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### Comments

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## INTERACTION OF GENDER WITH HOUSEHOLD DECISION-MAKING PEER EFFECTS<sup>‡</sup>

### Trends and Disparities in Leave Use under California’s Paid Family Leave Program: New Evidence from Administrative Data<sup>†</sup>

By SARAH BANA, KELLY BEDARD, AND MAYA ROSSIN-SLATER\*

Many Americans, and especially working parents, report that work-family balance is a challenge.<sup>1</sup> Paid family leave (PFL) is designed to address this challenge by providing time off from work with partial wage replacement to new parents and other caregivers. Yet the United States remains the only OECD country without a national PFL policy, and only 14 percent of private sector workers have access to PFL through their employers.<sup>2</sup>

In July 2004, California enacted the country’s first state-level PFL policy (CA-PFL), which provides six weeks of leave and is financed through employee payroll taxes; since then, four other states (New Jersey, Rhode Island, New York, Washington) and Washington, DC have followed suit.<sup>3</sup> We use a new source of

linked population-level administrative data from the California Employment Development Department (EDD) to offer evidence on trends and disparities in CA-PFL use during the first decade of the policy.<sup>4</sup> We show that CA-PFL take-up for both bonding with a new child (hereafter, “bonding”) and caring for an ill family member (hereafter, “caring”) increased substantially over 2005–2014, assuaging concerns about initial lack of awareness of the program (Milkman and Appelbaum 2013). Moreover, the vast majority of women who take bonding leave also take maternity leave through California’s State Disability Insurance (CA-SDI) system, resulting in many paid leaves that are longer than 6 weeks and an average duration of 12 weeks.<sup>5</sup> But more than three quarters of male bonding claimants take less than the full six weeks of PFL leave. Finally, individuals in the lowest earnings quartile and in small firms are less likely to take any kind of leave than their counterparts. Although there are no major differences in bonding claim rates across the most common industries for women, there are important discrepancies

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<sup>†</sup>Go to <https://doi.org/10.1257/pandp.20181113> to visit the article page for additional materials and author disclosure statement(s).

<sup>1</sup>See evidence from the Pew Research Center (<http://www.pewsocialtrends.org/2015/11/04/raising-kids-and-running-a-household-how-working-parents-share-the-load/>).

<sup>2</sup>See evidence from the 2016 National Compensation Survey (<https://www.bls.gov/ncs/ebs/benefits/2016/ownership/civilian/table32a.htm>).

<sup>3</sup>More details about the program are available in prior papers, including Rossin-Slater, Ruhm, and Waldfogel

(2013); Rossin-Slater (2017); and Bana, Bedard, and Rossin-Slater (2018).

<sup>4</sup>While this paper is, to our best knowledge, the first in the academic literature to use administrative data to study CA-PFL, there are some publicly-available non-peer-reviewed reports that use parts of the same EDD data (see [http://www.edd.ca.gov/Disability/About\\_PFL.htm](http://www.edd.ca.gov/Disability/About_PFL.htm) and <https://aspe.hhs.gov/pdf-report/exploring-relationship-between-paid-family-leave-and-well-being-low-income-families-lessons-california>).

<sup>5</sup>SDI covers leaves to prepare for and recover from childbirth and has an identical benefit structure to PFL. The duration of SDI leave depends on the type of delivery (vaginal or cesarean section) and whether there are any medical complications.

for men and for both male and female caring claimants.

### I. Data and Sample

We merge two individual-level administrative datasets from the EDD: the universe of 2005–2014 PFL claims and quarterly earnings data over 2000–2014.<sup>6</sup> For each claim, we calculate mean pre-claim earnings during quarters 2 through 5 prior to the quarter of the claim effective date. We also obtain the size and North American Industry Classification System (NAICS) industry code associated with the most recent employer prior to the claim. We calculate the duration of leave in weeks by dividing the total benefit amount received by the weekly benefit amount authorized. Our analysis sample contains a total of 1,506,569 bonding claims and 161,555 caring claims.

### II. Trends and Disparities in Leave-Taking

The annual number of PFL bonding claims for women (men) rose from 98,465 (20,801) in 2005 to 121,186 (52,478) in 2014. Caring claims have also risen, although they are less common than bonding claims. The number of caring claims increased from 9,287 (3,812) to 12,597 (5,951) for women (men) during this time period. But these trends do not account for changes in the underlying population of individuals eligible for PFL. We approximate take-up rates of bonding leave by calculating the ratio of annual bonding claims to the total number of California births, and scaling by employment rates of new parents in California from 2005–2014 American Communities Survey (ACS) data. We estimate that 40 percent (4 percent) of employed new mothers (employed new fathers) made a bonding claim in 2005, while 47 percent (12 percent) of employed new mothers (employed new fathers) made a bonding claim in 2014.

Conditional on taking PFL, 82 percent of women also take advantage of SDI, making it possible for them to extend leave beyond 6 weeks. In fact, average total leave duration for

female bonding claimants in our data is about 12 weeks. In contrast only 24 percent of men take 6 weeks of bonding leave, while 56 percent take less than 6 weeks and more than 2 weeks. With regard to caring leave, we find that 65 (70) percent of women (men) take less than 6 weeks of caring leave. There has not been much change over time in these distributions.<sup>7</sup>

We next describe differences in leave-taking across employee and employer characteristics. The odd-numbered columns in Table 1 report the shares of claims (separately by gender and type) by the industry and firm size of the most recent pre-claim employer, and by the earnings quartile and age group of the claimant. To compare the distribution of claimants to the composition of the population eligible for CA-PFL, the even-numbered columns of Table 1 report the shares of individuals falling into each category using 2005–2014 March Current Population Survey (CPS) data.<sup>8</sup> Differences that are statistically significant at the 5 percent or lower level are marked in bold.

In panel A, we examine the distributions of claims across the top five industries that employ women and men in the claims data. For female bonding claimants, the largest shares of claims are from health and retail industries (23 and 14 percent, respectively). For male bonding claimants, the largest shares of claims come from retail and manufacturing industries (15 and 14 percent, respectively). Caring claims are most common among women in the health industry (36 percent) and among men in the manufacturing industry (20 percent). Comparing to the CPS data suggests that the female bonding claim distribution across industries is similar to that of employed new mothers in California overall. New fathers who make bonding claims, on the other hand, are considerably over-represented in the retail, transportation, and health industries, and under-represented in the construction industry. When we consider the industry com-

<sup>7</sup>Histograms of leave duration are available upon request.

<sup>8</sup>We limit the sample to Californian employed parents of infants aged 18–44 (individuals aged 18–64) with positive earnings in the previous year when comparing to the bonding (caring) claim distributions. We use the CPS rather than the ACS because the former dataset contains information on firm size. Only three firm size categories were reported consistently during our sample time period: 1–99, 100–499, and 500+ employees.

<sup>6</sup>The earnings data are for the universe of employees working for an employer that reports to the EDD tax branch. California law requires that employers that employ one or more employees and pay wages in excess of \$100 in a calendar quarter report to the EDD.

TABLE 1—DIFFERENCES IN CLAIM RATES ACROSS SUBGROUPS

	Female bonding		Male bonding		Female caring		Male caring	
	EDD (1)	CPS (2)	EDD (3)	CPS (4)	EDD (5)	CPS (6)	EDD (7)	CPS (8)
<i>Panel A. By industry</i>								
Construction	0.014	0.019	<b>0.082</b>	<b>0.140</b>	<b>0.008</b>	<b>0.016</b>	<b>0.052</b>	<b>0.121</b>
Manufacturing	0.063	0.075	<b>0.138</b>	<b>0.160</b>	0.091	0.093	<b>0.199</b>	<b>0.151</b>
Wholesale	0.038	0.034	0.053	0.052	0.027	0.026	<b>0.056</b>	<b>0.041</b>
Retail	0.138	0.141	<b>0.153</b>	<b>0.104</b>	<b>0.132</b>	<b>0.145</b>	<b>0.141</b>	<b>0.130</b>
Transportation	0.015	0.016	<b>0.053</b>	<b>0.038</b>	<b>0.023</b>	<b>0.019</b>	<b>0.088</b>	<b>0.052</b>
Finance and insurance	0.076	0.075	0.045	0.051	0.063	0.064	<b>0.028</b>	<b>0.039</b>
Professional services	0.090	0.085	0.090	0.094	<b>0.052</b>	<b>0.082</b>	<b>0.052</b>	<b>0.079</b>
Administrative support	<b>0.058</b>	<b>0.043</b>	0.048	0.059	<b>0.035</b>	<b>0.046</b>	<b>0.046</b>	<b>0.062</b>
Health	0.234	0.223	<b>0.101</b>	<b>0.038</b>	<b>0.359</b>	<b>0.202</b>	<b>0.123</b>	<b>0.049</b>
Accommodation and food	0.083	0.097	<b>0.034</b>	<b>0.060</b>	<b>0.037</b>	<b>0.095</b>	<b>0.029</b>	<b>0.077</b>
Other industry	0.191	0.191	0.203	0.203	<b>0.175</b>	<b>0.213</b>	<b>0.185</b>	<b>0.200</b>
<i>Panel B. By firm size</i>								
Firm size 1–99	<b>0.319</b>	<b>0.429</b>	<b>0.217</b>	<b>0.479</b>	<b>0.162</b>	<b>0.463</b>	<b>0.159</b>	<b>0.496</b>
Firm size 100–499	<b>0.210</b>	<b>0.133</b>	<b>0.229</b>	<b>0.128</b>	<b>0.190</b>	<b>0.131</b>	<b>0.228</b>	<b>0.137</b>
Firm size 500+	0.471	0.437	<b>0.554</b>	<b>0.393</b>	<b>0.648</b>	<b>0.406</b>	<b>0.613</b>	<b>0.367</b>
<i>Panel C. By earnings quartile</i>								
Earnings quartile 1	<b>0.189</b>	<b>0.327</b>	<b>0.163</b>	<b>0.272</b>	<b>0.069</b>	<b>0.285</b>	<b>0.078</b>	<b>0.281</b>
Earnings quartile 2	<b>0.298</b>	<b>0.261</b>	0.279	0.291	<b>0.247</b>	<b>0.279</b>	<b>0.251</b>	<b>0.274</b>
Earnings quartile 3	<b>0.259</b>	<b>0.221</b>	<b>0.313</b>	<b>0.231</b>	<b>0.329</b>	<b>0.236</b>	<b>0.387</b>	<b>0.227</b>
Earnings quartile 4	<b>0.253</b>	<b>0.191</b>	<b>0.245</b>	<b>0.205</b>	<b>0.355</b>	<b>0.200</b>	<b>0.284</b>	<b>0.218</b>
<i>Panel D. By age group</i>								
18–24	<b>0.173</b>	<b>0.207</b>	<b>0.085</b>	<b>0.105</b>	<b>0.020</b>	<b>0.167</b>	<b>0.025</b>	<b>0.142</b>
25–29	<b>0.293</b>	<b>0.258</b>	0.243	0.246	<b>0.062</b>	<b>0.128</b>	<b>0.080</b>	<b>0.137</b>
30–34	0.315	0.301	0.341	0.328	<b>0.103</b>	<b>0.119</b>	0.129	0.132
35–49	0.219	0.234	0.331	0.322	<b>0.434</b>	<b>0.350</b>	<b>0.458</b>	<b>0.360</b>
50–64	—	—	—	—	<b>0.381</b>	<b>0.237</b>	<b>0.307</b>	<b>0.229</b>

*Notes:* The odd-numbered columns report the shares of claims by gender and type in each category denoted in each row using data from the EDD on the universe of PFL bonding and caring claims over January 2005–December 2014. The even-numbered columns report the shares of individuals falling into each category using data from the 2005–2014 March CPS (weighted by March CPS supplement weights). We limit the sample to employed parents of youngest children aged less than one year old in California with positive earnings in the previous year and who are aged 18–44 when comparing to bonding claims (columns 2 and 4). We limit to employed individuals in California with positive earnings in the previous year who are aged 18–64 when comparing to caring claims. As very few public sector employees are eligible for PFL (they have other programs), they are excluded from all CPS samples. The CPS sample sizes are 1,012; 1,414; 31,651; and 39,290 for columns 2, 4, 6, and 8, respectively. See the text for more details on how we group individuals into earnings quartiles in the two datasets. Bold numbers indicate statistically significant differences (at 5 percent or lower levels) between the EDD and CPS data.

position of individuals making caring claims, we find that both women and men are substantially over-represented in the health industry and under-represented in construction and accommodation and food services. Men in manufacturing are somewhat over-represented as well. When we consider heterogeneity by firm size in panel B, we find substantial disparities in leave-taking rates. For both genders and types of claims, individuals in the smallest firms (1–99 employees) are under-represented in the claims data, whereas individuals in the larger firms are over-represented. Panel C demonstrates import-

ant differences in leave take-up across pre-claim earnings quartiles.<sup>9</sup> Those who are in the lowest quartile are considerably under-represented in both bonding and caring claims data. The relationship between income and claiming rates

<sup>9</sup>To assign individuals to earnings quartiles in both the EDD and CPS data, we use the larger ACS sample of eligible individuals in California over 2005–2014 and calculate the thresholds associated with the twenty-fifth, fiftieth, and seventy-fifth percentiles in the quarterly wage distributions (separately for females and males, and for the bonding and caring claim eligible samples).

is not monotonic for all groups, however. For instance, male bonding and caring claimants are most over-represented in the third earnings quartile. Finally, panel D shows that bonding claimants in the youngest age group (18–24) are slightly under-represented, while caring claimants in the oldest age groups (35–49 and 50–64) are most over-represented.

### III. Conclusions

California's PFL program has existed for over a decade, serves as a model to other states that have implemented or considered similar policies, and has inspired discussions about PFL at the federal level.<sup>10</sup> Yet the current research on key questions—e.g., how many people use the program, the distribution of leave duration, and how usage differs across worker and firm characteristics—is limited due to data constraints in surveys that are commonly used to study CA-PFL. This paper delivers novel evidence on these issues using individual-level administrative data on the universe of PFL claims over 2005–2014, linked to earnings data.

While prior evidence suggests that the implementation of CA-PFL may have reduced some inequality in leave-taking and subsequent income among new mothers (Rossin-Slater, Ruhm, and Waldfogel 2013; Stanczyk 2016), our results underscore the fact that usage of the program remains unequal. To the extent that PFL in the United States has positive impacts on workers' labor market trajectories and child well-being (Rossin-Slater, Ruhm, and Waldfogel 2013; Stearns 2015; Huang and Yang 2015; Baum and Ruhm 2016; Lichtman-Sadot and Pillay Bell 2017), our findings highlight that increasing PFL take-up among the least advantaged families may be an important tool for weakening the persistence of economic inequality. Moreover, individuals in small firms—who are less likely eligible for job protection—are substantially under-represented in the PFL claims data.<sup>11</sup> Lastly, our findings on differences in take-up

across industries, especially among men, raise questions about the importance of job structure and “family friendliness” in encouraging leave use (Goldin 2014).

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<sup>10</sup>For details on legislation proposed at the federal level, see the Family and Medical Insurance Leave (FAMILY) Act (<http://www.nationalpartnership.org/issues/work-family/family-act.html>).

<sup>11</sup>Job protection is only available if the leave simultaneously qualifies under the federal Family and Medical Leave Act (FMLA) or the California Family Rights Act (CFRA).