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Fact Sheet
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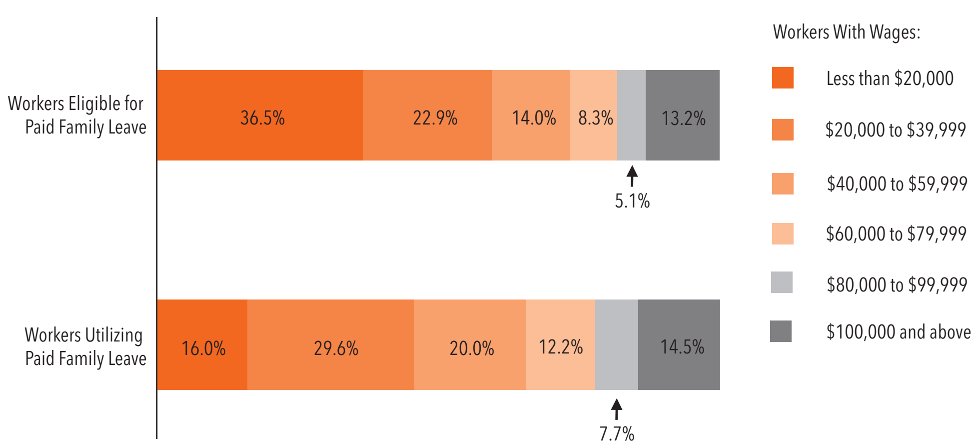
California's Paid Family Leave Program is Out of Reach for Workers With Very Low Wages

California's paid family leave program helps workers balance career and caregiving commitments by providing up to six weeks of paid time off to attend to a sick family member or bond with a newborn or adopted child.[1] The vast majority of California workers contribute to paid family leave and are eligible to take time off when the need arises.[2] *Very* low-earning workers receive payments that are equal to 70% of their earnings, and all other workers receive payments that are equal to 60% of their earnings. Yet, many workers are unable to utilize this vital program because these payment rates are too low, making it difficult for workers to make ends meet while away from work. This is especially the case for workers with low wages – disproportionately women, Black, and Latinx workers.[3]

In 2018, more than 18 million workers in California were eligible to take paid family leave. Of those that were eligible, 36.5% were workers with less than $20,000 in annual wages. Still, workers in this same wage bracket made up only 16% of those utilizing paid family leave in 2018. Those with relatively higher wages utilized paid family leave more. In fact, workers earning less than $20,000 per year utilized paid family leave at a rate far lower than workers earning relatively higher wages. In 2018, just 660 out of 100,000 eligible workers earning less than $20,000 annually took paid time off work to care for their family (see chart on next page). The utilization rate for workers in the next wage

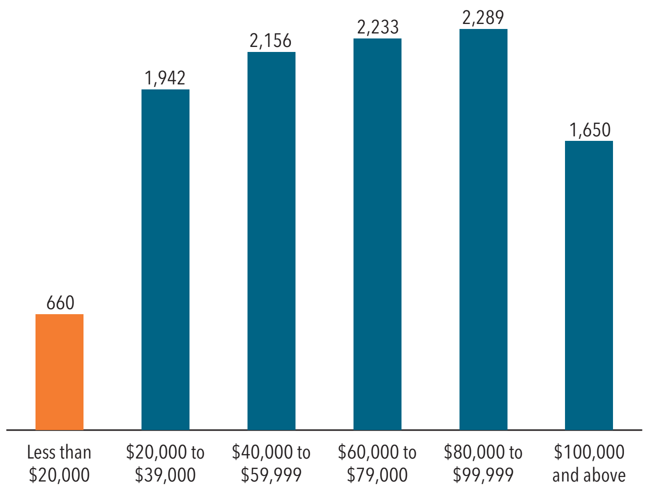
California Workers With Very Low Wages Are Underrepresented Among Those Utilizing Paid Family Leave



Note: Data are for 2018. Figures may not sum to 100 due to rounding. Workers are eligible for paid family leave if they earn at least $300 during the "base period" (a 12-month period ranging from 5 to 18 months prior to the claim) while contributing to the Disability Insurance Fund.
Source: Budget Center analysis of Employment Development Department data

California Workers With Very Low Wages Are Far Less Likely to Utilize Paid Family Leave

Rate of Paid Family Leave Claims Per 100,000 Eligible Workers by Wage Bracket, 2018



Note: Workers are eligible for paid family leave if they earn at least $300 during the "base period" (a 12-month period ranging from 5 to 18 months prior to the claim) while contributing to the Disability Insurance Fund.
Source: Budget Center analysis of Employment Development Department data

bracket ($20,000 to $39,999) was three times higher. Eligible workers in the highest wage bracket – earning more than $100,000 annually – also had a comparatively low utilization rate. Despite this, these high earners still utilized paid family leave at a rate that was more than twice that of workers earning less than $20,000 annually.

Workers should not have to choose between taking time off work to care for their families and paying their bills. The Governor's 2020-21 budget proposal would expand job protections for more workers who need to take time off to care for their family, but this may not address workers' ability to cover their living expenses while using paid family leave. Policymakers can take additional action – along with expanding job protections – by implementing a more progressive payment rate structure that fully replaces wages for lower-wage workers up to a higher earnings threshold. Currently, minimum wage workers who are employed full-time throughout the year earn *too much* to receive the highest payment rate of 70%. Boosting payment rates – particularly for workers earning lower wages – would eliminate a barrier in accessing paid family leave and allow more workers to utilize this critical program to help their families thrive.

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1 As part of the 2019-20 budget agreement, policymakers extended the duration of paid family leave to eight weeks, effective July 1, 2020. In addition to paid family leave, birthing parents can take an additional four weeks of paid time off before their due date and six weeks after the birth by using state disability insurance. Birthing parents that have had a Cesarean section receive an additional two weeks of disability insurance. After disability insurance ends, birthing parents can then take six weeks of paid family leave. State disability insurance replaces wages at the same rate as paid family leave.

2 To be eligible for paid family leave, a worker must earn at least $300 during the "base period" (a 12-month period ranging from 5 to 18 months prior to the claim) while contributing to the Disability Insurance Fund via payroll deductions. See Employment Development Department, *Overview of California's Paid Family Leave Program* (2019).

3 See Kristin Schumacher, *Paid Family Leave: Helping Workers Balance Career and Caregiving Commitments* (California Budget & Policy Center: November 2019).