

Calculating the Take-up Rate and Length of Leaves for Washington State's Paid Parental Leave Program

Jesse Rothschild
Rothschild-Landry Holding, Inc.
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The rate at which Washington workers are likely to utilize the parental leave benefit recently passed into law can be best predicted by examining the rate at which California workers used that state's parental leave benefit, and examining the rate at which FMLA covered workers took leave to care for newborn and newly adopted or fostered children.

The California data is actual data reported by their Economic Development Department, and the FMLA data is from a compilation of survey results from the federally funded 1995 and 2000 FMLA surveys of workers and employers.

The accompanying spreadsheet shows the application of these sets of data.

It is notable that the take-up rate for California's parental leave benefits is lower than the rate at which workers use FMLA benefits—among the causes of this are:

1. California's paid family leave benefit extends to workers who are not covered by job-protection laws
2. Not all family leave is claimed as such, since some companies (30% of companies with 1,000 or more employees, and others) offer some paid family leave benefits that are typically nearly as generous as, or more generous than the state supplied benefit
3. Available sick leave, vacation leave, or other paid leaves are used in lieu of parental leave, and no claim is filed
4. A significant portion of California's workforce is undocumented
5. California has expressed a disappointment in the level of worker awareness of available benefits, and surveys support this appraisal

Regardless, Washington would ignore the FMLA use rate at their own peril, as the factors listed above will play a different role in Washington than California based on available worker benefits, numbers of larger employers, and levels of worker job protections.

It is also notable that there are no adjustments made to account for the racial makeup of Washington's and California's workforce—or the percentage of workers who are undocumented. Race affects not only fertility rates, but the number of children per mother, the likelihood of a one-parent household, marital status, the age of the mother at the child's birth,

abortion rates, employment rates, full-time versus part-time employment status, average wage, etc.

The likely length of leave per claimant is the full 5 week benefit. This is concluded from California's average length of paid leave of 5.37 weeks, coupled with the average unpaid FMLA bonding leave of 25.4 work-days, or 5 weeks.

In conclusion, the lower, upper, and median estimates of take-up rates for Washington's parental leave program are as follows:

- **Lower estimate:** 0.883% of covered workers will file claims based on California's take-up rates for 2005-2007, adjusted for Washington's fertility rates. Based on an estimated 2.7 million covered workers, this comes to 23,841 claims, each at a likely cost of \$1,250, for a total benefit cost of \$29,801,250.
- **Upper estimate:** 1.394% of covered workers will file claims based on federal FMLA survey data from 1995 and 2000, adjusted for an available financial benefit, one-week unpaid leave requirement, and for Washington's fertility rates. Based on an estimated 2.7 million covered workers, this comes to 37,638 claims, each at a likely cost of \$1,250, for a total benefit cost of \$47,047,500.
- **Median estimate:** 1.139% of an estimated 2.7 million covered workers, with a claims cost of \$1,250 each, for a total of \$38,441,250.

The above cost estimates do not include the costs of administration, fraudulent claims, or collections.

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Calculating Washington's Paid Parental Leave Take-up Rates
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Washington Estimated Claims Based on FMLA Bonding Rate for Leaves Longer than 1 Week, adjusted for increased length of leave due to financial assistance, and adjusted for WA fertility rate

Washington Estimated Claims Based on FMLA Bonding Rate for Leaves Longer than 1 Week, adjusted for WA fertility rate

Washington Estimated Claims Based on FMLA Bonding Rate for Leaves Longer than 1 Week

Washington Estimated Claims Based on California Data, Adjusted for Fertility Rate

Washington Estimated Claims Based on California Data

Washington Claims

Washington Claims

Washington Claims

Washington Claims

	Sept. 2006	Sept. 2007
46,503	48,050	
44,116	45,754	
40,041	41,129	
35,293	36,603	

	Sept. 2006	Sept. 2007
39,276	40,583	
37,260	38,643	
33,818	34,738	
29,808	30,915	

	Sept. 2006	Sept. 2007
42,459	43,871	
40,280	41,775	
36,559	37,553	
32,224	33,420	

	Sept. 2006	Sept. 2007
23,964	25,291	
23,889	26,526	
24,482	26,959	
23,342	25,715	

	Sept. 2006	Sept. 2007
26,281	28,833	
26,198	29,090	
26,849	29,565	
25,598	28,201	

	Sept. 2006	Sept. 2007
3,336,630	3,447,650	
3,165,390	3,282,910	
2,873,000	2,951,100	
2,532,312	2,626,328	

	Sept. 2006	Sept. 2007
17,942,000	18,309,000	
17,075,000	17,280,000	
15,121,900	15,283,900	
13,980,000	14,260,000	

	Sept. 2006	Sept. 2007
141,319	153,120	

	Sept. 2006	Sept. 2007
0.788%	0.836%	
0.828%	0.886%	
0.935%	1.002%	
1.011%	1.074%	

	Sept. 2006	Sept. 2007
0.718%	0.763%	
0.755%	0.808%	
0.852%	0.914%	
0.922%	0.979%	

	Sept. 2006	Sept. 2007
0.788%	0.836%	
0.828%	0.886%	
0.935%	1.002%	
1.011%	1.074%	

	Sept. 2006	Sept. 2007
0.788%	0.836%	
0.828%	0.886%	
0.935%	1.002%	
1.011%	1.074%	

	Sept. 2006	Sept. 2007
0.788%	0.836%	
0.828%	0.886%	
0.935%	1.002%	
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	Sept. 2006	Sept. 2007
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0.935%	1.002%	
1.011%	1.074%	

	Sept. 2006	Sept. 2007
0.788%	0.836%	
0.828%	0.886%	
0.935%	1.002%	
1.011%	1.074%	

2.036%	74%
1.507%	

1.394%

1.177%

Average
0.740%
0.781%
0.883%
0.950%

1.273%

1.273%

1.273%

1.273%

1.273%

These numbers are used based upon WA estimates of number of covered workers

Adjusted for \$

2.036%
74%
1.507%

FMLA Bonding Incident Rate from 1995 and 2000 FMLA Surveys

Percentage of FMLA Bonding Leaves for Longer than 1 Week

FMLA Bonding Incident Rate from 1995 and 2000 FMLA Surveys for More than 1 Week

2005 US Fertility Rate

2005 WA Fertility Rate

Modified for WA fertility rate

2005 CA Fertility Rate, All Ages
2005 WA Fertility Rate, All Ages

2.036%
62.50%
1.273%

6.670%
6.170%
92.504%

100.0%
91.2%

From: Judy Covert [judy@printcominc.com]
Sent: Tuesday, November 13, 2007 2:24 PM
To: Jill Reinmuth
Subject: [Fwd: Affect on Use Rates due to undocumented workers]

Good Afternoon, Jill.

This just came in from Jesse Rothschild and I thought you might want it to distribute at the meeting. There is a second document I'll forward as well.

Judy Covert

----- Original Message -----

Subject:Affect on Use Rates due to undocumented workers
Date:Tue, 13 Nov 2007 09:34:51 -0600
From:<jrothschild@rothschild-landry.com>
Reply-To:<jrothschild@rothschild-landry.com>
Organization:Rothschild-Landry Holding, Inc.
To:"judy" <judy@printcominc.com>, "Kris Tefft" <KrisT@AWB.ORG>, <Susan_Fagan@selinc.com>

All:

In the write-up I sent detailing the likely parental leave claim rates in WA versus CA, I mentioned the affect on take-up rates the undocumented worker population may cause.

Washington's undocumented immigrant population, expressed as a percentage of total population, is estimated at approximately the same as the national average (3.1% in WA, 3.2% US) . This means that the national FMLA use rates do not need to be adjusted to estimate Washington's FMLA use rates.

On the other hand, California's undocumented immigrant population exceeds the national rate by 116% (6.9% in CA, 3.2% US).

As I mentioned in the write-up, there are explanations for why the rates of use of California's paid parental leave program are lower than FMLA use rates. Undocumented workers, typically due to the use of other persons social security numbers and false social security numbers, with the complicity of their employers, contribute to the tax and UI roles but typically do not apply for benefits under these false identities. Therefore, one may presume that at least a portion of the lower than expected take-up rates for California's parental leave program is due to the high rate of undocumented workers in California.

In a commercial insurance product (though I realize we are not currently dealing with this) any policy holder will likely claim benefits when entitled, since commercial insurance products would be unlikely to expose the illegal status of an undocumented worker.

Jesse Rothschild

President

Rothschild-Landry Holding, Inc.
Tel.: (225) 784-9116 Fax: (866) 327-7675

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From: Judy Covert [judy@printcominc.com]
To: Reinmuth, Jill
Cc:
Subject: [Fwd: RE: Affect on Use Rates due to undocumented workers]

Hopefully this is the last one. We're going to be buried in paper!!!

Judy

----- Original Message -----

Subject:RE: Affect on Use Rates due to undocumented workers
Date:Tue, 13 Nov 2007 16:02:39 -0600
From:<jrothschild@rothschild-landry.com>
Reply-To:<jrothschild@rothschild-landry.com>
Organization:Rothschild-Landry Holding, Inc.
To:"Judy Covert" <judy@printcominc.com>
CC:"Kris Tefft" <KrisT@AWB.ORG>, <Susan_Fagan@selinc.com>
References:<00ac01c8260a\$bce93e30\$36bbba90\$@com>
<473A176B.2080104@printcominc.com>

I spoke with Randy Capps of the Urban Institute—they have done the most comprehensive research available on undocumented immigrant populations in the US and individual states (especially California). Randy confirms my appraisal of the situation in California. He agrees that it is a common phenomenon that undocumented workers fail to participate in the benefits of worker benefit programs, even when they are enrolled or otherwise eligible in/for those programs.

Jesse Rothschild

From: Judy Covert [mailto:judy@printcominc.com]
Sent: Tuesday, November 13, 2007 3:30 PM
To: jrothschild@rothschild-landry.com
Cc: 'Kris Tefft'; Susan_Fagan@selinc.com
Subject: Re: Affect on Use Rates due to undocumented workers

Kris, are you forwarding this and the other document Jesse sent to Jill?

jrothschild@rothschild-landry.com wrote:

All:

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**The Characteristics of Unauthorized Immigrants in
California, Los Angeles County, and the United States**

Karina Fortuny
Randy Capps
Jeffrey S. Passel*

The Urban Institute
Washington, DC
March 2007

Support for this report was provided by the Rosenberg
Foundation in San Francisco, California

* Jeff Passel has been employed by the Pew Hispanic Center in Washington, D.C., since January 2005. He prepared initial versions of the data underlying this report while he was employed by the Urban Institute. Karina Fortuny and Randy Capps wrote the report in consultation with Passel.

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EXECUTIVE SUMMARY

The unauthorized population has become a hot political topic yet again, with various solutions to the illegal immigration “problem” being debated in Washington, D.C., and across the country. In June 2006, as this report was written, the U.S. Congress was debating whether to grant legal status to the more than 11 million unauthorized immigrants estimated to be in the country. The House of Representatives had passed a bill that would further criminalize unauthorized presence, while the Senate passed a bill granting temporary work permits to unauthorized workers and providing a path to eventual citizenship for those in the country at least two years. The two pieces of legislation are very far apart, reflecting the fact that no consensus exists—in Congress, within or between the political parties, or in the public at large—on the best solution to the long-range integration issues that such a large unauthorized population presents. The debate has centered on stereotypes about unauthorized immigrants—as workers and taxpayers on the positive side, or as lawbreakers and service users on the negative side—but the debate has not been well informed by research on the characteristics of the unauthorized population.

This report hopes to fill some of the knowledge gaps in the current immigration debate by describing the unauthorized population nationally and in California and Los Angeles—the state and urban area with the largest numbers of these immigrants. The report presents estimates for the sizes of these populations as well as findings about socio-economic characteristics, such as national origin, education, employment, and poverty. Throughout the report, the characteristics of unauthorized immigrants are contrasted with legal immigrants and the native-born population. In addition, the report discusses national trends in the number of unauthorized immigrants, and compares California and Los Angeles unauthorized immigrants to the national population.

- **California has the largest unauthorized population of any state—almost 2.5 million; almost a quarter of the nation’s unauthorized immigrants live there.** Unauthorized immigrants numbered 2.45 million in California in 2004, representing almost one-quarter (24 percent) of the nation’s total (10.3 million). The unauthorized share of the total population was almost twice as high in California (6.9 percent) as in the United States (3.6 percent). Thus, the debate over legalizing the unauthorized population will likely have more impact on California than any other state.
- **There are about 1 million unauthorized immigrants in the Los Angeles metropolitan area, almost twice the number of any other metro area; the unauthorized are one-tenth of the area’s population (10 million).** In 2004, about two-fifths (41 percent) of California’s unauthorized population resided in Los Angeles. No other metropolitan area had as many unauthorized immigrants as Los Angeles—New York had the second largest metropolitan concentration with slightly more than half a million unauthorized immigrants. The other metropolitan areas with very large numbers of unauthorized immigrants were Dallas (460,000), Chicago (400,000), Houston (390,000), Phoenix (350,000), Washington, D.C. (345,000), and Atlanta (235,000). Two Southern California metropolitan areas that border Los Angeles—Orange County (220,000) and Riverside–San Bernardino (215,000)—rounded out the top 10.

- **Mexican immigrants account for a higher share of the foreign-born in California and Los Angeles (43 percent) than in the nation as a whole (32 percent).** California also had a higher share of unauthorized immigrants from Mexico (65 percent) than the United States or Los Angeles (57 percent) in 2004. Due to its proximity to the Southwestern border, California's immigrant population—both legal and unauthorized—is more heavily Mexican than most other states. Thus, the debate surrounding legalization mostly affects Mexican immigrants in California. Nonetheless, about one-third of California's unauthorized immigrants come from other countries, suggesting that there is great diversity in this population.
- **One in 10 California residents is in a family headed by an unauthorized immigrant, compared with one in 20 nationally.** An even higher share of Los Angeles residents (14 percent) lived in unauthorized households in 2004. The debate surrounding unauthorized immigrants' future affects not only these migrants but also a large number of adults and children who live with them.
- **About half of California's children have immigrant parents, and about one-seventh have unauthorized parents, in contrast to the nation as a whole, where one-fifth of children have immigrant parents.** In 2004, 48 percent of children in California were children of immigrants—that is, they had at least one foreign-born parent: 34 percent had legal immigrant parents, and 14 percent had unauthorized parents. Nationally, just 15 percent of children had legal immigrant parents, and 6 percent had unauthorized parents. California's schools represent the future of most states in the country, a future in which a majority or near majority of school children will have immigrant parents.
- **In Los Angeles, almost two-thirds of children (62 percent) have immigrant parents.** In 2004, 43 percent of children in the metropolitan area had legal immigrant parents, and 19 percent had unauthorized parents. Los Angeles is setting the pace for other major metropolitan areas in the country, where a growing majority of children will have immigrant parents and a significant share have unauthorized parents.
- **Large majorities of children with unauthorized parents are U.S.-born citizens: 68 percent in California and 76 percent in Los Angeles.** These shares were slightly higher than nationally (66 percent) in 2004. Thus, despite the fact that there are more children in unauthorized immigrant families in California than in the United States overall, children in these families are more likely to be citizens in California than nationally. This means that a large majority of California's children in unauthorized families are eligible for the full range of state and federal public benefits due to their citizenship, even if the parents are ineligible due to their lack of legal status.
- **Almost all unauthorized men work, and labor force participation rates are substantially higher for unauthorized men than for legal immigrant or U.S.-born men.** In California, 94 percent of unauthorized men age 18–64 were in the labor force in 2004, versus 84 percent of legal immigrants and 82 percent of native-born men. The shares were similar nationally and in Los Angeles. Unauthorized men have higher labor force participation rates than other men because they are younger and are less likely to be disabled, retired, or enrolled in higher education. These statistics show that virtually all unauthorized men come to California to work.

- **By contrast, labor force participation is much lower for both unauthorized and legal immigrant women than for U.S.-born women, mostly because unauthorized women are more likely to have children.** In 2004 in California, unauthorized women participated in the labor force at a similar rate as legal immigrant women (58 percent versus 59 percent), but the labor force participation rate was much higher for native-born women (72 percent). Women's labor force participation patterns were similar in the United States and Los Angeles. The main reason for immigrant women's lower rates of participation is childbearing: immigrant women are younger and have more children on average than native-born women.
- **Unauthorized immigrants represent over a quarter of all workers in many low-skilled occupations in California, especially in Los Angeles.** For example, in 2004 in Los Angeles, about 80 percent of production workers were foreign-born (50 percent were legal immigrants, and 30 percent unauthorized); only 20 percent were natives. Nationally, immigrants were also over represented in production occupations but 77 percent of production workers were natives. Because of the high share of unauthorized immigrants in Los Angeles overall, they represented more than a quarter of all workers in production, construction, and service occupations. These figures suggest that Los Angeles is heavily dependent on unauthorized labor in many low-skilled occupations, and that any effort to deport large numbers of immigrants or deny them employment could have a deleterious impact on the California economy.
- **Unauthorized family incomes are about half of incomes of families headed by U.S.-born citizens, nationally and in California.** In 2003 in California, unauthorized families had an average income of \$29,700, compared with \$54,600 for native-born citizens. The average family income for unauthorized immigrants was lower still in Los Angeles (\$26,300). Moreover, unauthorized immigrant families were much larger than native-born families (by 37 percent in California and 43 percent in Los Angeles), which further reduced the income available to individual members of these families. The low incomes of unauthorized families are explained primarily by the low-skilled, low-paying jobs held by unauthorized workers. Almost all of these families, however, include workers, and many include multiple workers.
- **In California, almost a quarter of children with legal immigrant parents, and almost two-fifths of children with unauthorized parents, are poor.** In 2003, 24 percent of children of legal immigrants and 38 percent of children of unauthorized immigrants were poor in California, compared with 15 percent for children of U.S.-born citizens. Poverty rates were similarly high for children of immigrants in Los Angeles and the United States. Since such high shares of children in California live in immigrant families, these high poverty rates present many challenges to policymakers in the state. Anti-poverty programs must consider the high number of children in immigrant families and devise ways to disseminate information and reach children that are eligible. These challenges are even more apparent for Los Angeles, where the shares of children of immigrants are even higher.
- **Over half of unauthorized adults and a quarter of children in unauthorized families lack health insurance coverage in California, and even higher shares of the unauthorized are uninsured in Los Angeles.** In 2004 in California,

unauthorized adults were almost four times as likely as U.S.-born adults to lack health insurance coverage (53 versus 14 percent), and children with unauthorized parents were almost three times as likely as those with U.S.-born parents to lack coverage (26 versus 9 percent). However, children of unauthorized immigrants in California were less likely to lack insurance than nationally (26 versus 35 percent). In fact, among children who were themselves unauthorized—and therefore ineligible for federal- or state-funded coverage—the uninsured share actually fell in California (from 49 to 32 percent) and in Los Angeles (from 58 to 44 percent) between 2000 and 2004. These findings strongly support the efforts of Los Angeles and other California counties to provide universal coverage to low-income children regardless of their legal status, and show that these county programs are beginning to have an impact on insurance coverage in unauthorized families.