care for family members, or by paying for child care. Studies suggest that paid leave leads to [healthier babies](#) who have better outcomes later in life, and enables mothers to stay [better connected](#) to the workforce, which leads to higher earnings.

State Action

Three states—[California](#), [New Jersey](#) and [Rhode Island](#)—currently require paid family leave. In 2016,



New York passed the Paid Family Leave Benefits [Law](#), which will take effect Jan. 1, 2018. A universal [paid family leave](#) measure became law in Washington, D.C., in February 2017, and will take effect on July 1, 2020. The state of Washington passed [SB 5975](#) in July 2017 to commence a paid leave program at the start of 2020.

Table 1 includes an overview of aspects of each state's paid family leave law. Of the three recent enactments, New York's program is [structured similarly](#) to the three states with existing paid leave programs, in that all are administered through pre-existing temporary disability insurance programs and funded via employee payroll deductions. D.C. created a Universal Paid Leave Implementation Fund that will receive monies from a payroll tax on the employees of covered employers and self-employed individuals who opt into the program, while Washington state created a similar Family and Medical Leave insurance account in the state treasurer's office. Of these six programs, only Rhode Island, New York and Washington provide job protections that go beyond those provided by the federal FMLA, which means that in the other three states, employees of smaller employers might be discouraged from taking leave as they have no job security guarantee.

Did You Know?

- [Fourteen percent](#) of U.S. civilian workers have access to paid family leave.
- Among Organisation for Economic Co-operation and Development ([OECD](#)) countries in 2011, the median number of weeks of paid leave given to mothers was [42](#).
- [Seven states](#) and D.C. require paid sick leave.

Table 1: Paid Family Leave Program Structure

	California	New Jersey	Rhode Island	New York	D.C.	Washington
Program Financing	Payroll deduction of 0.9% from employee wages. Capped at wages above \$106,742 per year	Payroll deduction of 0.08% from employee wages. Capped at wages above \$32,000 per year	Payroll deduction of 1.2% from employee wages. Capped at wages above \$66,300 per year	Payroll deduction from employee wages, up to a maximum set by the Department of Financial Services	Payroll deduction of 0.62% from employee wages	Payroll deduction of 0.4%. Employees pay 67%, employers pay 33%. Employers with fewer than 50 employees are exempt from their portion. Adjusted annually.
Wage Replacement Amount	55% of worker's average weekly wage; maximum of \$1,129 per week in 2016	66% of worker's average weekly wage; maximum of \$615 per week	4.62% of wages paid during highest quarter of worker's base period (roughly 60 percent of worker's average weekly wage); capped at \$795 per week	50% of worker's average weekly wage in 2018, rising to 67% in 2021	Formula depends whether employee earns an average weekly wage greater than 150% of the D.C. minimum wage, up to a weekly maximum of \$1,000	90% of wages earned below the state average weekly wage, 50% of wages earned above the state average weekly wage.
Length of Family Leave	Six weeks	Six weeks	Four weeks	Eight weeks for family leave in 2018, increasing to 12 by 2021	Six weeks for family care leave, eight weeks for parental leave	12 weeks
Family Members Covered	Child, parent, parent-in-law, grandparent, grandchild, sibling, spouse, registered domestic partner	Child, parent, spouse, registered domestic partner, civil union partner	Child, parent, parent in-law, grandparent, spouse, registered domestic partner	Child, parent, parent in-law, spouse, domestic partner, grandchild, grandparent	Worker's child, parent, parent-in-law, domestic partner, sibling, grandparent	Child, grandchild, grandparent, parent, sibling, spouse, domestic partner

Sources: Brookings/AEI, A Better Balance, National Partnership for Women and Families, NCSL analysis of state law

Data from the existing state programs provide helpful insight for other states considering paid family leave. In all three states, most paid leave claims have been filed by women, usually to care for newborn babies. Lower-income workers file paid leave claims at a lower rate than higher-income workers, and employees of larger companies tended to file more claims than those from smaller firms. The lower participation of low-income workers might be due, in part, to wage replacement benefits not robust enough to support time off. Another explanation for lower rates of participation among employees of smaller firms is a lack of program awareness. In a survey of Rhode Island employees who experienced life events that qualified them for paid leave benefits, only 51.4 percent knew the program existed.

At least 19 states have proposed legislation to establish paid family leave programs in 2017, and there have been less expansive efforts to bring paid leave to more workers as well. At least four states proposed tax credits for employers who provide paid family leave as a benefit. At least 10 states currently provide paid leave for state employees; Arkansas passed a measure to do so in 2017, and similar measures were proposed in at least six other states.

Federal Action

While part of the push for paid family leave at the state level is undoubtedly due to congressional inaction, several different approaches to paid family leave have been put forward at the federal level. President Trump's FY 2018 budget proposes six weeks of paid leave to mothers and fathers, which White House officials project would cost \$25 billion over 10 years. It would be run through the Unemployment Insurance (UI) system, paid for via reforms to the UI system, and would require states to build up and run paid leave programs through their own UI systems, many of which are currently insolvent.

The Family and Medical Insurance Leave (FAMILY) Act has been proposed in the House and Senate to establish 60 days of paid leave at a wage replacement rate of 66 percent, using a 0.2 percent payroll tax on employees and employers.

An alternative House proposal to paid leave would allow employees to make contributions to tax-free savings accounts, which could then be used when the employee takes parental leave. Similar legislation was also proposed in Oregon and Minnesota.

Additional Resources

[AEI-Brookings Institute Working Group, Paid Family and Medical Leave Paper](#)

[A Better Balance, Overview of Paid Family Leave Laws Review](#)

[California Paid Leave 10-Year Report](#)

NCSL Contact

Jackson Brainerd
(303) 856-1346