

# PAID FAMILY & MEDICAL LEAVE IN PENNSYLVANIA

A Summary of Research Conducted by the PA State Department of Labor and Industry  
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# INTRODUCTION

The birth of a child. A cancer diagnosis or a spouse’s chemotherapy treatment. An elder who needs post-op care. A child struggling with an opioid addiction and in need of support through rehabilitation and recovery. Each requires a worker to take temporary time off from work. And while almost everyone will experience this type of event during the course of their work life, the United States is one of the few developed nations in the world that does not provide any guarantee of paid family or medical leave.

In August 2016, the Pennsylvania Department of Labor was awarded a \$250,000 grant from the U.S. Department of Labor to support research and analysis on the implementation of a state paid family and medical-leave program. Currently, in states without paid family and medical leave programs, the costs associated with taking time off from work for a serious own-health condition, to bond with a new child, or to care for an ill relative are born by the individuals that take those leaves and their employers. A moment like those described above can often result in the loss of a job and a family’s slide into poverty. Which is economically devastating for workers, employers, and the commonwealth.

In Pennsylvania, workplace policies that provide support to those who care for aging family members is especially important because the Commonwealth has the fourth oldest population and the fifth most residents over age 65. We know that elders have improved health outcomes when a family member can provide them with post-op care, yet our workplace policies have yet to catch up with this critical public health need.

The Commonwealth’s concerns about the growing opioid epidemic also intersect with this issue. When a worker enters into rehabilitation services for their own addiction, without paid leave, they might lose their job or at the least have to take unpaid time off from work during their weeks of rehabilitation and recovery. This can make the individual economically fragile when they leave rehabilitation services. Additionally, with increased access to paid family leave, more family members would have the ability to care for family members during their recovery time after being released from rehabilitation services.

Unfortunately, only 14% of all U.S. workers have access to paid family leave from their employers, 38% have access to short-term disability leave, and 68% have access to paid sick leave. Low-wage, poor, black, Latino, and young workers, and those at small employers, are the most disadvantaged by the lack of a universal paid leave program because they are the least likely to currently be covered by these forms of wage replacement.

Several states have developed their own systemic solutions to this critical problem inhibiting economic growth. California, Washington, New York, New Jersey, Rhode Island, and Washington D.C. have all passed legislation developing state Paid Family and Medical Leave Insurance Funds. Under a statewide paid leave program, the cost of covered wages are spread across the workforce, with paid leave made available to all workers that meet eligibility requirements and without the cost burden placed solely on the shoulders of corporations.

Pennsylvania benefits from other states’ previous experiences developing these programs which present a distinctly new, family and business sustaining model for how to provide access to paid leave to employees and employers throughout a state. **Paid Family and Medical Leave Insurance Funds do not require employers to bear all expenses for their employees’ family and medical leave. Instead, existing PFMLI programs are financed primarily through employee payroll deductions of less than one percent of employee wages.**

These state funds ensure small businesses, many of whom currently cannot afford to offer this benefit on their own, can compete with large companies to recruit and retain top tier talent. Because many companies located in Pennsylvania also conduct business and have corporate locations (and employees) in the other Northeast states that now have PFMLI, it makes financial and competitive sense for our state to explore the possibility of developing a similar state-level paid family and medical leave insurance fund in order for to remain competitive.



The birth of a child. A cancer diagnosis or hip replacement. A parent, spouse, or child with a serious illness. Each requires a worker to take an extended period of time off from work. And while almost everyone will experience this type of event in their work life, the United States is one of the few developed nations in the world that does not provide any guarantee of paid parental or medical leave.



## OUR GOALS

In the states where Paid Family and Medical Leave Insurance (PFMLI) funds are in place, they have proven to be a cost-effective tool to increase job retention, benefit corporate performance, and improve health outcomes for workers and families. With the ability to support infant care, elder care, veterans' families, and families struggling with our current opioid crisis, this is a model with broad and urgent public support.

The goal of this research report was to gather national research as well as provide local decision makers with Pennsylvania specific data and cost analysis in order to design the best model for the Commonwealth. With the grant from the U.S. Department of Labor, the Pennsylvania Department of Labor and Industries worked with an Advisory Board which included Community Legal Services of Philadelphia, Keystone Research Center, PathWays PA, PA AFL-CIO, PA Chamber of Business and Industry, PA Department of Aging, PA Department of Health, PA Department of Human Services, PA Office of the First Lady, PA Commission for Women, Women and Girls Foundation, Women's Law Project. The State contracted Professors Randy Albelda and Alan Clayton-Matthews to conduct a cost benefit report exploring how a PFMLI program could work for Pennsylvania. The full report can be found on the Department of Labor and Industry website. The full report includes a detailed analysis exploring costs of benefits paid, number of leaves, leave lengths by gender, and the percent of workers with wage-replacement for family and medical leaves in Pennsylvania currently, and with four variations of wage reimbursement. In addition, the state contracted Lake Research Partners to conduct public opinion research to gauge public interest and support for a program like this in the Commonwealth. This document captures key findings from that report, which can be found at [www.paidleaveforpa.org](http://www.paidleaveforpa.org)

# KEY FINDINGS

## THERE IS STRONG PUBLIC SUPPORT FOR A STATEWIDE PROGRAM TO GUARANTEE ACCESS TO PAID FAMILY AND MEDICAL LEAVE\*

Across gender, age, educational attainment level, household income level, marital status, parental status, multigenerational households, and employment status, Pennsylvania adults strongly favor the program.

With and without contextual information about PFMLI, a majority of Pennsylvania adults believe it is very important for Pennsylvania to establish a program to guarantee access to paid family and medical leave.

78%  
FAVOR  
64%  
STRONGLY  
FAVOR

## A MAJORITY OF EMPLOYERS FAVOR CREATING A STATEWIDE PROGRAM TO PROVIDE PAID FAMILY AND MEDICAL LEAVE TO EMPLOYEES\*

56%  
FAVOR

More than two-thirds (69%) of employers currently do not offer paid family and medical leave to their employees. Of those who do not offer leave, a majority cite the financial burden offering such leave would have on their company as the primary barrier to offering wage reimbursement to their employees.

35%  
STRONGLY  
FAVOR

The smaller the business, the less likely it is to offer paid leave to its employees.

These findings reinforce how a state paid family leave insurance fund could relieve cost burdens from employers and provide an affordable way for all businesses to provide an important benefit to their employees.

## IN STATES WITHOUT PFMLI, INDIVIDUAL WORKERS AND EMPLOYERS BEAR THE MAJORITY OF THE COSTS

When there is no national or state paid leave plan in place, employers must find a way to finance paid leave plans on their own.

While large corporations can afford to offer these competitive benefit packages to their employees, small and mid-size companies cannot afford these plans on their own, putting main street businesses at a significant disadvantage.

When employers cannot afford to offer paid leave programs, workers struggle financially on unpaid leave, or struggle with the extra duty of caregiving while working, which can greatly affect job productivity.

## WHAT IS A PAID FAMILY AND MEDICAL LEAVE INSURANCE FUND?

A Paid Family and Medical Leave Insurance (PFMLI) fund provides all eligible workers with the ability to earn a portion of their pay while they take time off work to care for themselves or a loved one.

PMFLI funds do not require employers to bear all expenses for their employees' family and medical leave. Instead, existing PFMLI programs are financed primarily through employee payroll deductions of 0.4% to 1.2% of employee wages.

*\*Lake Research Partners (LRP) was commissioned to conduct opinion research on Pennsylvania residents and employers across a spectrum of various demographics, industries, geography, and business size. For more details and full report visit [www.paidleaveforpa.org](http://www.paidleaveforpa.org)*

# ADVANTAGES FOR EMPLOYERS

Ten years of analysis from the California paid family leave program indicate that businesses have saved money due to lower rates of employee turnover. Businesses of all sizes reported positive outcomes, but small businesses – those with fewer than 50 employees – reported the most positive effects.

## REDUCED INDIVIDUAL COSTS TO WORKERS AND EMPLOYERS & INCREASED JOB RETENTION

By spreading costs across the entire covered PA workforce, state paid family and medical leave insurance funds remove the pay burden from employers while leveling the playing field for small and mid-size companies to retain talent.

The cost analysis in this report finds that the average annual cost per covered worker ranges from \$123 to \$281 per year

(based on a worker who earns \$35,000 per year). The payroll contribution rate ranges from 0.672 of one percent to 0.295 of one percent for covered workers.

In Pennsylvania, nearly 95% of business establishments employ less than 50 workers.

Increasing access to paid family leave can help increase job retention rates.

Small businesses often have trouble matching the more generous leave benefits offered by larger employers, sometimes resulting in a hiring disadvantage. When paid leave is administered through a paid leave insurance program, small businesses benefit in particular because the cost of leave is shared.

California has had a state paid leave and medical insurance fund in place for more than 10 years. A survey of 253 employers affected by California's paid family leave initiative found that more than 90% reported either no noticeable or a positive effect on profitability, turnover, and morale.

In California, although all employers reported positive outcomes overall, small- and medium-sized businesses (those with fewer than 50 employees and those with 50 to 99 employees) reported the most positive outcomes, even more than larger businesses (100+ employees).



WITH AN FMLI PROGRAM,  
WHICH WORKERS HAVE  
ACCESS TO PAID LEAVE?

Under the FMLI programs in other states, workers have access to paid leave regardless of gender. The programs cover most or all private-sector employers, and self-employed individuals can opt-in.





93%

*Parents with access to paid leave “are 93% more likely to be working at 9-12 months post-partum than are those who did not take any leave.”*

#### WHY IS PAID LEAVE GOOD FOR WORKERS AND FAMILIES?

Paid family and medical leave allows workers time to address their own serious health conditions and to tend to their family caregiving responsibilities, including caring for a spouse or an aging parent, without risking financial instability. Research demonstrates that when workers have access to paid family and medical leave, the health and well-being of parents and children is improved. Having access to paid leave also means that families are less likely to use public assistance.

#### DECREASED INFANT AND MATERNAL MORTALITY RATES

Several studies have shown paid leave is connected to a range of health benefits including reduced rates of postpartum depression, increased breastfeeding and routine infant checkups and immunizations. Fathers, too, stand to gain, with some research suggesting they develop stronger bonds with their children when they can afford to stay home.

## WHAT ARE SOME EXAMPLES OF TIMES WHEN WORKERS MIGHT NEED TO ACCESS THE FAMILY AND MEDICAL LEAVE INSURANCE FUND (FMLI)?

- A new infant arrives and the worker needs time to care and bond;
- A veteran and their family are struggling with PTSD;
- An elder parent has broken a hip and needs a few weeks of post-op support;
- A sibling needs several weeks of chemotherapy;
- A spouse is recovering from a heart attack;
- A child with autism or asthma is having a health crisis;
- A loved one is coming home from a rehabilitation clinic and needs support and care; or
- A worker has a serious injury as a result of an automobile accident and is in need of several weeks of rehabilitation services.



# STRENGTHENING THE ECONOMIC SECURITY OF FAMILIES

When workers do not have access to paid family or medical leave, and a new infant arrives or family illness occurs, the financial consequences are that a worker will lose their job or take unpaid family leave.

Women, low-wage workers and people of color are among those most disadvantaged by the current lack of employer-paid leave.

Women who are family caregivers are 2.5 times more likely than non-caregivers to live in poverty and five times more likely to receive Supplemental Security Income (SSI).

This often results in that worker being paid in public dollars, most directly in the form of public assistance.

According to a 2000 survey of family leave-taking, almost one-tenth of workers using unpaid FMLA leave after the birth of a child used public assistance during their leave.

Women who take paid leave are 39% less likely to be on public assistance the year following the child’s birth.

Women who take paid leave report using \$413 less in public assistance on average in the year following the child’s birth compared to women who take no leave.

Those whose paid leaves are 30 days or more are 43% less likely than non-leave takers to have higher public assistance income in the year following the child’s birth than they had in the year prior to the child’s birth.

**In the PA Paid Leave Report, one of the models for wage replacement involved a “sliding scale”. This model is highly recommended in order to make the program accessible to the most workers. A replacement rate “sliding scale” model ensures that a state insurance fund is accessible to low-income workers, who cannot afford to take advantage of the program if a flat percentage wage replacement rate model is used.**

**The state can receive maximum benefit from helping workers remain independent from public subsidies if all workers can be supported by the wage replacement model of the PFML.**



Studies show that paid leave is an important factor in employee recruitment and retention. A 2011 survey of 200 human resource managers found that two-thirds named supportive work-family policies as the most important factor in recruiting and retaining employees.

Research suggests that fathers develop stronger bonds with their children when they are able to stay home to take care of them.

**89%**  
*of U.S. fathers indicated it was important for employers to provide paid paternity or paid parental leave. (60% rating it very/extremely important.)*

## INCREASED ELDER CARE FROM AND FOR FAMILY MEMBERS AND SUPPORT FOR CAREGIVERS

Pennsylvania has one of the oldest populations in the country. Nearly 25% of Pennsylvania’s population are aged 60 and older; with 300,000 aged 85 and older.

Nationally, 78% of seniors living at home and in need of care depend on family and friends as their only source of support.

A 2010 MetLife study, that include the University of Pittsburgh, indicated that 60% of family caregivers in the U.S. are employed.

Adults receiving care from their family report better health outcomes from a variety of conditions, including heart attacks and strokes.







# CONCLUSION

A Paid Family and Medical Leave Insurance Fund can provide broad coverage for employees, utilize an inclusive definition of family members, recognize diverse family structures, and provide flexibility in leave usage for workers and employers. This model also can help decrease income inequality by increasing access to paid leave to women, people of color, and low-income individuals and decrease the competitive gap between businesses as this model especially benefits small and mid-size businesses. We are encouraged by the positive reports from businesses in the states that have had PFMLI in practice for over a decade and from the positive interest in this new model from employers in our own state.

The research on health outcomes and impacts is especially promising. Over the last decade we have continued to see increases in infant and maternal mortality rates and post-partum depression. Elder care is of critical concern to our state as is the growing opioid epidemic. If the development of a state Paid Family and Medical Leave Insurance Fund can help families remain economically stable and independent while providing them the time they need to heal from a new birth, or to take care of an elder or other family member in need of a few weeks of at home post-hospital rehabilitation, the savings to the state could be in the billions of dollars over time. But the immeasurable impact will be in the lives saved and the lives improved by this singular piece of public policy that can have the ability to impact so many lives and so many businesses.

## HELP FAMILIES STRUGGLING WITH THE OPIOID CRISIS

Families across the Commonwealth continue to face the effects of the recent opioid epidemic.

People struggling with addiction need time away from work in order to seek treatment, yet most do not have access to paid medical leave.

The opioid epidemic also affects family members who are not using the drug, as the burden of caring for an addicted loved one or their children often falls on family members.

The immediate weeks after being discharged from rehabilitation clinics can be the most dangerous. Individuals often overestimate the amount of drugs their body can withstand. If they do not have a family member available during this time, they may relapse and disregard their lowered tolerance. This tragically often results in fatal overdoses.

Increasing access to paid family and medical leave to more workers can result in more families having the support they need during times of treatment and recovery, and help decrease overdose deaths.

# 70%

*Nationally, more than seventy percent of employers say they have been affected by prescription drug use among their employees.*





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The following organizations served on the advisory board for the research conducted by the PA State Department of Labor and Industry.

To view the full DOL report visit:

[https://www.dol.gov/wb/media/Pennsylvania\\_Final\\_Report.pdf](https://www.dol.gov/wb/media/Pennsylvania_Final_Report.pdf)

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