Written Testimony before the
U.S. House of Representatives
Committee on Ways and Means

Hearing Entitled "Legislative Proposals for Paid Family and Medical Leave"
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January 28, 2020

This testimony is based on our decade-long project researching the experience of California with Paid Family Leave (PFL). In 2004, California became the first state to implement a paid family leave program. The state is one of five (along with New York, New Jersey, Rhode Island and Hawaii) that has had paid medical leave in the form of temporary disability insurance for workers since the 1940s. Nearly every private-sector worker in the state of California is covered by these programs. In 2003-2004, prior to implementation of the new paid family leave law, and again in 2009-2010, we surveyed California employers first about their expectations and later about their experiences with paid leaves.[1] The 2009-2010 employer survey included 253 establishments, drawn from a Dun and Bradstreet database.

Prior to the passage of the legislation that created California's PFL program, opponents of the program lambasted it as a "job-killer," with potentially catastrophic effects on businesses in the state. The business community was vehement in its opposition to PFL, predicting that it would impose extensive new costs on employers, and impose a particularly serious burden on small businesses. Some also expressed concern about the potential for abuse of the program by workers who would take advantage of the program even if they lacked a legitimate need for family leave.

Our 2009-2010 survey of California employers, however, suggests that these widely expressed fears did not materialize. After more than five years' experience with PFL, the vast majority of employers in our survey reported that it had minimal impact on their business operations.

[1] E. Appelbaum and R. Milkman. 2011. 'Leaves that Pay: Employer and Worker Experiences with Paid Family Leave in California.' http://cepr.net/publications/reports/leaves-that-pay

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The key findings of the survey can be summarized as follows:

- The business community's concerns prior to passage of the PFL legislation, that it would impose extensive new costs on employers and involve a particularly serious burden for small businesses, were unfounded. After more than five years' experience with PFL, the vast majority of employers reported that it had minimal impact on their business operations.

- Most employers reported that PFL had either a "positive effect" or "no noticeable effect" on productivity (89 percent), profitability/performance (91 percent), turnover (96 percent), and employee morale (99 percent).

- Small businesses were *less* likely than larger establishments (those with more than 100 employees) to report any negative effects.

- Employers raised strong concerns prior to implementation about abuse of the program. However, the vast majority (91 percent) of employers responding to the survey said "No" when asked if they were "aware of any instances in which employees that you are responsible for abused the state Paid Family Leave program."

Employers also expressed concern, prior to implementation of PFL, about how work would be covered and about the additional costs associated with covering the work of absent employees. In the survey, the great majority of employers reported no such cost increases, because they typically covered the work of employees on leave by assigning the work temporarily to other employees. For covering the work of exempt workers on leave, this was the most common method, cited by nearly all (96.6 percent) employers surveyed. And nearly two-thirds (63.3 percent) of employers surveyed used this method most often in covering the work of non-exempt employees on leave, while for most of the rest the most common method was to hire temporary replacements to cover the work. Most employers (86.9 percent) indicated that the introduction of paid family leave had not resulted in increased costs associated with covering the work of absent employees.

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In our fieldwork, which included visits to worksites and interviews with managers and employers in a variety of industries and locations around the state, we found that every establishment had developed systematic (and often quite ingenious) methods for covering the work of employees who were out on leave. Paralleling what we found in the survey, most of the employers we visited assigned the work temporarily to other employees, with the second most common method being the hiring of temporary replacements to cover the work.

But this apparent homogeneity of approaches obscures a rich variety of arrangements for covering the work of employees during both brief and more extended absences that we observed in our site visits. Those arrangements are briefly described in our report, *Leaves that Pay*,[2] and in greater detail in our book, ***Unfinished Business***.[3] Here we reproduce just a few examples:

In some settings, like a factory assembly line or a hospital, full coverage for all positions is needed 100 percent of the time. A hospital we visited provides one example where coverage was imperative, and where the work involved was highly skilled. The hospital maintained a "voluntary extra shift list" of nurses and nursing assistants, who indicate the days they are available to work overtime. The hospital encourages this by paying well above the legally mandated rate for overtime. In one manufacturing firm we visited, by contrast, machine operators work in teams, and co-workers cover the work of absent team members.

At the other end of the spectrum, as in many office settings, work often can be covered by co-workers, with less urgent tasks put on hold and others taken over by the staff who remain. In one such worksite we visited, the corporate headquarters of a food manufacturing company, it was standard practice to simply put some work on hold until the absent employee returned, while co-workers covered the most urgent tasks.

[2] Ibid.
[3] R. Milkman and E. Appelbaum. 2014. *Unfinished Business: Paid Family Leave in California and the Future of U.S. Work-Family Policy* (Ithaca: Cornell University Press)

In retail chain stores and in agricultural work, where turnover is very high and hiring is therefore virtually continuous, we observed that leaves could be handled especially easily, since an employee's temporary absence could be covered by one of the many new hires that are steadily being made; and when leave-takers return to work, there is sure to be a position available.

In contrast, for jobs that require extensive training so that very few people are able to take over for someone who is absent, managing leaves presents a greater challenge and managers must be more inventive. For example, at a law firm we visited, where continual coverage of support staff positions is essential, management maintained several floaters on the regular staff, drawing on temps as a last resort. At a biotechnology company we visited, cross-training ensured that many professional and managerial employees could cover for one another during absences as needed. When this was not practical, the company employed contractors and consultants who periodically worked for the firm and are generally familiar with its operations.

A small branch of a restaurant chain employed twenty-four non-exempt workers, four of them students who work part time and can be called on to fill in when full-time staff members are unavailable. We saw many more interesting examples, detailed in our book.

What is most notable here is that, in virtually all the establishments we visited, managers had crafted effective solutions of one sort or another to the problem of covering the work of absent employees. Most were able to do so with little difficulty or expense, although sometimes there were costs in premium overtime pay or fees to temp agencies. In our survey of California employers, about 13 percent reported such costs, but nearly 87 percent reported no increase in costs to cover the work of employees on paid leave.

We found in our interviews, moreover, that having contingency plans in place for such events is a business necessity, entirely apart from the question of family leave. Managers constantly face the possibility that an employee may quit precipitously, become incapacitated and unable to work, go on a military leave, take an extended vacation, and so forth. Under all these circumstances, many of which occur on a regular basis, the work of the absent employee needs to be covered. As a result, all employers have long since established mechanisms for ensuring that work will be performed during employee absences—mechanisms they can deploy when employees go on leave to care for a new child or seriously ill family member, as well as for other types of absences.

Paid leaves also reduce turnover. Companies often offer paid leaves to more highly paid employees for just that reason. The California program provided access to paid leave for hourly employees who previously lacked it, reducing turnover and the associated costs. For this group, our survey found, 82.7 percent of those who used the paid leave program returned to work at the end of their leave with the same employer, compared with 73.9 percent for those who did not use the program – a difference of almost 9 percentage points. This suggests that California's PFL program provides an important benefit for employers, especially smaller employers that want to retain workers but may be unable to afford high levels of wage replacement for workers who need to take a family leave.

We also conducted several surveys of California employees who experienced an event that made them eligible for a family or medical leave, whether or not they actually took the leave. The 2009-2010 survey included 500 individuals employed in California and was conducted in Spanish and English. Although it was not a representative sample, but rather one designed to capture individuals who were potentially eligible for paid family leave, the employee sample was demographically diverse in regard to age, gender, race and ethnicity, and immigrant status. It included workers across the economic spectrum as well, in regard to education and income.

Respondents to our 2009–10 survey who had utilized the California PFL program when they took a leave from work to bond with a new child or to care for a seriously ill family member reported better economic, social, and health-related outcomes than those who did not use the program. Those who took up PFL had higher levels of wage replacement, were able to take longer leaves, and were more satisfied with the length of their leaves. In addition, paid leave enhanced workers' ability to care for their children or ill family members and, for those in lower paying jobs, increased the likelihood of returning to work with the same employer.

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Here are the key findings of the employee survey:

- Access to employer-provided benefits was far greater for some workers than others. Exempt employees (mainly managers and professionals) had more access than non-exempt employers, male employees had more access than female, and those in higher-quality jobs (defined as those that pay over $20 per hour in 2010 and include employer-provided health insurance) had more access than those in low-quality jobs.

- Nearly a third of respondents who were aware of the paid leave program but did not apply for it when they needed a family leave, for whom data are available, reported that they felt the level of wage replacement was too low.

- Many respondents who were aware of PFL but did not apply for the program when they needed a family leave feared that using it might have negative consequences for them at work. About 37 percent of this group were worried that if they took paid leave, their employer would be unhappy, that their opportunities for advancement would be affected, or that they might actually be fired. Caution should be used in interpreting these data as the number of employees who knew about the program but did not use it was limited, and respondents to the survey are not representative of the larger population of workers. Still, it is striking that so many of the reasons cited by respondents involved concerns that applying for paid leave would have negative consequences for them at work.

- Use of PFL greatly increased the level of wage replacement during family leaves for respondents in lower-quality jobs: 84 percent of those in lower-quality jobs who used paid family leave received at least half of their usual pay while on leave, compared with 31 percent of those in similar jobs who did not use PFL.

- Among workers in lower-quality jobs, 97 percent of those who used the paid leave program were satisfied with the length of their leave, compared to 73 percent of those who did not use the program.

- Use of paid family leave positively affected respondents' ability to care for a new baby or adopted child. Among workers in lower-quality jobs who used paid family leave for bonding leaves, 91 percent reported a positive effect on their ability to care for the new child, compared with 71 percent of those who did not use the paid leave program; 72 effect on their ability to arrange child care compared to 49 percent of those who did not use PFL.

Inequalities between "haves" and "have-nots" in the United States have grown steadily in recent decades. One result has been rapid expansion in lower-wage jobs that provide minimal pay and typically have few or no benefits. At the other end of the spectrum, professional and managerial workers not only are better paid, but also typically have access to an array of employer-provided benefits that can be used to obtain wage replacement during parental and other family-related leaves. The promise of paid family and medical leave is to provide access to paid leave to workers who have no other means of obtaining it. As California's experience shows, paid leaves have more than proven their worth.

Despite fears expressed by opponents of the program that paid leaves would create a heavy burden on California employers, our findings suggest that they seem to have had little difficulty adjusting to it. Five and a half years after PFL began operation in the state, the vast majority of employers we surveyed reported positive effects or no effect at all on their productivity, profitability, or performance. Predictions that small businesses would find it especially difficult to adapt were not borne out. Cases of abuse of the paid family leave program were rare—the vast majority of employers reported that they knew of no cases in which any of their employees had abused the program. A few employers did report higher costs due to the need to hire temporary replacements for employees who took family leave, or to provide overtime pay to their co-workers. But most employers reported that they covered the work of those on leave by reassigning it to other employees, at little or no cost.

The use of paid family leave is also associated with better economic, social, and health outcomes for workers and their families. Wage replacement levels were higher for workers who used the paid leave program than for those who did not, especially among workers in lower-quality jobs. Workers in low-quality jobs who used PFL were more likely than those who did not to return to the same employer after a family leave, were more satisfied with the length of their leave, were better able to care for seriously ill family members, and were better able to care for newborns and to make child care arrangements.

In short, as our research documents, the California experience shows that paid family leave has substantially benefited workers and has had minimal impact on businesses. The same is likely to be true of the FAMILY Act, which differs in some details but takes a similar approach to the problem.