

**PAID FAMILY LEAVE: THE BENEFITS FOR  
BUSINESSES AND WORKING FAMILIES**

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**HEARING**  
BEFORE THE  
SUBCOMMITTEE ON CHILDREN AND FAMILIES  
OF THE  
COMMITTEE ON HEALTH, EDUCATION,  
LABOR, AND PENSIONS  
UNITED STATES SENATE  
ONE HUNDRED THIRTEENTH CONGRESS  
SECOND SESSION  
ON  
EXAMINING PAID FAMILY LEAVE, FOCUSING ON THE BENEFITS FOR  
BUSINESSES AND WORKING FAMILIES

JULY 30, 2014

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## **PAID FAMILY LEAVE: THE BENEFITS FOR BUSINESSES AND WORKING FAMILIES**

**WEDNESDAY, JULY 30, 2014**

U.S. SENATE,,  
SUBCOMMITTEE ON CHILDREN AND FAMILIES,  
COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS,  
*Washington, DC.*

The subcommittee met, pursuant to notice, at 10:15 a.m., in room SD-430, Dirksen Senate Office Building, Hon. Kay Hagan, chairman of the subcommittee, presiding.

Present: Senators Hagan, Murray, Casey, Franken, Murphy, and Warren.

Also present: Senator Harkin.

### **OPENING STATEMENT OF SENATOR HAGAN**

Senator HAGAN. Welcome, everyone, to this morning's hearing in the HELP Subcommittee on Children and Families. I want to thank all of our witnesses very much for taking the time to come and testify this morning.

We expect to have two votes. I've already shared this with our witnesses. But there'll be two votes starting at 10:45, so we will take a quick break. We will recess for a little while at about 10:55, and then we'll come back and resume. This is such an important hearing, and I'm sorry that we have to take this break, but, obviously, we have work to do on the Senate floor.

I urge our witnesses also to keep your oral statements brief to be sure that we can have some time for questions.

In holding this hearing, I hope to bring greater attention to the fact that too few people in our country have access to paid family leave and to really encourage more businesses to offer their workers paid family leave by highlighting two great success stories. The fact of the matter is only 12 percent of U.S. workers have access to formal employer-provided paid family leave, 12 percent.

Instead, most Americans have to cobble together some combination of vacation days, sick days, or short-term disability if they hope to take paid time off to recover from childbirth, to bond with a newborn or an adopted child, or to care for themselves or, looking at it from the other side of the spectrum, a seriously ill family member. Of course, not everyone has these options.

Nearly 25 percent of private sector workers do not earn paid vacation time. Nearly 40 percent do not earn paid sick days, and nearly 40 percent do not have access to employer-provided disability insurance. While I believe that the income women receive

from disability insurance is helpful, I do not think that most women think of their pregnancy or childbirth as a disability but rather a very special capability to start a family that deserves the time and care that comes from paid family leave.

Since access to paid family leave depends on where you work, there are many disparities in the kinds of workers who can actually take paid time off. Workers with lower educational achievement, workers with lower salaries, women of color are all less likely to be able to take paid leave. But when workers are offered paid family leave, moms, dads, kids, businesses, and the economy as a whole are much better off.

Research has shown that paid family leave is associated with reduced infant mortality, with reduced depression and anxiety in new moms, and increased care and involvement by new dads in the life of the baby. Not surprisingly, paid family leave also improves families' finances, because it provides a secure pathway back to work.

First time moms who take paid leave are more likely to be working 9 to 12 months after their child's birth and are more likely to return to the same employer and are also more likely to report higher wages in the year following the birth of their child. Now this is more important than ever, because women with children are primary or the co-breadwinner in their family in nearly two-thirds of families. And employed married women bring in, on average, 44 percent of their family's household income. If they were paid the same rate as men, that might be higher.

Modern families just can't afford to lose a woman's salary when she takes time off for pregnancy or childbirth. Now it's clear that these benefits mean the world for workers who have access to them. But it's important to make clear that they are not benefiting at the expense of their employer. Rather, their employer benefits along with them.

When employers offer paid family leave, employee morale and productivity increases, and turnover and retraining costs decrease. Cutting down on worker turnover is critical. Any CEO will tell you that. And we'll hear more about that later, since it's expensive and time-consuming to find, to hire, and to train new workers, which is why when the country's top companies announce new work-life balance policies, investors reward them.

According to a peer-reviewed study in the *Academy of Management Journal*, when Fortune 500 companies announce policies like paid leave, their stock prices rise in the days following the announcement. In other words, companies shouldn't be afraid that they will be penalized for taking these steps. In short, when employers provide paid family leave, they're not just doing the right thing for their employees, but they're also doing the right thing for their bottom line.

Now, I'm going to turn this over to our witnesses in alphabetical order for your valuable insight and expertise. And I ask that all of our witnesses keep their oral statements to less than 5 minutes so that we'll have time for questions.

Our first witness is Maryella Gockel. Maryella is the Flexibility Leader at Ernst and Young, where she and her company have long been recognized for their outstanding work in creating a family

friendly work environment by the likes of Fortune, Working Mother magazine, and the Families and Work Institute.

Ms. Gockel.

**STATEMENT OF MARYELLA GOCKEL, M.B.A., CPA, AMERICAS FLEXIBILITY LEADER, ERNST AND YOUNG, SECAUCUS, NJ**

Ms. GOCKEL. Thank you, Chairwoman Hagan and Ranking Member Enzi, for inviting me to testify about the benefits of paid family leave for Ernst and Young, LLP, (EY), the U.S. member firm of the global EY organization. My name is Maryella Gockel, and I am the Flexibility Leader for Ernst and Young, and it's an honor to be here.

For simplicity's sake, I'll refer to EY in my oral testimony, but please know that I'm speaking about only the U.S. firm. I joined EY in 1980. Both of my children are adopted. My son arrived in 1988, and my daughter, who is here with me today, in 1991. At the time, EY did not offer paid family leave to adoptive parents or to men. We only had medical leave for birth mothers.

I secured 6 weeks off post-adoption and returned on a reduced schedule known as a flexible work arrangement, or an FWA. At the time, FWAs were ad hoc. People had to negotiate for what they needed. Some were lucky. Others were not. In the mid 1990s, women were leaving at a rate 10 to 15 percentage points higher than men, and this was creating a brain drain and motivated us to find a more holistic solution.

Today, we have nearly closed the gender retention gap. EY's leadership drove this change, and one of our first solutions was paid parental leave. In 2002, EY became the first among the Big Four accounting firms to adopt a fully paid parental leave program for men and for women, because exit interviews told us that work-life balance was still an issue. In the first year, nearly every eligible person took parental leave, including the men.

Fast forward, we expanded paid time off for all primary caregivers. For birth mothers, this means 12 weeks of fully paid time off. For primary care dads and adoptive parents, it's 6 weeks, and for non-primary caregivers, it's two. About 1,000 U.S. professionals take parental leave each and every year, half of whom are men. We've found that men who take parental leave are real advocates for our women and great role models for the other men.

EY conducts an annual survey to measure engagement, defined as job satisfaction, pride, and commitment. Engaged professionals have higher retention rates. This leads to improved business results, including higher revenue growth. In 2013, we included a question on childcare responsibilities and found our working parents express the highest levels of engagement among all of our people.

For us, encouraging parents to take paid parental leave, use day-to-day flexibility, or go on a formal flexible work arrangement is cost effective. It costs us about one and a half to two times a mid level employee's salary to hire and train their replacements, and turnover is disruptive.

Organizations don't change overnight. At EY, we started with the tone at the top. Successive chairmen recognized that succeeding both personally and professionally is really important, and they

modeled the behavior they wanted our people to embrace. There must also be grass roots support and buy-in. The best way to do this is through transparency and open communications not only about what we're doing, but why.

Flexibility, parental leave, and related efforts are not silver bullets, and they may not be appropriate for every organization. But for us, they've led to better business experiences for our people.

EY received many awards for our workplace culture, which signals that we are a great employer. And, in turn, we recruit and retain the best talent. As a result, our people deliver exceptional service, and this creates better business results. For EY, paid parental leave is a competitive advantage.

Thank you, and I look forward to your questions.

[The prepared statement of Ms. Gockel follows:]

PREPARED STATEMENT OF MARYELLA GOCKEL, M.B.A., CPA

Thank you, Chairman Hagan and Ranking Member Enzi, for inviting me to testify today about the benefits of paid family leave on behalf of my firm. My name is Maryella Gockel. I serve as the Flexibility Leader at Ernst & Young LLP (EY), the U.S. member firm of EY, and as the Americas Flexibility Leader within our global organization. In this role, I am focused on fostering a sustainable, inclusive, and flexible culture that enables all EY professionals to achieve their potential and make a difference, wherever they come from and whatever their characteristics.

I have been with the organization for nearly 34 years. During that time, EY and its member firms have been the recipient of numerous awards and accolades for our inclusive and flexible culture. Most recently, this includes 16 consecutive years on *FORTUNE's* "100 Best Companies to Work For" list and recognition as one of the Great Place to Work® Institute's Top 25 "World's Best Multinational Workplaces" in 2012. Ernst & Young LLP has also achieved 17 years on the *Working Mother* "100 Best Companies" list, the last 8 years as a Top 10 employer. We value these awards because they are a signal to the marketplace that we are a great employer, enabling us to recruit and retain the best talent.

Personally, for my work at the firm, I received the Families and Work Institute's Work Life Legacy Award in 2008, and the Ted Childs Life Work Excellence Award in 2012. As such, I am honored to be here today to talk about Ernst & Young LLP's policies on paid family leave in the U.S.

To succeed today, every business strives to recruit the best, retain the best, and help them achieve their very best. This is why EY has chosen to pursue a business model that promotes diversity, inclusiveness, and flexibility. In today's global economy, EY has determined that we can only succeed if we embrace people from every background and every experience—and that includes working parents, among so many others.

First, I'll start with a few basic facts about our organization. EY is a global leader in assurance, tax, transaction and advisory services. We have about 190,000 people in member firms with offices in roughly 150 countries. I am confident that workplace flexibility is critical to our people around the world, yet we also know there is no such thing as a "one size fits all" approach to embedding it within our organization.

To tell you a little bit about my own personal journey, I joined the U.S. firm in 1980 as a client service professional in our New York city office after earning my M.B.A. in accounting from Rutgers Graduate School of Management. In 1985, I transferred to our New Jersey office because it was closer to home. I believed the move would make it easier to have both a career and a family.

My son arrived in 1988. He is adopted from Korea. At the time, Ernst & Young LLP did not offer paid leave for adoptive parents. We only had disability leave for birth mothers, something that was very common at the time. However, my managing partner and I arranged for me to take 6 weeks off.

I came back on a reduced work schedule, something my managing partner and I created and what is now well known as a Flexible Work Arrangement (or "FWA").

Fast forward 3 years, and my adopted daughter arrived in 1991. The firm still did not offer paid parental leave, and, again, I took time off. This time, I took 4 months. My managing partner said, "I don't care what you do, I don't care where you work, just please don't leave the firm."



I did not leave. I continued on my FWA, typically, either not working on Wednesdays, or working more flexible hours during the week. My kids grew up in the Metropark, New Jersey office, and I was the role model for many women who came after me—those who believed they could have a career, a family, and a great life outside of work. But this was not a full-scale solution for the firm. It was ad hoc, geography-based, and really just a Band-Aid approach. Each person had to negotiate for what he or she needed. Some, like me, were lucky and got what we needed to be a great mom and a great professional. We were able to thrive. Others did not, and chose to leave the firm. In the mid-1990s, women within our U.S. firm were leaving at a rate 10 to 15 percent higher than men. This was creating a real “brain drain,” and motivated us to focus on an organization-wide model.

I am proud to say that, today, we have nearly closed the retention-gender gap, and our EY leadership drove this change.

Our chairman at the time believed diverse and inclusive teams created better solutions for our clients. He was an early proponent of what is now our continued focus on diversity and inclusiveness, which includes flexible working. As a result of this tone at the top, EY began working to make sure everyone could thrive both personally and professionally in our culture.

Because our early focus was on retaining women, we started our flexibility journey by formalizing FWAs. These were typically arrangements that included reduced schedules. This meant women like myself worked less than a full schedule when compared to their peers. Primarily, this met the needs of our women, who were making the transition to becoming a working mom and who wanted to spend more time with their child or children. We promoted our first female partner on a reduced schedule FWA in 1993. Using these types of FWAs over the years, we have promoted hundreds to partners, principals, executive directors and directors, the highest ranks in the firm.

In 2001, the chairman of the new global EY organization continued the focus on women’s leadership and wanted to build on our initial successes from the mid-1990s. He had experienced firsthand the success we built around FWAs in the New York metropolitan area. As a result, he asked me to become our director of Work Life Integration in the United States. My role was to help our people and the U.S. firm become more flexible. A component of this new role was to help engender a shift in our firm’s culture, which required designing new programmatic solutions to help facilitate change.

As you can imagine, advances in technology were essential to expanding our flexibility efforts, and with those technology solutions came a focus on offering flexibility for all. We no longer had to rely on reduced schedule FWAs primarily focused on women. Instead, technology was beginning to enable all of our people to work anytime from places other than the office. But our new parents still needed a more formal program to transition them from a singular focus on their career to a dual focus on both their career and family. In response, one of the single biggest policy changes we created was implementing a paid parental leave program, for women and men, in 2002.

Ernst & Young LLP was the first of the Big 4 professional services firms to adopt a fully paid parental leave program. In 2002, we had no idea how it might work and if men would use the paid parental leave. But we knew we had to try because we were still losing women at a faster rate than men, and exit interviews told us that “work-life balance” was a big factor.

So what do a bunch of accountants do? We asked our actuaries! The actuaries estimated that the firm could expect about 1,000 births each year among our U.S. professionals, nearly equally divided between men and women. Those estimates were correct. In the first year of the program, 950 people took the 2-weeks of paid parental leave we offered. Nearly everyone who was eligible for the leave took it, including the men!

This proved to us that our efforts to change our culture through flexibility initiatives were working. If men and women were taking advantage of a program initially focused on women, then we had made progress. Several years later we decided to enhance our parental leave policy, again becoming the first Big 4 firm to do so, and increased time off for primary caregivers to 6 fully paid weeks off following the birth or adoption of a child.

For birth mothers, this means 12 weeks of fully paid time off following the birth. This includes 6 weeks of disability plus 6 weeks of parental leave. If their doctor suggests it, birth mothers are also eligible for (typically) 2 weeks off before the birth. And for men and adoptive parents, because they are not deemed “disabled” due to a pregnancy, they get 6 weeks of fully paid parental leave, if they are the primary caregiver. Non-primary caregivers get 2 weeks of parental leave after the baby arrives.

Ernst & Young LLP defines a primary caregiver as the person who has full-time caregiving responsibility for the child. That can be the father or the mother.

Some of our dads who act as primary caregivers take 2 weeks off right after their child arrives and use the remaining 4 weeks of their 6-week leave after their spouse or partner returns to work or school. Since we implemented paid parental leave in 2002, nearly all of our eligible Ernst & Young LLP men have utilized it. In a given calendar year at our firm, about 500 to 600 working dads in the United States take paid parental leave. We have found that men who take parental leave become real advocates for the women and great role models for the men on their teams because they know firsthand how challenging it is to be home with a baby.

Nearly all of our women who utilize this benefit take their 12 weeks off consecutively. Some also take additional vacation time and/or unpaid time off afforded by the Family and Medical Leave Act (FMLA) to expand their leave. Ernst & Young LLP provides access to 16 weeks of FMLA time, which is 4 more weeks than the 12 required by FMLA. We also run FMLA and disability-related time off consecutively, not concurrently. A new birth mother typically gets to use 6 weeks of disability leave before the FMLA time off even begins. Simply stated, birth mothers have 22 weeks of job guaranteed time off after the birth (6 weeks of paid disability plus 16 weeks of FML, with 6 of the latter being paid under our parental leave policy).

Today the conversation is no longer about if men are going to take paternity leave; it's about how long they will take, and when. Too often, men are an afterthought in conversations about working parents and workplace flexibility. EY's experience and research have shown our organization's leaders that we not only have to shift our thinking and our benefit offerings, but we also need to shift our communications to be more inclusive of men.

This is why, when EY piloted a new program called Career and Family Transitions in 2012, we offered executive coaching to help support new moms and dads who are welcoming a new baby through birth or adoption. To date, our coaches have worked with about 400 parents. A quarter of them have been dads.

In our continuous effort to promote an environment that helps everyone succeed personally and professionally, EY recently sponsored new research on paternity leave. We wanted to better understand men's perspectives on paternity leave as their demands at home and at work continue to evolve.

The study, conducted by the Boston College Center for Work & Family, was the subject of the White House Forum on Fathers held in early June 2014. The men who participated in the study were from a variety of industries and organizations. Participants expressed their belief that *today* 2 weeks of paid leave for men is the socially acceptable amount of time off. However, 74 percent of surveyed fathers suggested that 2 to 4 weeks was a more appropriate amount of paid paternity leave, highlighting that perhaps fathers would like more time, but may feel pressure to conform to societal norms.

Among the findings that stood out to us was the fact that millennials (also known as Gen Y) are particularly interested in utilizing paid paternity leave benefits. Fathers from the millennial generation felt most strongly that it is important for employers to provide paid paternity or paid parental leave. In fact, 93 percent said it was extremely, very or somewhat important. This is really significant to us since more than 60 percent of EY's workforce is Gen Y.

Anecdotally, there are many stories about how paternity leave positively impacts our working parents' levels of loyalty and satisfaction. Since we are an accounting firm, we prefer to measure and use more formal metrics that suggest flexibility offerings benefit our organization.

For example, EY periodically conducts a Global People Survey (GPS) of its 190,000 people to measure their "engagement," which the survey defines as their perceived satisfaction with the organization, pride, commitment, and willingness to share that EY is a great place to work. When people are engaged they take more ownership in the work they do, give extra effort when needed, and strive for higher levels of performance. When we foster an engaging experience through flexibility, teamwork, and empowerment, we retain more people—and retention contributes to better business results, including higher revenue growth.

In 2013 we included questions regarding childcare responsibilities for our U.S. professionals for the first time. I'm proud to report that we found the U.S. firm's working parents express the highest levels of engagement among all of EY's professionals.

It may seem counterintuitive for an organization to encourage its people to take more time away from work and to spend business resources on family programming. Yet for EY, encouraging our men and women to take paid parental leave, utilize

day-to-day flexibility, or go on an FWA to help manage their busy lives, has been smart business.

This is confirmed by an external study that EY conducted of men and women, from various generations and organizations. It found that nearly one in five (18 percent) employees ranked flexibility first overall in non-cash, non-benefits perks. It was a learning experience for me personally to see that Gen X men (40 percent) were the most likely to leave a job if flexibility was not offered compared to Gen X women (37 percent), and Gen Y men (36 percent) were more likely to leave compared to Gen Y women (30 percent).

EY must focus on our future, and that means focusing on meeting the workplace expectations of our Gen Y professionals. This includes their career goals, how they work, the technology they use, and how they will manage their busy lives now and in the future. For EY, offering flexibility is not just the right thing to do, it is also cost effective. It costs us 1.5 to 2 times a mid-level employee's salary to hire and train his or her replacement, and that turnover can be disruptive.

Changing a corporate culture cannot come from a one-off initiative, and it does not change an organization overnight. At EY, we started with the tone at the top. Successive chairmen recognized that flexibility was important, and they "modeled" the behavior they wanted to see our partners and employees embrace. Continuing that legacy, our current global chairman and CEO just spoke at the White House Summit on Working Families on the topic of flexibility.

Change cannot just come from the top down. There must be grassroots support and buy-in across the organization. We have learned that the best way to do this is to be transparent and communicate not only what we are doing, but why.

Flexibility, parental leave, and the other programs I've mentioned are not silver bullets, and they may not be appropriate for every organization. But for EY, these initiatives lead to better experiences for our people. As a result, our people deliver the exceptional service our clients expect, and this creates better business results for EY. For us, it is about our people. We know our people have choices. By creating a culture that supports them and helps them succeed, both personally and professionally, EY gains a competitive advantage in the marketplace. This is what allows us to attract and retain the top talent we need to serve our clients in the high-quality way they expect.

Senator HAGAN. Thank you.

Our next witness is Jeannine Sato, a working mom from Durham, NC, who is going to tell us about her experiences having children both with and without paid leave.

Ms. Sato.

**STATEMENT OF JEANNINE SATO, MALS, DIRECTOR, DURHAM CONNECTS, DURHAM, NC**

Ms. SATO. Good morning. I'd like to thank Madam Chair Hagan for holding this important hearing on the benefits of paid family leave today. My name is Jeannine Sato. I'm the Director of Durham Connects, a nurse home visiting program for parents of newborns established by Duke University and community partners. I'm a Duke employee, but I'm not representing the views of Duke University today.

I am a married mom with two children. My son, Kenji, is four, and my daughter, Hana, is seven. My family lives in Durham, where I co-founded the North Carolina chapter of Moms Rising.org. I'm grateful to be here with you today and to share my experience with paid family leave.

I have two very different stories. When I was pregnant with my daughter 7 years ago, I thought I was in good shape with maternity leave. I worked for a reputable organization that claimed to be family friendly. Once I learned I was pregnant, I drafted a maternity leave proposal to cover my responsibilities for my 12 weeks of leave, which I thought was covered under the Family Medical

Leave Act, otherwise known as the FMLA, and I didn't anticipate any problems.

When I was 3 months pregnant, I presented my plan to my boss, but his answer was a resounding no. I was treated with quite a lot of contempt. It turns out the federally funded nonprofit that I worked for was not required to offer FMLA because of a little known exemption. My employer had well over 100 employees, much more than the 50 required by FMLA, and I'd been employed for more than 3 years, well over the 1-year minimum. I learned, though, that for FMLA to apply, a business must have 50 employees within a 75-mile radius, and our offices were separated by about 80 miles each.

So it was a decision I realized later that they had made to circumvent FMLA. Still, my employer could have made an exception. The employee manual had a process for requesting unpaid personal leave for family reasons. But I was deemed too essential to take off 12 weeks, and they didn't want to set a precedent.

In addition to refusing my leave, my employer denied me a flexible work environment after the birth, which meant no working from home and no compressed work week. So I had to return to work full time after 6 weeks of medical leave or risk losing my job. I'm a breadwinner in my family, and I needed my job.

This was an incredibly difficult time physically and emotionally for me, my marriage, and my family. Despite going back to work so quickly, I still ended up taking several weeks without pay, as did my husband. It was a struggle financially for us with the new cost of a baby, and I can't even really imagine what this would mean to a low-wage employee or single parent. So many people don't even have sick or paid vacation days, as you noted, Senator Hagan.

In the end, after the birth of my first child, I had no paid family leave, no family leave which was unpaid, and no job protection. So I immediately started looking for another job and an employer who would honor the idea of family friendly policies, not only because it was the ethical thing to do, but because it was good business. I knew that happy, supported workers were loyal, productive workers.

Within a year, I found a new job at Duke University, and my former boss was quite shocked when I left. Retention was a major goal of theirs, and I told them that even the big raise that they had given me couldn't keep me there because they didn't honor me or value me as a person.

So fast forward. My second child, Kenji, was born 4 years ago while I was working at Duke's Center for Child and Family Policy, and my experience could not have been more different. My boss congratulated me upon my pregnancy. He allowed me 12 weeks leave and flexibility to work from home to ease my transition back to work.

Per its HR policy, Duke University provided 3 weeks of paid leave, and I didn't risk losing my job. My anxiety was much lower, and I was a better parent and worker. I was recovered, rested, and ready to go back to work, and I didn't miss a beat. I am forever grateful for this support.

In addition, through my work, I've witnessed firsthand how little support many parents receive from their employers. As I mentioned earlier, I direct a universal program for parents of newborns. Some of the parents we serve are forced to go back in as little as 1 week after birth, because they simply can't afford to stay home without pay or risk losing their job.

This is really sad to watch, and it also poses potential harm to both child and maternal health and well-being. We must ensure that all moms and dads, all workers, no matter who they work for, have access to paid family leave, not only for new parents, but for families taking care of critically ill children or other relatives or those recovering from their own illness.

This is a human issue. Navigating the stressful patchwork of maternity leave changed my life, and now I hope to improve it for others. In the end, my former employer failed to recognize that taking care of its staff, not fear or money, necessarily, garners loyalty and productivity from employees. Just ask my current employer.

[The prepared statement of Ms. Sato follows:]

PREPARED STATEMENT OF JEANNINE SATO, MALS

Good morning. I would like to thank Chairman Hagan and Ranking Member Enzi for holding this important hearing on the benefits of paid family leave for businesses and working families. My name is Jeannine Sato. I am the director of Durham Connects, the nurse home visiting program for parents of newborns established by Duke University and our community partners. I'm also a married mom of two children: My son, Kenji, is age 4 and my daughter, Hana, is age 7. I'm grateful to have the chance to be with you today and share my family's experience with paid family leave.

When I was pregnant with my daughter just over 7 years ago, I thought I was in good shape in terms of maternity leave. I worked for a reputable organization that was supposed to be "family friendly." Once I learned I was pregnant, I drafted a multi-page document about how I was going to cover my job responsibilities during my 12 weeks of maternity leave, which I assumed was covered under the Family and Medical Leave Act, otherwise known as FMLA. I didn't anticipate any problems.

I was optimistic that my maternity leave plan would be logical and safe. When I went to present my plan to my boss, I was only 3 months pregnant. (I like to plan ahead.) Despite submitting a well-thought-out maternity plan meticulously developed to cover my absence, my boss' answer was a resounding "no." I was treated with contempt.

It turns out the federally funded nonprofit I worked for did not have to offer FMLA, because of a little-known exemption that really took me by surprise.

My employer had well over 100 employees, more than the FMLA requirement of 50 employees, and I had been employed for nearly 3 years, well over the 1-year requirement. I learned, though, that for FMLA to apply, a business must have more than 50 employees within a 75-mile radius. Our three offices were separated by 80 miles each. At an earlier meeting, management decided to juggle hiring and placement in order to avoid the FMLA. I was at that meeting, but didn't realize the full implications of what they were doing in terms of its impact on employees.

This decision meant that there were literally 5 miles between me and the opportunity to have uninterrupted bonding with my newborn baby. My employer certainly could have made an exception for the situation, as it was listed as an option right in the "Personal Leave" section of the employee manual, citing the organization's "Family Comes First" philosophy.

However, I was deemed as "too essential" to take off 12 weeks, and they didn't want to "set a precedent" that other employees would follow. In addition to refusing my leave, my employer denied me a flexible work environment after the birth. That meant no working from home, and no compressed workweek. I had to return to work full-time after only 6 weeks of medical leave, after using all my vacation and sick time, or risk losing my job. I am the breadwinner in my family, and I needed my job.

After 6 weeks of round the clock baby care, I reluctantly dragged my exhausted, sore, depressed body back to work to sit in an office writing documents and checking

e-mails, while my newborn baby was at home. This was an incredibly difficult time physically and emotionally for me, my marriage and my family. As an anxious new mother I was depressed and exhausted, all of which risked my health and that of my baby.

Going back to work so quickly cuts bonding time with children and can make meeting breast feeding goals very difficult. Ironically, my husband's company, which was clearly exempt from FMLA because it had fewer than 20 employees, still cheerfully offered him 4 weeks of unpaid leave to care for our child while I went back to work. He brought our daughter in every day so I could breastfeed her over lunch. Even with the ability to pump breast milk every 2 hours, it was extremely difficult to maintain supply. I kept it up for 7 months, about which I am very proud. But many reasonable people would have quit sooner. It was so hard.

Despite going back to work so quickly and all of the sacrifices that it involved, I still ended up going several weeks without pay, as did my husband. It was a tremendous financial struggle for us to reduce our income at a time when we faced the many expenses that come with a newborn child. We had birth center co-pays, supplies, hundreds of diapers, a mortgage and bills. However, we felt fortunate that at least one of us could be home with our daughter for those crucial first weeks of her life.

It dawned on me during this time that many women don't have the "luxury" of any maternity leave, paid or unpaid. Most States do not have short-term disability, and many Americans have no guaranteed sick time, vacation or maternity leave. Some mothers go back to work only 1 week after having a child because they can't afford to miss a paycheck. It makes me so sad that Americans would allow their fellow workers—our mothers—to be treated that way.

My negative experience prompted me to leave my previous employer and find another one that would truly honor the idea of "family friendly" policies, not only because that is the ethical thing to do, but also because it is good business. Happy, supported workers are loyal, productive workers for their employers. Yet many businesses fail to realize that.

Within a year I found a new job at Duke University and resigned my former position. My former boss was shocked when I left. Despite multiple management meetings discussing employee retention strategies, where I told them flexibility was key to staff, they instead gave raises. I told them that I, and probably many other employees, would give the money back if we could have had more work flexibility. Yet management failed to see that loyalty and flexibility are worth their weight in gold.

My second child, Kenji was born 4 years ago, after I had begun my new position at Duke University's Center for Child & Family Policy. My experience here could not have been more different than at my previous employer. My boss congratulated me upon my pregnancy and told me to let him know what I needed. He allowed me 12 weeks leave and the flexibility to work from home to ease my transition. Per its HR policy, Duke University provided 3 weeks of pay after my use of accrued vacation and sick time. Because my leave was longer, I still took unpaid time and we had to manage our finances carefully, but I didn't risk losing my job. I was recovered, rested and ready to come back to work, and I never missed a beat. My anxiety was much lower and I was a better parent. Breast feeding was still hard, but I was better able to manage it at home those first weeks. I will be forever grateful for this support.

The stark difference between the family leave situations between my first and second child crystalized for me how terrible my first experience was, and how much better things can be in a supportive work environment. Being able to take the appropriate amount of time off allowed us to bond with our newborn, and establish good breast feeding routines and quality child care plans. It gave me time to rest and recuperate from pregnancy and childbirth before jumping back into the workforce.

In addition to my personal experience, through my work I have witnessed firsthand how little support many parents receive from their employers. As I mentioned earlier, I direct a nonprofit nurse home visiting program for parents of newborns. Some of the parents we serve are forced to go back to work as early as 1 week after their child is born because they simply can't afford to stay home without pay or risk losing their job. I cannot impress upon you enough the cascading harm this potentially can cause to the mother's health, the babies' health and the overall well-being of the family and community.

We must ensure that all moms and dads, all workers no matter who they work for, have access to paid family leave, not only for new parents, but also for families taking care of critically ill children, or other relatives, or recovering from their own serious illnesses. This is a human issue.

I urge our policymakers to realize that investments in family leave and early childhood are returned to us tenfold by a more stable, successful and prosperous society. Navigating the stressful patchwork system of maternity leave has changed my life and now I hope to improve this foundation of society as part of my life's work.

In the end, my former employer failed to recognize that taking care of its staff, not fear or money, garners loyalty among employees. All working families should have access to paid family leave. And if businesses want to boost productivity, they should realize that investing in employees' work-family balance is the key to success. Just ask my current employer.

Senator HAGAN. Thank you.

Our next witness is Victoria Shabo, vice president of the National Partnership for Women and Families, who is also an expert in the research on paid family leave.

Ms. Shabo.

**STATEMENT OF VICTORIA S. SHABO, M.A., JD, VICE PRESIDENT, NATIONAL PARTNERSHIP FOR WOMEN AND FAMILIES, WASHINGTON, DC**

Ms. SHABO. Thank you, Chairman Hagan and members of the committee. It's great to be here with you today and with such distinguished fellow panelists who are so articulate as well. I am Vicki Shabo, vice president of the National Partnership for Women and Families, an organization that has fought for more than 40 years for every major policy advance that has helped women and families.

Working families' need for paid family and medical leave is nearly ubiquitous, as we've heard here. But for too long, people have struggled privately with their work-family challenges. The moment to change that is now. In fact, new demographic and economic truths, some of which you referred to in your remarks, Chairman Hagan, reveal an urgent need for change.

Today, women make up nearly half the workforce and are primary or sole breadwinners in 40 percent of families. Seventy-one percent of children live in households where all parents hold jobs. The number of seniors and the need for elder care are growing, and men are increasingly taking on family caregiving, so this isn't just a women's issue. But most of the work continues to be done by women.

Against this landscape, the National Partnership recently studied workers' access to family and medical leave, and we discovered that the United States is failing its families. Although the Family and Medical Leave Act has been used more than 100 million times by people to care for their new children, their seriously ill loved ones, or their own serious health condition, 40 percent of the workforce, or 60 million workers, are left out. And the FMLA guarantees only unpaid leave, which millions of workers cannot afford to take.

Recognizing these gaps, we then looked at private sector policies and State laws to see whether they do better at providing paid time off. Our resulting report, *Expecting Better*, answers that question, similar to Jeannine's boss, with a resounding no. We found that whether a mom or dad, son or daughter, husband or wife has access to paid leave is a function of where they work and where they live, and, unfortunately, most people are left out. In sum, chance and inequality reigns.

Just 12 percent of workers, as you mentioned, have access to paid family leave. Only 40 percent have access to short-term disability insurance to address serious medical conditions. Only about half of new mothers take any paid leave at all after the birth of a child, and that figure hasn't improved in more than a decade. Low-wage workers are hit the hardest, and that trend will also be worse as the jobs that are being created are disproportionately low-wage and low-benefit, and they tend to be held by women.

Fortunately, some States are doing better for working families. California, New Jersey, and Rhode Island have all created paid family leave programs. They are working well, and they're paving the way for more State innovation. But there's much more to do and much more we need to do at the national level. There's a growing body of evidence that it will strengthen our families, our businesses, and our economy if we do it now.

First, as you mentioned, workers' access to paid family leave improves families' economic security. Moms are more likely to go back to work, to earn higher wages over time, and to return to their same employer if they have paid family leave. These figures are particularly important in context. Having a baby is the most expensive health event families experience in their childbearing years, and it's estimated that 13 percent of new families with a new infant become poor within a month.

Family caregivers and workers with serious health conditions are also more likely to stay in the workforce if they have accommodations like paid leave. That leads to greater financial security for people as they age. Businesses benefit when workers stay in their jobs. Retention is important for many reasons, but among them is the high cost of turnover, which is typically 21 percent of a worker's annual wages and as high as 213 percent for workers in high-wage occupations.

Businesses experience other benefits, too. Ninety percent or more of California employers that were surveyed about the State's paid leave program reported positive effects on profitability, performance, and morale, or no effect, meaning that the negative some employers feared never materialized. Health and well-being improved in terms of documented benefits for newborn and maternal health.

Finally, paid leave is a wise public investment. More people at work earning higher wages mean that more people are paying taxes and contributing to keep public programs like social security. In addition, paid leave reduces the cost of food stamps and public assistance, because families with paid leave, even controlling for other factors, are less likely to take public assistance or food stamps in the year after a child's birth.

So the big question now is how we get from an America where 12 percent of families have paid family leave to one where all do, and the answer, I think, lies in three parts. One, we must celebrate the positive experiences of employers, like Keven Trapani, who will be speaking in a moment, Ernst and Young, and others, and we must hear from more families about their experiences.

Second, we must encourage more State progress. Third, and ultimately, we must ensure all Americans have access to paid leave, building on the positive experiences of employers and States to move from today's patchwork of policies to a workable national so-



lution. When we do that, our Nation will benefit with stronger families and a stronger economy and will be better able to compete in the 21st century and beyond.

I hope this hearing and other conversations spark intensive efforts to craft paid leave solutions so people who need to take paid leave can gaze into the eyes of their new child and form a lifelong bond, hold the hand of a dying parent, or seek treatment for their own health issue. We can't afford to wait.

Thank you, and I look forward to answering your questions.  
[The prepared statement of Ms. Shabo follows:]

PREPARED STATEMENT OF VICTORIA S. SHABO, M.A., JD

Good morning, Chairman Hagan, Ranking Member Enzi and members of the committee. It is an honor to be here with you today to discuss the benefits of paid family and medical leave for workers and families, businesses and the economy.

My name is Vicki Shabo, and I am vice president at the National Partnership for Women & Families, where I lead the organization's workplace issues portfolio. The National Partnership is a nonprofit, nonpartisan advocacy organization based in Washington, DC. For more than four decades, we have fought for every major policy advance that has helped women and families. We promote fairness in the workplace, reproductive health and rights, access to quality, affordable health care, and policies that help women and men meet the dual demands of work and family. Our goal is to create a society that is free, fair and just, where nobody has to experience discrimination, all workplaces are family friendly, and every family has access to quality, affordable health care and real economic security.

INTRODUCTION: A MOMENT TO CREATE A STRONG ECONOMY THAT WORKS FOR ALL

This hearing comes at an exciting time. Last month at an historic White House Summit on Working Families, advocates, researchers, business leaders and elected officials came together to address the transformation of America's economy and its workforce. Executives from premier Fortune 500 companies and medium and small employers alike made strong business cases for family friendly policies, demystified the act of offering such policies, and shared the tangible returns they have seen for their brands, their revenues and their people. Workers from across the country spoke about the difference these policies make in helping them position their children for success, care for ailing or injured elderly parents, attend to their own serious health issues, and meet other life responsibilities.

There is a growing understanding that the need for paid family and medical leave is nearly ubiquitous, but for too long we have left individuals and families to search for solutions on their own, rather than adopting solutions that work for the Nation. The moment to change that is now. The urgent needs of families, the strong public demand, compelling employer testimonials, positive data from States and cities that have adopted family friendly policies, and clear interest from those in the private and public sectors all signal that it's time for progress. At this moment, lawmakers, employers and all of us must do all we can to transform America into a nation that truly reflects its family values rather than what it has been—a nation that pays lip service to family values but takes little action.

In my remarks this morning, I will touch briefly on the new economic and demographic truths about work, wages and family that make this conversation about paid family and medical leave so important. I'll summarize the patchwork of laws and policies that leave too many people without the paid leave they need and deserve. I'll touch on economic, business and health evidence that makes paid leave so essential to our Nation's progress. And I'll share thoughts on a roadmap for the way forward, toward an America where all workers can care for themselves and their loved ones without sacrificing their financial stability.

I. NEW DEMOGRAPHIC AND ECONOMIC TRUTHS REVEAL AN URGENT NEED FOR CHANGE

The world of work, wages and family has changed dramatically, but our workplace policies and norms remain largely stagnant, addressing few of the challenges Americans face day to day as they struggle to manage the dual demands of work and family. Today, women make up nearly half the workforce and are the primary or sole

breadwinners in 40 percent of families<sup>1</sup>; in just under another quarter of families, women's earnings contribute substantially to their families' incomes.<sup>2</sup> Most first children are born into households with mothers who were employed before and who return to work after giving birth,<sup>3</sup> and most children live in households with a single parent or both parents who hold jobs as they grow.<sup>4</sup>

Despite dramatic increases in women's workforce participation and contributions as family breadwinners, women most often continue to be the primary caregivers for children at birth and during childhood—and for elderly parents.<sup>5</sup> It is true and very welcome that men are increasingly interested in, and taking on, more family caregiving, but most of the work continues to be done by women.<sup>6</sup>

Economic pressures and precarious work conditions exacerbate the stresses that working families face. Stagnating wages and a persistent gender-based wage gap mean women—and all workers—are working later in life, for less, and are less able to save for the future.<sup>7</sup>

Keeping a job—whatever the conditions, wages or access to basic standards like paid sick days, paid leave, retirement security or health benefits—is of paramount importance because wages from work mean the difference between staying afloat or falling down a financial rabbit hole and hitting rock bottom.

In addition, demographic trends underscore the urgent need to create family friendly policies. Women's workforce participation, which climbed substantially in the United States in the 1970s and 1980s, has stagnated relative to other developed countries.<sup>8</sup> We would add about 5 percent to our GDP if women participated in the workforce to the same extent as men,<sup>9</sup> and it stifles our economic standing when women can't make work work. Part of the reason many women can't is that the United States lacks basic family friendly workplace and child care policies.<sup>10</sup>

<sup>1</sup>The Council of Economic Advisers. (2014, June). *Nine Facts About American Families and Work*. Executive Office of the President of the United States Publication. Retrieved 24 July 2014, from [http://www.whitehouse.gov/sites/default/files/docs/nine\\_facts\\_about\\_family\\_and\\_work\\_real\\_final.pdf](http://www.whitehouse.gov/sites/default/files/docs/nine_facts_about_family_and_work_real_final.pdf).

<sup>2</sup>Glynn, S.J. (2014). *Breadwinning Mothers, Then and Now*. Center for American Progress Publication. Retrieved 24 July 2014, from <http://cdn.americanprogress.org/wp-content/uploads/2014/06/Glynn-Breadwinners-report-FINAL.pdf>.

<sup>3</sup>Laughlin, L. (2011, October). *Maternity Leave and Employment Patterns of First-Time Mothers: 1961–2008*. U.S. Census Bureau Publication. Retrieved 24 July 2014, from <http://www.census.gov/prod/2011pubs/p70-128.pdf>.

<sup>4</sup>U.S. Census Bureau. (2013). *American Community Survey 1-Year Estimates 2012, Table DP03: Selected Economic Characteristics*. Retrieved 24 July 2014, from [http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_12\\_1YR\\_DP03&prodType=table](http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_12_1YR_DP03&prodType=table) (Unpublished calculations).

<sup>5</sup>Eisler, R., & Otis, K. (2014). *Unpaid and Undervalued Care Work Keeps Women on the Brink*. In O. Morgan, & K. Skelton (Eds.), *The Shriver Report: A Woman's Nation Pushes Back from the Brink*. New York, NY: Palgrave Macmillan Trade; Bianchi, S.M. (2011). Changing families, changing workplaces. *The Future of Children*, 21(2), 15–36; National Alliance for Caregiving. (2009, November). *Caregiving in the U.S.* National Alliance for Caregiving and AARP Publication. Retrieved 24 July 2014, from [http://www.caregiving.org/data/Caregiving\\_in\\_the\\_US\\_2009\\_full\\_report.pdf](http://www.caregiving.org/data/Caregiving_in_the_US_2009_full_report.pdf).

<sup>6</sup>The Council of Economic Advisers. (2014, June). *The Economics of Fatherhood and Work*. Executive Office of the President of the United States Publication. Retrieved 24 July 2014, from [http://www.whitehouse.gov/sites/default/files/docs/working\\_fathers\\_presentation.pdf](http://www.whitehouse.gov/sites/default/files/docs/working_fathers_presentation.pdf); See also note 1.

<sup>7</sup>Mishel, L., & Shierholz, H. (2013). *A decade of flat wages: the key barrier to shared prosperity and a rising middle class*. Economic Policy Institute Publication. Retrieved 27 July 2014, from <http://www.epi.org/publication/a-decade-of-flat-wages-the-key-barrier-to-shared-prosperity-and-a-rising-middle-class/>; National Partnership for Women and Families. (2014, April). *America's Women and the Wage Gap Fact Sheet*. National Partnership for Women & Families Publication. Retrieved 27 July 2014, from <http://www.nationalpartnership.org/research-library/workplace-fairness/fair-pay/americas-women-and-the-wage-gap.pdf>; Helman, R., Adams, N., & VanDerhei, J. (2014). The 2014 Retirement Confidence Survey: Confidence Rebounds—for Those With Retirement Plans. *EBRI Issue Brief*, (397); Saving: Too Thin a Cushion. (2013, April 3). *The Economist*. Retrieved 27 July 2014, from <http://www.economist.com/blogs/freeexchange/2013/04/saving>.

<sup>8</sup>See note 1.

<sup>9</sup>Aguirre, D., Hoteit, L., Rupp, C., & Sabbagh, K. (2012). *Empowering the Third Billion. Women and the World of Work in 2012*. Booz & Company Publication. Retrieved 25 July 2014, from [http://www.strategyand.pwc.com/media/file/Strategyand\\_Empowering-the-Third-Billion-Full-Report.pdf](http://www.strategyand.pwc.com/media/file/Strategyand_Empowering-the-Third-Billion-Full-Report.pdf).

<sup>10</sup>Ibid.; See also The Council of Economic Advisers. (2014, June). *Nine Facts About American Families and Work*. Executive Office of the President of the United States Publication. Retrieved 24 July 2014, from [http://www.whitehouse.gov/sites/default/files/docs/nine\\_facts\\_about\\_family\\_and\\_work\\_real\\_final.pdf](http://www.whitehouse.gov/sites/default/files/docs/nine_facts_about_family_and_work_real_final.pdf).

Our birthrates are also falling relative to other developed nations, which has significant implications for our Nation and our workforce now and in the future.<sup>11</sup> Concerns about making ends meet, coupled with our Nation's lack of family friendly policies and inflexible business cultures, play a role in this decline. Young people, in particular, see work demands as incompatible with parenting and say they may put off or avoid the latter altogether.<sup>12</sup>

At the same time, our population is aging: Over the next 25 years, the number of adults 65 and older is expected to double.<sup>13</sup> By 2060, there will be 92 million older adults—accounting for more than 20 percent of the U.S. population.<sup>14</sup> This means many more workers will need time away from work to care for seriously ill parents and spouses.<sup>15</sup> Our Nation needs to address the impending elder care crisis now.

All these factors make it absolutely critical that our country update its workplace policies and standards. In particular, we must ensure all workers in the United States have paid family and medical leave so that people can take the time they need to welcome a new child or address serious medical challenges without jeopardizing their family's economic security. We simply must end the days when millions of workers across the Nation face devastating economic hardships as a result of significant family and medical events. There is no time to wait.

## II. THE PATCHWORK OF FAMILY AND MEDICAL LEAVE POLICIES FAILS TOO MANY FAMILIES

The National Partnership recently studied the landscape with regard to workers' access to family and medical leave, whether offered through employer policies or through public policies. Sadly, we discovered that, for the most part, the United States is failing its families.

### A. Family and Medical Leave Act

First, although the Family and Medical Leave Act (FMLA) has been the law for 21 years and has been used more than 100 million times to help assure eligible workers the time they need to care for a new child, a seriously ill loved one or their own serious health condition, too many people are left out. In all, slightly less than 60 percent of the workforce (about 90 million workers) has access to *unpaid* leave under the FMLA.<sup>16</sup> But that means that four in 10 workers—or about 60 million—are left out by the law's exclusions of employees in smaller businesses, employees with less than a year on the job and employees who work part-time.<sup>17</sup> These workers have absolutely no right to take time away from their jobs to address serious

<sup>11</sup>Douthat, R. (2012, December 1). More Babies, Please. *The New York Times*. Retrieved 25 July 2014, from [http://www.nytimes.com/2012/12/02/opinion/sunday/douthat-the-birthrate-and-america-future.html?\\_r=1&](http://www.nytimes.com/2012/12/02/opinion/sunday/douthat-the-birthrate-and-america-future.html?_r=1&) (Citing Livingston, G. (2012). *In a Down Economy, Fewer Births*. Pew Research Center Publication. Retrieved 26 July 2014, from <http://www.pewsocialtrends.org/2011/10/12/in-a-down-economy-fewer-births/>).

<sup>12</sup>*Ibid.*; Friedman, S.D. (2013, October). *Baby Bust: New Choices for Men and Women in Work and Family*. Pennsylvania, PA: Wharton Digital Press.

<sup>13</sup>Centers for Disease Control and Prevention. (2013). *The State of Aging and Health in America 2013*. Retrieved 26 July 2014, from [http://www.cdc.gov/features/agingandhealth/state\\_of\\_aging\\_and\\_health\\_in\\_america\\_2013.pdf](http://www.cdc.gov/features/agingandhealth/state_of_aging_and_health_in_america_2013.pdf).

<sup>14</sup>U.S. Census Bureau. (2014, March 25). *Older Americans Month: May 2014*. Retrieved 26 July 2014, from [http://www.census.gov/newsroom/releases/archives/facts\\_for\\_features\\_special\\_editions/cb14-ff07.html](http://www.census.gov/newsroom/releases/archives/facts_for_features_special_editions/cb14-ff07.html).

<sup>15</sup>MetLife Mature Market Institute. (2011, June). *The MetLife Study of Caregiving Costs to Working Caregivers: Double Jeopardy for Baby Boomers Caring for Their Parents*. Retrieved 24 July 2014, from <https://www.metlife.com/assets/cao/mmi/publications/studies/2011/mmi-caregiving-costs-working-caregivers.pdf>.

<sup>16</sup>Klerman, J., Daley, K., & Pozniak, A. (2012, September 7). *Family and Medical Leave in 2012: Technical Report*. Abt Associates Publication. Retrieved 23 April 2014, from <http://www.dol.gov/asp/evaluation/fmla/FMLA-2012-Technical-Report.pdf>.

<sup>17</sup>National Partnership for Women & Families calculation based on FMLA access rate as reported in Klerman et al. multiplied by the number of employed civilian population reported in U.S. Bureau of Labor Statistics. (2014, July 3). *Table A-1, Employment status of the civilian population by age and sex*. Retrieved 26 July 2014, from <http://www.bls.gov/news.release/empst.t01.htm>. Looking at just the private sector, about 50 million workers are not protected by the FMLA. Private sector calculations based on same calculation using *Table A-8. Employed persons by class of worker and part-time status*. Retrieved 26 July 2014, from <http://www.bls.gov/news.release/empst.t08.htm>; See also Jorgensen, H., & Appelbaum, E. (2014, February 5). *Expanding Federal Family and Medical Leave Coverage: Who Benefits from Changes in Eligibility Requirements?* Center for Economic and Policy Research Publication. Retrieved 24 July 2014, from <http://www.cepr.net/documents/fmla-eligibility-2014-01.pdf>.

family or medical issues, and if they do, they risk losing their jobs and their health benefits.

Second, the FMLA guarantees only *unpaid* leave, which means millions of workers who need leave cannot afford to take it. In fact, the share of workers who said they needed and did not take leave doubled from 2000 to 2012. The most common reason provided by workers who needed FMLA leave but did not take it was that they couldn't take time off without some income. Other workers took shorter leaves, dipped into savings earmarked for other needs, went into debt, or had to accept public assistance as a result of taking unpaid leave.<sup>18</sup>

Recognizing the gaps, we looked beyond the FMLA to study whether the private sector or State laws better address workers' need for paid time off. A report we issued earlier this summer, *Expecting Better: A State-by-State Analysis of Laws That Help New Parents*, answered that question with a resounding "no"—the same conclusion we reached in 2005 and 2012 when we conducted similar analyses.<sup>19</sup>

### B. Employer Policies

*Expecting Better* reveals a nation in which chance and inequality reign. Whether a mom or dad—or a son, daughter, husband or wife—has access to paid leave is purely a function of who they work for and where they live. And, unfortunately, most people are left out.

Overall, just 12 percent of private sector workers nationwide have access to employer-provided paid family leave that they can use to bond with a new baby or care for a seriously ill family member.<sup>20</sup> Only 40 percent have access to employer-provided short-term disability insurance to address a personal serious medical need that requires time away from work.<sup>21</sup> And only about 61 percent have access to paid sick days, for when short-term illnesses strike.<sup>22</sup>

Lower-wage workers are hit the hardest and face particular challenges when serious family and medical needs arise. Most workers in the bottom wage quartile (those who are paid \$11.00 per hour or less) lack access to paid time away from work. Just 5 percent have paid family leave, 18 percent have access to short-term disability insurance through their employers, 30 percent have paid sick time and 49 percent have paid vacation time (and any new parent or family caregiver or person suffering from a serious illness knows that none of these major life events are vacations).<sup>23</sup> That means fully half of lower wage workers are without *any* source of pay when they need time away from their jobs.<sup>24</sup> This problem will only grow worse if there are no interventions because the jobs that employers are creating are disproportionately low-wage and low-benefit. It is noteworthy that the vast majority of these jobs tend to be held by women.<sup>25</sup>

For the highest wage earners, the story is different, but even for them, access to paid family leave and short-term disability insurance is lacking. In addition, workplace cultures too often discourage people—especially men—from taking time away from their jobs to address family needs.<sup>26</sup>

<sup>18</sup> See note 16.

<sup>19</sup> National Partnership for Women & Families. (2014, June). *Expecting Better: A State by State Analysis of Laws That Help New Parents*. Retrieved 24 July 2014, from <http://www.nationalpartnership.org/research-library/work-family/expecting-better-2014.pdf>.

<sup>20</sup> U.S. Bureau of Labor Statistics. (2013, September). *National Compensation Survey: Employee Benefits in the United States, March 2013* (Table 32). Retrieved 24 July 2014, from <http://www.bls.gov/ncs/ebs/benefits/2013/ebbl0052.pdf>.

<sup>21</sup> U.S. Bureau of Labor Statistics. (2013, September). *National Compensation Survey: Employee Benefits in the United States, March 2013* (Table 16). Retrieved 24 July 2014, from <http://www.bls.gov/ncs/ebs/benefits/2013/ebbl0052.pdf>.

<sup>22</sup> See note 20.

<sup>23</sup> See notes 20 and 21.

<sup>24</sup> See table 1 in text below.

<sup>25</sup> Boushey, H. (2014). A Woman's Place Is in the Middle Class. In O. Morgan and K. Skelton (Eds.), *The Shriver Report: A Woman's Nation Pushes Back from the Brink*. New York, NY: Palgrave Macmillan Trade; Shabo, V. (2014, January 17). Employer Trends Signal Need for National Workplace Standards. *National Partnership "From the Desk of..." Blog*. Retrieved 26 July 2014, from <http://www.nationalpartnership.org/blog/general/employer-trends-signal-need-for-national-workplace-standards.html>.

<sup>26</sup> Harrington B. et al. (2014). *The New Dad: Take Your Leave. Perspectives on paternity leave from father, leading organizations, and global policies*. Boston College Center for Work and Family Publication. Retrieved 24 July 2014, from <http://www.bc.edu/content/dam/files/centers/cwf/news/pdf/BCCWF%20The%20New%20Dad%202014%20FINAL.pdf>.

Table 1—Percentage of Private Sector Workers with Access to Paid Time Off

	All workers	Workers in the lowest wage quartile (paid \$11.00 per hour or less)	Workers in the highest wage quartile (paid \$26.18 per hour or more)
Paid family leave .....	12%	5%	21%
Short-term disability insurance .....	40%	18%	61%
Paid sick-time .....	61%	30%	84%
Paid vacation leave .....	77%	49%	91%

Source: Bureau of Labor Statistics. *2013 National Compensation Survey of Employers*.

Focusing specifically on paid parental leave, only 50 percent of new moms take paid leave of any length after the birth of their first child, often cobbling together accrued sick, vacation and personal time, and that number hasn't changed appreciably in more than a decade.<sup>27</sup> Among women with lower levels of education, less than one-fifth take any type of paid leave around the birth of their first child—the same percentage as in 1961.<sup>28</sup>

The percentage of employers offering fully paid maternity leave has actually declined quite substantially in recent years, dropping from 17 percent in 2005 to 9 percent in 2014.<sup>29</sup> For men, it's no better. Just 9 percent work for employers that offer paid paternity leave to all of their employees.<sup>30</sup> The “all” here is important. Even within workplaces, employers may offer maternity, paternity or parental leave to some of their workers but not to most or all.<sup>31</sup>

#### C. State Policies on Paid Family and Medical Leave

Fortunately, some States are taking the lead in addressing the challenges facing working families. Diverse coalitions of advocates, workers and business leaders have won significant policy changes, including paid sick days, paid family and medical leave, and expanded FMLA laws that cover more workers than Federal law. Those advances have established basic protections for millions of working families across the country and, in turn, have paved the way for more State innovation, seeding the ground for this national conversation.

Most important for today, some States have created basic paid family and medical leave standards through statewide family leave insurance programs. California's program has been in effect for a decade and was recently expanded to give workers the ability to care for a wider range of seriously ill family members, including siblings, grandparents and grandchildren.<sup>32</sup> New Jersey's program has been in effect for 5 years and Rhode Island's program went into effect at the beginning of this year.<sup>33</sup> There is a growing body of evidence that paid leave in these States is working well—for workers and families as well as for employers.

The California, New Jersey and Rhode Island programs build on longstanding temporary disability insurance (TDI) programs that these three States and two others—New York and Hawaii<sup>34</sup>—created decades ago to assure that most workers have access to a portion of their wages when a serious medical problem temporarily prevents them from working. Overall, about 22.5 million private sector workers live in States with paid family leave or temporary disability insurance laws in place—but that leaves out 89 million more.<sup>35</sup>

<sup>27</sup> See note 3.

<sup>28</sup> Ibid.

<sup>29</sup> Matos, K., & Galinsky, E. (2014). *2014 National Study of Employers*. Families and Work Institute Publication. Retrieved 26 July 2014, from <http://familiesandwork.org/downloads/2014NationalStudyOfEmployers.pdf>; Galinsky, E., Aumann, K., & Bond, J. (2011, August). *2008 National Study of the Changing Workforce*. Families and Work Institute Publication. Retrieved 26 July 2014, from [http://familiesandwork.org/site/research/reports/Times\\_Are\\_Changing.pdf](http://familiesandwork.org/site/research/reports/Times_Are_Changing.pdf).

<sup>30</sup> See note 16.

<sup>31</sup> Ibid.

<sup>32</sup> Cal. Unemp. Ins. Code §§ 3300–3306.

<sup>33</sup> N.J. Stat. §§ 43:21–25 to 43:21–31; R.I. Gen. Laws §§ 28-41-34 to 28-41-36.

<sup>34</sup> Haw. Rev. Stat. §§ 392–3, 392–21, 392–23, 392–25; N.Y. Workers' Comp. Law §§ 201–205.

<sup>35</sup> National Partnership for Women & Families. (n.d.). *Map: 24 million Americans can better care and provide for their families when family and medical needs arise*. Retrieved 24 July 2014, from <http://www.nationalpartnership.org/issues/work-family/24-million-americans-benefit.html>.

#### D. International Comparisons

It is worth noting that the United States is virtually the only economically competitive Nation in the world that puts its people in such a precarious position. All other countries in the Organisation for Economic Cooperation and Development (OECD) offer paid maternity leave to new mothers<sup>36</sup>; all but four (Ireland, Switzerland, Turkey and the United States) offer paid parental leave to new fathers<sup>37</sup>; and all but two (South Korea and the United States) guarantee paid sick leave to their workers.<sup>38</sup>

The United States is an outlier worldwide as well. It's often said that we are one of three countries *in the world* out of the 185 surveyed by the International Labor Organization (ILO) that does not guarantee paid maternity leave to new mothers.<sup>39</sup> That turns out to be outdated—Oman, one of the other countries on that “bad apple” list, adopted a paid maternity leave standard in 2011.<sup>40</sup> One can only hope that the other outlier, Papua New Guinea, does not beat us to the punch.

### III. GREATER ACCESS TO PAID LEAVE WOULD CREATE MORE ECONOMIC OPPORTUNITY FOR ALL

All of the available research—from employer-generated studies to analyses of California's and New Jersey's paid leave programs to data that reflect the experiences of people fortunate enough to work for employers that offer some form of paid leave to analyses of parents in other countries—demonstrates the clear benefits of paid leave.

#### A. Paid Leave Promotes Greater Economic Security and Financial Independence for Working Families

Guaranteeing workers access to paid leave can improve families' economic security and promote financial independence in the face of major life events. Paid leave encourages workforce attachment. Mothers who take paid leave are more likely than mothers who do not to be working 9 to 12 months after a child's birth.<sup>41</sup> They are also more likely to receive higher wages over time. In the year after the birth of a child, mothers who take paid leave are 54 percent more likely to report wage increases than mothers who do not and are 39 percent less likely to receive public assistance or food stamps, taking into account other socioeconomic and workplace factors that might explain these differences. When fathers take paid leave, they too are significantly less likely to receive public assistance or food stamps than fathers who do not.<sup>42</sup> These figures are particularly important in context: Having a baby is the most expensive health event that families face during their childbearing years,<sup>43</sup> and it is estimated that 13 percent of families with a new infant become poor within a month.<sup>44</sup>

<sup>36</sup>World Policy Analysis Center. (2014). *Workplace policies before and after childbirth*. World Policy Forum Publication. Retrieved 24 July 2014, from <http://worldpolicyforum.org/tables/workplace-policies-childbirth/>.

<sup>37</sup>Ibid.; Siegelshifer, V. (2010, July). *A Need for Non-Transferable Paternity Leave in Israel* (p. 5). Women's Budget Forum Publication. Retrieved 24 July 2014, from <http://wbf.org.il/Uploaded/paternityleaveenglish.pdf>; International Finance Corporation. (2014). *Women, Business, and the Law: Creating Economic Opportunity for Women: Mexico, 2013*. Retrieved 24 July 2014, from <http://wbl.worldbank.org/data/exploreconomies/mexico/2013#getting-a-job>.

<sup>38</sup>McGill Institute for Health and Social Policy. (2011, May 2). *Raising the Global floor: Adult Labour, A WoRLD Legal Rights Data base: Sick Leave*. Retrieved 24 July 2014, from <http://raisingtheglobalfloor.org/policies/single-policy-1.php>.

<sup>39</sup>International Labor Organization. (2014). *Maternity and paternity at work: Law and practice across the world*. Retrieved 24 July 2014, from [http://www.ilo.org/global/publications/ilo-bookstore/order-online/books/WCMS\\_242615/lang-en/index.htm](http://www.ilo.org/global/publications/ilo-bookstore/order-online/books/WCMS_242615/lang-en/index.htm).

<sup>40</sup>Curtis, Mallet-Prevost, Colt & Mosle LLP. (2012, January 26). *New Amendments to Oman's Labour Law. Oman Law Blog*. Retrieved 24 July 2014, from <http://omanlawblog.curtis.com/2012/01/new-amendments-to-omans-labour-law.html>.

<sup>41</sup>Houser, L., & Vartanian, T. (2012, January). *Pay Matters: The Positive Economic Impact of Paid Family Leave for Families, Businesses and the Public*. Center for Women and Work at Rutgers, the State University of New Jersey Publication. Retrieved 24 July 2014, from [http://www.nationalpartnership.org/site/DocServer/Pay\\_Matters\\_Positive\\_Economic\\_Impacts\\_of\\_Paid\\_Family\\_L.pdf?docID=9681](http://www.nationalpartnership.org/site/DocServer/Pay_Matters_Positive_Economic_Impacts_of_Paid_Family_L.pdf?docID=9681).

<sup>42</sup>Ibid.

<sup>43</sup>Amnesty International. (2010). *Deadly Delivery: The Maternal Health Care Crisis in the USA*. Amnesty International Publication. Retrieved 24 July 2014, from <http://www.amnestyusa.org/dignity/pdf/DeadlyDelivery.pdf>.

<sup>44</sup>Rynell, A. (2008, October). *Causes of Poverty: Findings from Recent Research*. Heartland Alliance Mid-America Institute on Poverty Publication. Retrieved 24 July 2014, from [http://www.woodsfund.org/site/files/735/69201/260704/363127/causes-of-poverty\\_report\\_by\\_Heartland\\_Alliance.pdf](http://www.woodsfund.org/site/files/735/69201/260704/363127/causes-of-poverty_report_by_Heartland_Alliance.pdf).

Family caregivers and workers with serious health conditions, too, are more likely to be able to stay and contribute in the workplace if they have workplace accommodations, such as paid leave.<sup>45</sup> And helping older workers stay employed has real implications for their retirement security: A woman who is 50 years of age or older who leaves the workforce to care for a parent will lose more than \$324,000 in wages and retirement.<sup>46</sup> For men, the figure is substantial as well—close to \$284,000 in lost wages and retirement.<sup>47</sup> In addition, it is worth noting the role that personal and family illnesses play in personal bankruptcies.<sup>48</sup> Paid leave could ameliorate that result.

#### B. Paid Leave Benefits Businesses

Whether employers offer paid leave to attract and retain workers or workers gain access to paid leave through a State paid leave insurance program, businesses experience cost-savings and other benefits when workers can take paid leave to address family and medical needs. First-time mothers who take paid maternity leave are more likely than mothers who do not to return to work—and to return to work for the same employer—after taking time to recover and care for their children.<sup>49</sup> Workers who are dealing with personal health issues or caring for a loved one are better able to stay employed when they have paid leave and other family friendly policies.<sup>50</sup>

Retaining workers is cost-effective because of the high costs that employers shoulder as a result of employee turnover. Researchers recently surveyed 31 company and academic case studies that calculate direct and/or indirect turnover costs for a variety of occupations across industries and wage levels. For high-wage, high-skilled workers, including in fields like technology, accounting and law, turnover costs can amount to 213 percent of workers' salaries.<sup>51</sup> Across all occupations, median turnover costs are estimated to be 21 percent of workers' annual wages, and even in middle- and lower-wage jobs, turnover costs are estimated to be 16 to 20 percent of workers' annual wages.<sup>52</sup> Direct costs associated with turnover include separation costs, higher unemployment insurance, costs associated with temporary staffing, costs associated with searching for and interviewing new workers, and training costs for new workers<sup>53</sup>; indirect costs can arise from lost productivity leading up to and after employee separations, diminished output as new workers ramp up, reduced morale and lost institutional knowledge.<sup>54</sup>

Studies from States with paid leave programs demonstrate the impact paid leave can have on retention, particularly among workers who were less likely to have paid leave before. In surveys conducted with California employers and employees several years after the State paid leave program was implemented, nearly 83 percent of workers in "lower-quality" jobs (those paying less than \$20 per hour without providing health insurance) reported returning to their employers after taking paid family leave, a 10-point improvement in retention over workers who did not take paid leave through the California program.<sup>55</sup>

<sup>45</sup>Ryan, E. (2014, June 30). Family Caregivers at Work. *AARP Blog*. Retrieved 26 July 2014, from <http://blog.aarp.org/2014/06/30/familycaregivers-at-work/>.

<sup>46</sup>See note 15.

<sup>47</sup>Ibid.

<sup>48</sup>Himmelstein, D.U., Thorne, D., Warren, E., & Woolhandler, S. (2009, August). Medical Bankruptcy in the United States, 2007: Results of a National Study (Table 2). *The American Journal of Medicine*, 122(8), 741–746. Retrieved 28 July 2014, from [http://www.amjmed.com/article/S0002-9343\(09\)00404-95/fulltext#sec2.1](http://www.amjmed.com/article/S0002-9343(09)00404-95/fulltext#sec2.1).

<sup>49</sup>Laughlin, L. (2011, December 7). Presentation to the National Partnership for Women & Families' Work-Life Lunch Group, Washington, DC. Calculations based on U.S. Census Bureau Survey of Income and Program Participation, 2008 Panel, Wave 2. Data on file with the National Partnership for Women & Families.

<sup>50</sup>See note 15.

<sup>51</sup>51 Boushey, H., & Glynn, S. (2012, November 16). *There Are Significant Business Costs to Replacing Employees*. Center for American Progress Publication. Retrieved 24 July 2014, from <http://www.americanprogress.org/wp-content/uploads/2012/11/CostofTurnover.pdf>.

<sup>52</sup>Ibid.

<sup>53</sup>Allen, D.G., Bryant, P.C., & Vardaman, J.M. (2010). Retaining talent: Replacing misconceptions with evidence-based strategies. *The Academy of Management Perspectives*, 24(2), 48–64; See also note 51.

<sup>54</sup>Hausknecht, J.P., & Holwerda, J.A. (2013). When does employee turnover matter? Dynamic member configurations, productive capacity, and collective performance. *Organization Science*, 24(1), 210–225; See also Note 50.

<sup>55</sup>Appelbaum, E., & Milkman, R. (2011). *Leaves That Pay: Employer and Worker Experiences with Paid Family Leave in California*. Center for Economic and Policy Research Publication. Retrieved 24 July 2014, from <http://www.cepr.net/documents/publications/paid-family-leave-1-2011.pdf>.

In addition, 90 percent or more of California employers that were surveyed reported positive effects on profitability, performance and morale, or reported no effects—meaning that the negatives that some employers feared (concerns about shifting work to others, losing productivity, abuse, etc.) never materialized.<sup>56</sup> New Jersey employers interviewed recently as part of a study about that State’s paid family leave insurance program noted that paid leave helped reduce stress and improve morale among workers taking leave, as well as among their co-workers.<sup>57</sup>

#### C. Paid Leave Promotes Better Health and Well-Being for Working Families

When people have time to care for themselves and their loved ones without jeopardizing their ability to make ends meet and afford basic expenses, their health and well-being improves. Newborns whose mothers take at least 12 weeks of paid leave are more likely to be breastfed, receive medical checkups and get critical immunizations.<sup>58</sup> Neonatal mortality is reduced when parents have access to paid leave.<sup>59</sup> A recent review of international literature concludes that there are benefits for maternal health when fathers take paid leave, including a reduction in maternal illness and depression and an increase in well-being.<sup>60</sup>

California’s paid leave program has helped parents—particularly those in lower quality jobs—learn to care for their children and to find outside child care. Ninety-one percent of parents in lower quality jobs who took paid family leave through the State program reported a positive effect on their ability to care for their children, compared with 71 percent of parents in lower quality jobs who did not use the State paid leave program. In addition, 72 percent of parents in lower quality jobs who used State paid family leave reported a positive effect on their ability to arrange child care, compared to just half of those who did not use the State paid family leave program (49 percent).<sup>61</sup>

Paid leave has important benefits when family members are ill as well. When children are critically ill—whether at birth or later—the presence of a parent shortens a child’s hospital stay by 31 percent.<sup>62</sup> Active parental involvement in a child’s hospital care may head off future health care needs and reduce costs.<sup>63</sup> Similarly, family caregivers with paid leave who care for an elderly loved one are better able to help loved ones recover from illness, fulfill treatment plans, and avoid complications and hospital re-admissions, which can help lower health care costs and improve health outcomes.<sup>64</sup> Family caregivers themselves are also better able to care for themselves when workplace policies anticipate and are responsive to their needs.<sup>65</sup>

#### D. Paid Leave Impacts Government Revenues and Spending

Paid leave is a wise public investment. More people at work, earning higher wages, means more people paying taxes and contributing to Social Security and other key public programs. Guaranteeing paid leave to more workers would likely lead to reductions in government spending. An analysis of States with paid leave programs found that women in those States are less likely than women in other

<sup>56</sup> Ibid.

<sup>57</sup> Lerner, S., & Appelbaum, E. (2014, June). *Business As Usual: New Jersey Employers’ Experiences with Family Leave Insurance*. Center for Economic and Policy Research Publication. Retrieved 25 July 2014, from <http://www.cepr.net/documents/nj-fli-2014-06.pdf>.

<sup>58</sup> Berger, L., Hill, J., & Waldfogel, J. (2005). Maternity Leave, Early Maternal Employment and Child Health and Development in the US. *The Economic Journal*, 115(501), F44.

<sup>59</sup> Ruhm, C. J. (2000). Parental leave and child health. *Journal of Health Economics*, 19(6), 931–60.

<sup>60</sup> See note 26.

<sup>61</sup> See note 54.

<sup>62</sup> Heymann, J. (2001, October 15). *The Widening Gap: Why America’s Working Families Are in Jeopardy—and What Can Be Done About It*. New York, NY: Basic Books.

<sup>63</sup> Heymann, J., & Earle, A. (2010). *Raising the global floor: dismantling the myth that we can’t afford good working conditions for everyone*. Stanford, CA: Stanford Politics and Policy.

<sup>64</sup> See e.g., Institute of Medicine. (2008, April 11). *Retooling for an Aging America: Building the Health Care Workforce* (p. 254). Retrieved 28 July 2014, from <http://www.iom.edu/Reports/2008/Retooling-for-an-Aging-America-Building-the-Health-Care-Workforce.aspx>; Arbaje et al. (2008). Postdischarge Environmental and Socioeconomic Factors and the Likelihood of Early Hospital Readmission Among Community-Dwelling Medicare Beneficiaries. *The Gerontologist* 48(4), 495–504. Summary retrieved 24 July 2014, from <http://www.rwjf.org/grantees/connect/product.jsp?id=34775>.

<sup>65</sup> MetLife Mature Market Institute. (2010). *MetLife Study of Working Caregivers and Employer Health Care Costs: New Insights and Innovations for Reducing Health Care Costs for Employers*. Retrieved 26 July 2014, from <https://www.metlife.com/assets/cao/mmi/publications/studies/2011/mmi-caregiving-costs-working-caregivers.pdf>.



States to receive public assistance or food stamp income following a child's birth, particularly when they use their State paid leave program.<sup>66</sup>

In short, all of the evidence reveals that paid leave leads to stronger families and a stronger nation.

#### IV. THE PATH FORWARD: TOWARD AN AMERICA WHERE ALL WORKERS HAVE ACCESS TO PAID FAMILY AND MEDICAL LEAVE

The big question is how we get from an America where just 12 percent of hard-working people have paid family and medical leave to one where all do, so that working women and men, whether they live in California, New Jersey or Rhode Island—North Carolina, Wyoming or Massachusetts—or any other State, have the financial stability and peace of mind they need when a new child arrives or a serious health issue arises.

##### A. Celebrate Paid Leave as a Win-Win for Businesses and Working Families; Create Resources for Employers

First, there are a growing number of leaders at businesses of all sizes, and across industries, who can discuss and provide data about the tremendous benefits that paid leave policies offer. There are also a number of organizations that study business practices. They promote the good examples that leading employers set and can provide tools to other employers that want to follow suit.

It is important to hear from employers who are already doing the right thing, like my co-panelists today, and many others. I'm thinking here of employers like Annette Bonilla from Environmental Services Associates (ESA), a medium-sized firm of 300 employees which is headquartered in California with offices in Oregon, Washington and Florida. ESA's employees gained access to paid family leave as a result of California's law. Ms. Bonilla says that the company has noticed the positive impact on her employees. In her words, "[W]e began to notice that our employees who took time off when a new baby arrived or when a serious illness struck were less stressed than those in similar circumstances working in our other States. Less stressed workers mean more productive workers. We want to see all of our employees thriving in the same way as their Californian counterparts."<sup>67</sup>

It is important to use meetings of business leaders, business publications and less formal business-to-business mentorships as vehicles to help allay concerns and answer questions about how employers can address business or management issues that arise when employees take family and medical leave—for example, best practices in cross-training employees, re-assigning work or hiring temporary replacements to pitch in while permanent employees deal with family or medical issues. Employers like Ernst & Young, Redwoods Group and many others can offer valuable guidance and dispel myths for others who want to do right by their employees.

And we must also hear from families like Jeannine's, who can attest to the difference paid leave makes. Any of us who have been lucky enough to work for an employer that offers paid leave knows firsthand its impact.

##### B. Encourage More State Innovation

The State paid leave programs in California, New Jersey and now Rhode Island have helped countless people care for their sons and daughters, fathers and mothers, husbands and wives. These programs also teach important lessons about program design, reveal employer best practices, dispel unfounded concerns, and encourage changes in the workplace and broader culture so that men are better able to participate in family care.<sup>68</sup>

<sup>66</sup>Includes States with both paid family leave and temporary disability insurance (personal medical leave) programs. Houser, L., & Vartanian, T. (2012, April). *Policy Matters: Public Policy, Paid Leave for New Parents, and Economic Security for U.S. Workers*. Center for Women and Work at Rutgers, The State University of New Jersey Publication. Retrieved 25 July 2014, from <http://smlr.rutgers.edu/cww-report-policy-matters>.

<sup>67</sup>Better Workplaces, Better Businesses (n.d.). *Businesses Support the Family and Medical Insurance Leave Act*. Retrieved 25 July 2014, from <http://betterwork.org/business-support-for-paid-family-medical-leave-family-act/>.

<sup>68</sup>California's experience with men filing paid family leave claims to care for new children is remarkable. In the first year of the program (2004–5), men filed 17.3 percent of all baby bonding claims; in the most recent program year for which data are available (2013–14), men filed 33.6 percent of baby bonding claims. See State of California Employment Development Department. (2014). *Paid Family Leave: 10 Years of Assisting Californians with Care*. Retrieved 26 July 2014, from [http://www.edd.ca.gov/disability/pdf/Paid\\_Family\\_Leave\\_10\\_Year\\_Anniversary\\_Report.pdf\(2004-5\\_data\)](http://www.edd.ca.gov/disability/pdf/Paid_Family_Leave_10_Year_Anniversary_Report.pdf(2004-5_data)); State of California Employment Development Department. (n.d.). *State Disability Insurance (SDI) Statistical Information: Paid Family Leave (PFL) Program Statistics*.

Federal programs can incentivize more State action. For example, the United States Department of Labor (DOL) is making available \$500,000 to be divided among up to five States to analyze paid leave options. My understanding is that the DOL is expected to receive applications from more States than it can fund. That \$500,000 should be a down payment on an appropriations request of \$5 million for a State paid leave fund, which was included in the President's budget this year and in prior years and should be funded.

### *C. Adopt a National Paid Leave Standard*

Ultimately, the positive experiences of employers and States must pave the way for a national paid family and medical leave standard. We must replace today's patchwork of policies, in which people's family and medical leave experiences are dictated by chance and too often fraught with hardships or simply nonexistent. Our Nation urgently needs a system that affords working families the financial stability they deserve, and helps employers to build workforces that are committed, happy and productive. When we do that, our Nation will benefit from stronger families and a stronger economy, and we will be better able to compete in the 21st century and beyond.

An effective national paid family and medical leave solution must have, at minimum, the following attributes:

First, it must make paid family and medical leave available to all workers, regardless of their employer's size, and whether they work full-time, part-time or are self-employed. It must reflect an aspiration that is core to the American Dream, that people should have the freedom and mobility to be able to seek better opportunities for themselves and their families without worrying about losing key paid family and medical leave protections when they move jobs or relocate to a new State. And it must do so at a wage replacement level that lets families meet basic expenses.

Second, it must reflect all the well-established reasons people need family and medical leave, including for caring for a new child, a loved one with a serious health condition, a worker's own serious health condition and for certain military family caregiving purposes; it must provide leave for an adequate length of time; and it must apply equally to women and men. It should recognize the Supreme Court's decision in *United States v. Windsor* when defining "spouse."<sup>69</sup>

Third, it must protect workers against retaliation for needing or taking leave.

Fourth, it must be affordable for workers, cost-effective for employers, and offer efficiencies with existing employer and State-based programs. Benefit levels can be capped at reasonable dollar amounts to avoid unduly high payments for higher-wage workers.

Others features are critical, but these are among the most important.

We at the National Partnership for Women & Families applaud you, Chairman Hagan, and members of the committee for taking the time today to consider the immense benefits to families and businesses when working people have access to paid family and medical leave. Demographic and economic factors make it essential that we come to terms with the fact that our current patchwork of policies is not working.

I hope this hearing and other conversations in Congress and around the Nation spark intensive efforts to craft paid leave solutions that will assure working people the security and stability they need when they take time from their jobs to gaze into the eyes of a new child and form a lifelong bond, hold the hand of a dying parent, or recover from their own serious health issue. We look forward to working with you until we reach the day when all working families are assured that they are not one new baby or serious illness away from financial devastation. Thank you for your time and consideration.

Senator HAGAN. Thank you, Ms. Shabo.

Our last witness is Kevin Trapani. Kevin is the President and CEO of the Redwoods Group, an insurance and consulting firm in North Carolina that has made paid family leave a part of his busi-

Retrieved 26 July 2014, from [http://www.edd.ca.gov/disability/pdf/qspfl\\_PFL\\_Program\\_Statistics.pdf](http://www.edd.ca.gov/disability/pdf/qspfl_PFL_Program_Statistics.pdf).

<sup>69</sup>*United States v. Windsor*, 133 S.Ct. 2675 (2013); U.S. Department of Labor, Wage and Hour Division. (2014, June 27). *Notice of Proposed Rulemaking on the Family and Medical Leave Act*. Retrieved 25 July 2014, from <https://www.federalregister.gov/articles/2014/06/27/2014-14762/the-family-and-medical-leave-act>.

ness operating philosophy. I'm proud to say that I've visited the offices of the Redwoods Group, and I can personally attest that you do have a positive work environment with a great group of very motivated employees.

Mr. Trapani.

**STATEMENT OF KEVIN TRAPANI, PRESIDENT AND CEO, THE REDWOODS GROUP, MORRISVILLE, NC**

Mr. TRAPANI. Thank you, Madam Chairman, and thank you, members of the subcommittee. Thank you especially for your service to our country and for your interest in this topic and its dual benefits, both to employees and to businesses, which has been mentioned.

Just briefly about the Redwoods Group, as Senator Hagan said, we're an insurance and consulting firm in Research Triangle Park, NC. We have 80 staff members. Our mission is very simple. It is to protect kids from sexual abuse and from drowning and from other harm. We do that by using the data that we get from an insuring transaction to know how kids are harmed, to help our customers, which are all nonprofit, child-serving organizations, know how to change their operations to keep kids safe. That's the work that we do. So success for us is measured by lives saved, by souls saved, not by profit.

However, profit is important to us. Profit for us is a metric of sustainability. Without profit, we don't exist. Without us existing, kids are at risk.

My fellow CEO's ask me all the time, "Isn't FMLA enough?" And as you have heard, the answer is it's important, but it's not enough. Not every employee is eligible, and even those who are eligible often don't get paid leave to support their time away.

We've talked about the dual focus of the hearing, the benefits for business and for employees. I think they are fundamentally linked. At Redwoods, our staff must be others focused. They can't be if their most basic needs aren't being met. Maslow taught us that. Taking time to heal, taking time to care for family—those are basic needs.

I want to talk about two things quickly. I want to talk about our Redwoods Group leave policies and why I think Congress should consider a national paid leave policy. Our leave policies cover sick days, bereavement leave, community volunteer leave, and paid family leave.

But leave without pay isn't useful to very many people. That's why we provide a short-term disability plan for eligible events, like medical problems or the birth of a child. And I agree that's not a disability, Senator Hagan. We also cover ineligible events, like caring for a loved one, by providing unlimited sick days. The result of our program is a loyal, long-tenured staff that has a deep commitment to our shared mission.

I want to share a few paid leave stories with you, and they're not just moms and babies. Laurel Vadala was a new employee at Redwoods when she needed back surgery. She had great anxiety about losing her job. She supports others and other families financially. If she lost her job, the ripple effect would be significant. So FMLA was important to her. But the benefit of her short-term disability

payment was hugely important for her to fulfill her multiple obligations.

Steve Kehoe had an 80-year-old dad. He and Steve's mom had been married for 55 years. He was building houses right up until the day he had a stroke. Steve flew across the country to be with him. He was deteriorating quickly in the intensive care because his mom couldn't advocate for her husband the way she wanted to. There was a misdiagnosis.

Steve got there, and in Steve's own way was persistent with the doctors. A cure was found. His dad recovered, and Steve wrote this to me: "I don't know that my dad would have survived had I not been there."

I could tell you many, many, many more stories. But I will simply tell you that in our experience, paid family leave has a hugely beneficial effect on Redwoods. As has been said, paid leave users are more likely to return, which saves us the cost of interviewing, hiring, and retraining.

An unintended consequence, an unexpected benefit, is that when others cover the work of a temporarily departed employee, those people's skills grow. They get better. They get more responsible. And when the person who has been covered for returns to work, they trust more deeply in the people who covered for them. The phrase used by our employees most often to describe Redwoods is "it's a family."

We always say our people are our biggest assets. Yet investing in our people is not necessarily a strength of the American business model. When I go to bed at night, I have 80 mortgages to pay. I have 125 kids to raise. Thinking about business that way is different, and thinking differently requires some coaching. As you think about what's possible, I hope you will consider peer networks.

As a North Carolinian, I'm proud that my Senator is giving light to this topic. People shouldn't have to choose between financial security and fulfilling family obligations. Businesses benefit from providing paid leave. Paid leave should be universally available, and it will take leadership from you and from the business community.

Thank you for inviting me to speak, for your selfless work for our country, and for your deep consideration of the needs of working families.

[The prepared statement of Mr. Trapani follows:]

PREPARED STATEMENT OF KEVIN TRAPANI

Senator Hagan, distinguished members of the subcommittee, I am Kevin Trapani, the CEO of The Redwoods Group.

The Redwoods Group is an insurance and consulting firm based in Morrisville, NC, which has 80 employees, all but one of whom are full time. Our insurance and risk management services are pulled together in a business model borne out of a conviction to do things differently. We define ourselves, not by increased shareholder value, but by our place in a larger root system; one in which we are responsible to our employees (and their families), our customers (and the people they serve) and our global community—as well as to our owners. To be clear, we do not exist to make a profit, but making a profit is important to us. It is an essential metric of sustainability.

As a business leader, I am delighted to have a chance to speak to both of the topics of this hearing: the benefits of paid family leave for businesses *and* for working families. In reality, these benefits are fundamentally linked. Our business success hinges on the work our employees do. As a result, their individual well-being is crucial to the impact of our collective work. But employees have lives outside of the

office, and those lives matter for their success at work. As we learned from Maslow, people's basic needs must be met before they can think and act communally. That's why our workplace policies need to reflect the multiple commitments workers have in their lives. Paid leave is one such policy.

Today, I will briefly describe my company's leave policies and explain why we offer paid family leave along with medical leave. I will also speak about why I believe Congress should consider a national paid leave policy.

The Redwoods Group has a range of paid leave policies, including paid time for parents to engage in school activities, sick days, bereavement leave, volunteer leave, and, of course, paid family leave. These policies have helped make our company strong by building a loyal, long-tenured workforce deeply committed to our shared mission.

While Redwoods expects and requires our employees to alert us to their need for sick days, we do not place a limit on the number of paid sick days an employee can use. We have had this policy in place for 13 years, and it has very rarely been abused.

Leave without pay is useful to very few people. That's why Redwoods also provides a Short Term Disability plan which replaces our employees' wages for eligible events such as a serious medical problem or the birth of a child. For ineligible events—like caring for a loved one—our employees use their unlimited paid sick days. In addition, the company pays employees during the days of the "waiting period" before Short Term Disability kicks in. On top of this, when a parent of a new-born or newly adopted child needs paternity or maternity leave, Redwoods has 5 days of additional paid leave that employees may use.

A few facts about how our policies work in real life: including all the types of leave we consider "eligible," on average, our employees use fewer than 3 sick days each per year. In our experience, employees who are trusted and who are in a nurturing workplace simply don't abuse privilege. The annual cost of our unlimited sick leave policy is less than the cost of a single additional employee, while the benefits are incalculable. Finally, over the past 10 years, our turnover has been less than 5 percent per year—about one-third of the norm for our business segment.

Let me share with you some stories our employees have told me about their experiences with paid leave at Redwoods and without paid leave in earlier jobs:

Dan Norber's experience with paid leave as a new dad:

"My daughter, Jocelyn Rose, was born on May 5th. I feel exceptionally fortunate that she was born healthy and, after crying for her first 15 minutes of life, generally very happy.

"My wife and I are both from St. Louis and we have a huge support network there. But we're in North Carolina, 1,000 miles from home. Because I had the benefit of paternity leave, when we left the hospital, we brought her home, and we learned together what she needed in those first days. Now, about 12 weeks later, it is clear that this opportunity created a home with two parents who can calm Jocelyn and, as importantly, can support each other.

"For me, FMLA, paternity leave, and other programs provide so much value outside of the direct caregiver and receiver. It strengthens the caregiver's web of support and allows them to dedicate themselves to serving a loved one.

"I look forward to the day when every father, caregiver, or family member has the security to do what I was able to with my daughter."

Trinity Faucett's experience when she was a new mom, before she was employed at Redwoods:

"I can share my personal experience as both an employee, human resource professional, and, most importantly, a mother. In my line of work, I have encountered many young parents who are not able to afford to stay at home during the FMLA time period due to financial difficulties. My own experience attests to not only the financial strain but more importantly the emotional strain.

"To my surprise, my first-born son decided to enter the world 2 months early. I was working full-time and earned less than \$20,000 annually. I was not eligible for FMLA since I worked for a small employer and had to pay for part of my own health insurance. We were very blessed that my son did not have any major complications, but he did have to stay in the hospital for a month to learn how to feed and put on weight. I was able to bring him home after 1 month of hospital stay. I was out of work during that time without pay. After he came home, I was only able to stay at home with him for another month (about the time of his original due date). This created financial strain but we had a loving family support system. Since he was premature and had a fragile immune system, his doctors did not recommend daycare but again we were so blessed to have both grandmothers able to juggle their schedules to care for him while I

worked. Additionally, my employer allowed me to bring him to work when I had no one able to care for him.

“I am so grateful for those who assisted us during that time in our lives and in no way do I want to take away from the blessings during the trials. However, I also know I can never get the lost time back that I would have had if I could have afforded to stay home longer. I suffered emotionally due to the worry about my son’s health, the piling medical bills due to the extended hospital stay, the feelings of guilt for not being able to be with him—all above and beyond the normal worries of first-time motherhood. I decided to quit breast feeding sooner than I would have liked and was not able to give him the time and attention that I know he needed. I was fortunate to have others in my life who loved him as much as I did. I know not all mothers are so fortunate.

“My only hope is that 1 day when my children have their children, they will be in a position to be able to spend as much time as they desire for bonding and family time.”

Laurel Vadala’s experience with a back problem:

“After I started my job at Redwoods I had to have back surgery. I had never had any sort of back problem before and when the pain started it truly caught me by surprise. I had so much anxiety about whether my job would be still there after my surgery since I was dealing with a long recovery time. Our family supports several people/families financially. Had I lost my job due to my medical situation, it would have had a ripple effect that would have caused a lot of hardship for a lot of people. Our Redwoods HR department was wonderful. They helped me with short-term disability paperwork and assured me that I would have a position to come back to. I sincerely thank you and Redwoods for the privilege to work for a company that cares about their employees.

“One person’s income affects more than just their immediate family. When that income stops, there is an immediate impact that is felt by everyone they know or organization they support or business in their community that they frequent. It has far reaching financial implications that affect us all.”

As a leader, I believe in the importance of focusing on people’s positive qualities and giving them the tools they need to maximize those qualities. Paid leave, whether it is needed to recover from the flu or to welcome a new baby, is one such tool.

When employees take paid leave, as you now know, they are more likely to return to our company; this saves us the costs of interviewing, hiring, and retraining. Of course, it’s necessary to cover the work of an employee on leave, which some may see as a challenge. However, at Redwoods, we’ve discovered that this so-called challenge creates a real opportunity for the business. Since we cover the work of an employee on leave by sharing it across the affected team, our more junior team members get a chance to learn and take on new responsibilities, furthering their development. This is a big plus for our company: junior workers have an opportunity to grow their skills and advance their careers and those who have been well-supported develop a deeper trust in their co-workers. This is one reason that, over time, when asked about the Redwoods environment, our folks most often call it “a family.”

Virtually every business leader has said at one time or another, “Our people are our biggest asset.” Yet, investing in our people isn’t always a strong commitment in American business models. Ensuring that folks are free to care for themselves or a family member when needed is an investment in our people—and it improves the results of a business—but it’s a different way of thinking. Companies have learning curves when it comes to implementing new policies; those without paid leave have not had a chance to be in the classroom. Those of us who have paid leave implementation experience can provide peer support to other businesses that are ready to take the steps needed to maximize their employees’ potential. Through learning communities, we can guide fellow businesses as they implement paid leave policies. I know that I have learned lots from my peers along the way. I hope you will consider the role of learning communities as an important element of any family leave legislation.

A growing number of employers around the country not only provide paid family leave for their employees but also are calling for national paid family and medical leave legislation. I am delighted to be a part of that effort.

I’ll also say this: as a North Carolinian, I’m proud that our Senator is focusing on an issue that deserves congressional attention. It is vital that paid family leave be universally available in this country and it will take leadership from businesses and from Members of Congress to make that happen.

Thank you all for your selfless work to serve our country and for your deep consideration of the needs of working families.

Senator HAGAN. To all of our witnesses, thank you. As I said in the opening, we will take a recess at 10:55, go vote, and then we will be back. I apologize for the interruption.

I'm going to ask one question, and then I'm going to move on to let other Senators start their questions. One of the reasons that some businesses are reluctant to offer more family supportive policies like paid leave is a concern that the employees will take advantage of a more flexible program.

Mr. Trapani, in the Redwoods Group, as you just stated, you've got a very generous policy of unlimited sick days and paid family leave. Can you tell us if you've found that your employees abuse the additional time the company offers?

And, Ms. Gockel, obviously, Ernst and Young with—I'm not sure how many thousands you have in the country—whether or not in a larger organization, you might see a different standard.

Mr. Trapani.

Mr. TRAPANI. Thank you, Senator Hagan. Our experience has been that, on average, our employees take less than three sick days per year. In fact, we used to have a policy that people were entitled to 5 sick days maximum, and most people used all five. When we went to unlimited, the number of sick days came down. People in a nurturing environment who are trusted don't abuse privilege. That's not been our experience.

Senator HAGAN. Ms. Gockel.

Ms. GOCKEL. I would absolutely agree. We, too, at Ernst and Young have unlimited sick days, and people do not abuse them—less than five in any given year.

Senator HAGAN. Ms. Shabo, you've heard these two responses. Do you, in your research—what does the research tell us is the typical business experience with offering paid family leave? Do employees typically abuse these kinds of policies?

Ms. SHABO. No. The research is incredibly consistent with what my co-panelists have said. In fact, the evidence from California, specifically, shows that about 91 percent have said that they are not aware of any abuse. This is after a statewide program has been in place for several years. Those who are say that it's incredibly isolated. Ninety-nine percent say they can think of fewer than five incidents of abuse.

But, in general, these policies have many more positive impacts in New Jersey as well, and employers don't report any abuse. So this is not an issue. Our experience with the FMLA is consistent. Fewer than 1 percent of employers report abuse under the FMLA.

Senator HAGAN. Mr. Franken, since you were first on the scene.

#### STATEMENT OF SENATOR FRANKEN

Senator FRANKEN. This is a great panel. Thank you all for your testimony, and thank you, Madam Chair, for chairing this.

Mr. Trapani, we often hear concerns that providing paid leave will be too costly for employers. In your testimony, you highlight the cost that your business has saved because of paid family leave, stating,

“The annual cost of our unlimited sick leave policy is less than the cost of a single additional employee. Over the past 10 years, our turnover has been less than 5 percent per year.”

Why do you think access to paid leave has reduced your turnover, and do you think these savings have made a significant contribution to your bottom line?

Mr. TRAPANI. Thank you, Senator. There are a couple of pieces to that answer. First of all, unfortunately, our paid leave program is a competitive advantage for us in the marketplace. That’s one of the reasons that people stay with us and, certainly, that they return after a paid leave experience, but also why they stay with us.

Second, what happens with us is that that limited amount of cost is dependent on people not abusing it. If we had lots of people taking 15 or 18 sick days a year, we couldn’t possibly afford it, and it would harm our business. But because the trust we offer them is returned with appropriate behavior, people are on the job more. They are more productive. They accomplish more. They serve more. We find that that cost, less than one person per year, is worth much more to us than adding another person.

Senator FRANKEN. How many people do you employ? What’s one person over—what’s the denominator?

Mr. TRAPANI. We have 80 staff.

Senator FRANKEN. I’ll bet you that in that environment, people get sick less because they’re happier. That’s a radical theory. Ms. Gockel, is that right? As you note in your testimony, Ernst and Young is a global company with offices in about 150 countries. How many of those countries offer paid sick leave?

Ms. GOCKEL. I would have to check. I am the Americas Leader, so I know what we offer in the U.S. But, honestly, I don’t know what we offer around the world.

Senator FRANKEN. Does anyone know?

Ms. SHABO. I think I can speak to that question, Senator Franken. The United States is one of two countries in the world that does not offer paid maternity leave to new moms. We used to say it was one of three, but, actually Oman put a paid maternity leave policy in place in 2011. So I’m really hoping that we can do this before Papua New Guinea beats us—the other one.

In terms of the OECD countries, we’re the only one without a paid maternity leave policy. We’re one of four without paid paternity leave, and we’re one of two countries, along with South Korea, that doesn’t offer paid sick leave.

Senator FRANKEN. But at least we’ve got Papua New Guinea.

Ms. SHABO. Yes.

Senator FRANKEN. Well, that’s good to know.

Ms. Gockel, how has Ernst and Young’s experiences as a global company, operating in countries that already offer paid leave programs, influenced your paid leave policies here? And do you find that offering paid family leave and flexible workplace policies in the United States helps your business here compete globally and compete here?

Ms. GOCKEL. I would go back to the fact that it enhances our retention. When we looked at our parents, when we did our annual study, our annual survey, our parents were more engaged, or the most engaged of all of our people at EY. So if you think about en-



agement and engagement leading to retention and retention leading to a better bottom line, that, for us, is the business case. When we think about what we offer to our people, including a flexible work environment, including paid time off for sick time, for leave time, for family leave, that, for us, is our competitive advantage.

Senator FRANKEN. Thank you. One last question for Ms. Shabo.

I'd like to hear more about your research on the facts of State paid leave programs that have been implemented in California, New Jersey, and Rhode Island. What effect have these programs had on the State economies and on businesses? Have these programs made opening small businesses more difficult? Have they increased State deficits?

Ms. SHABO. There's no evidence that any of the sort of parade of horrors that you just mentioned have happened. Ninety percent of the businesses have reported positive or no negative impacts. Employers have noted a cost savings in California. About 60 percent of the employers in the State reported cost savings. New Jersey employers report less stressed workers, workers with higher morale.

One of the really interesting things is an employer in California named Annette Bonilla, who has spoken on this before, has said that they've noticed that their employees in California are less stressed, more happy, and more productive than the employees in other States. They actually prefer a national solution so they can see those benefits.

One of the things I just wanted to address in terms of the competitive advantage—I think that's important, and putting policies in place in States like California and New Jersey and Rhode Island doesn't erode the competitive advantage, because companies that want to do better for their employees can still offer more. These programs are offering 55 to 66 percent of a worker's wages. So there's much more that employers who still want that competitive advantage can do.

But the really important thing is that we create a floor for workers so that they're not falling into poverty, so they're not falling into bankruptcy, so they're not struggling day to day to make ends meet, relying on public assistance or food stamps, or otherwise sort of spiraling into a downward rabbit hole of financial devastation.

Senator HAGAN. Thank you, Ms. Shabo.

Thank you, Senator Franken.

Senator Murray, maybe we'll have time for your questions before we need to vote.

#### STATEMENT OF SENATOR MURRAY

Senator MURRAY. I'll try and go quickly. I really want to thank you for holding this incredibly important hearing. Paid leave is really a critical piece of the puzzle when it comes to improving our employment situation, leveling the playing field, addressing inequalities in pay and career advancement, and retirement savings so that our families can have a fair shot.

But before I get to my questions, Chairwoman Hagan, I just want to commend you for your work on this committee over this past year. In just over a year as chair, I just want to note that this subcommittee under your leadership has had hearings on the im-

portance of expanding financial literacy, and as we know, is important to Chairman Harkin, and became part of legislative language passed out of this committee.

You had a hearing on the achievements of the newborn screening system that led to bipartisan passage in the Senate as well, and more recently a hearing to raise awareness about the dangers of child trafficking. I really want to commend you on your great leadership on this committee.

As far as this topic, this is so important to families across the country today who are really struggling in a very tough economy where women do need to go back to work. It's an important part of their families' economic agenda, and paid family leave is really an important piece of the puzzle, as I mentioned.

Research has shown that when women take paid family leave after the birth of a child, they are more likely to return to work within a year and return to work for the same employer, as everyone here has said. That's good for our families, it's good for employers, and as it turns out, it's good for the Federal budget.

I sit here today as chair of the Budget Committee, and I'm especially interested in a set of findings from research done in our States with paid leave laws that women who take paid leave are 39 percent less likely to receive public assistance and 40 percent less likely to receive food stamps in the year following a child's birth than those who do not have family leave. I think this is an important point.

Ms. Shabo, I won't take much time here, because I know a lot of members have questions. But could you just take a minute and further expand on the fiscal benefits that flow to the Federal Government from paid leave policies? We're talking about reduced use of job training programs, unemployment insurance, Medicaid. Is there data to back up any of those arguments?

Ms. SHABO. We don't have hard data on those other sort of programs that you've talked about, although I think that's fascinating. I think one of the things we really need to do as we're having this conversation about the impacts of paid leave is consider what it's costing us not to have a national paid leave program, what it's costing us, as you mentioned, in unemployment, in housing subsidies, in job training programs.

In thinking about the fact that the lowest wage worker, those in the lowest wage jobs, are not having access to paid leave, which is creating opportunities not to advance, but rather to face these impossible choices that cause them to leave their jobs and, therefore, rely on the public assistance programs that you're talking about. What we could be doing instead is creating opportunity, creating a playing field where people are able to take care of their families, whether they're caring for old people or young people, whether they're caring for a sick spouse or a sick parent, stay in the job, and succeed over time.

Just one fact that's interesting, particularly, as we're thinking about the sandwich generation is that women, in particular, who take time off, who have to leave the workforce to care for an older parent, lose \$324,000 in wages and retirement savings. That's both social security and private pensions, and that's a conservative estimate.

When you think about that, you're thinking about not only people who are still working and planning to work for years, but you're also thinking about people who are hitting retirement age who need to be able to have that cushion. We need to keep more people working so that we can provide for social security and other public programs, but also so people can provide for themselves.

Senator MURRAY. I think those are great points, and I hope that we really look at this as we continue to pursue this, not only the cost to the Federal Government because of other challenges that these women face and end up requiring other Federal assistance, but also the fact that this is a lifelong earnings issue that hits women.

It's not just, Ms. Sato, when you lost your income while you were home for a few weeks or a few months. It's what happens to you when you retire and you've lost that earning and, therefore, your retirement savings is less as well.

So this is a huge women's economic issue, and it's important to men, women, families, and businesses. I really appreciate you having this hearing today. Thank you.

Senator HAGAN. Thank you, Senator Murray.

Senator Casey.

#### STATEMENT OF SENATOR CASEY

Senator CASEY. Thank you, Madam Chair, and I especially appreciate your efforts to have this hearing, which is a topic that we don't discuss enough, and it's at a time when families are still stressed, even though we're in a recovery, and a lot of businesses are stressed as well, and it's important to examine it. So thank you for having the hearing.

I wanted to ask a couple of questions to Ms. Shabo about some of the data which was really startling. I was looking at your testimony and then noting as you were doing—I know you couldn't get to all of it—but some of the highlights that were particularly significant, especially on this issue of turnover and retention, the one being the mirror image of the other or the inverse of the other.

When I was in State government, I spent a lot of time working on long-term care issues, and one of the rationales, the arguments, for making sure that direct care workers in that context were compensated well was retention, that if a nursing home hires 10 workers and seven of them leave after a couple of months, all that training and all that effort costs the institution money. So I think it's important to point out, even as we're highlighting challenges that businesses have, that this retention issue is particularly significant.

I noted in your testimony, you said,

“For high-wage, high-skilled workers”—and this is a broad-based number—“including in the fields like technology, accounting, and law, turnover costs can amount to 213 percent of workers' salaries.”

Then you go on to talk about the positive impacts of paid family leave in reducing turnover and increasing retention. That is so powerful and so compelling, and I think we should continue to make that case.

But, in particular, you also talk about,

“Ninety percent or more of California employers that were surveyed reported positive effects on profitability, performance, and morale or reported no effects.”

That’s a stunning number, and I think it’s one that we should keep highlighting. In your work and your research, as you interact with employers, are you finding these numbers to be borne out in both anecdotal research as well as the survey research?

Ms. SHABO. Yes. Thank you for the question, Senator Casey. Absolutely. There are a growing number of employers that are speaking out about their own paid leave policies and the benefits that they’ve seen and how that makes them feel about expanding national paid leave policies and building more State policies, creating a basic standard for all working Americans to have access to paid family and medical leave.

We hear over and over again the same things that Maryella and Kevin have talked about, which is happier employees, more productive employees, more trust, more loyalty, more good feelings among co-workers, better feelings between management and workers because they have this level of trust. So I think the biggest source of misinformation that’s out there is that paid leave policies and other family friendly policies are job killers. There’s just no evidence whatsoever to support that assertion and, in fact, there’s a growing body of evidence to the contrary.

Senator CASEY. Does anyone else on the panel want to comment on that or followup on that?

Mr. Trapani.

Mr. TRAPANI. Yes, Senator, just very quickly, and I think this is true for EY as well. Both are very demanding work environments. So sometimes we get the sense that because we do right for our employees that in some way it’s a relaxing kind of environment of privilege. Not the case at all.

If we succeed in our work, a child’s life is saved. That tends to focus the mind. In order for us to be demanding in that regard and to expect that people will be others focused, as I said before, we have to take care of them, and when we take care of them, they return terrific results to us and for our customers.

Senator CASEY. Ms. Gockel, in terms of a big company—and I mentioned in this broad survey of accounting for high turnover rates, and I know that’s part of what EY does. But what’s your perspective on this?

Ms. GOCKEL. Where we have been is in the middle 1990s, we were losing women at a much faster rate than men, 10 to 15 percentage points difference, and we’ve narrowed that gap now down to 1 or 2 percentage points. For us, that retention statistic is incredibly important. We need all people in our workforce to give the very best service to our clients, and that retention really makes a big difference to us. Again, that retention leads to better profitability and better service to our clients.

Senator CASEY. Thank you very much. I’m out of time, but thank you very much for your testimony.

Senator HAGAN. Senator Harkin.

## STATEMENT OF SENATOR HARKIN

The CHAIRMAN. First of all, I apologize for being late. I had another obligation. But I just want to thank you very much, Madam Chair, for having this hearing, but more than that, to thank you for your stewardship of this subcommittee during the time that I've been chairman.

I've chaired three committees in the Senate in my tenure here, over 30 years, and there's nothing a chair likes more than a subcommittee chair that takes charge and gets things done and is very productive. I needn't go through the production statistics that Senator Murray said, but it's been just amazing what you've been able to do with this subcommittee to advance so many good issues and pieces of legislation.

So it's just my way, as chair who is retiring this year, to say thank you very much for your stewardship of this very important subcommittee. And as I retire, I know I leave it in good hands. Thank you very much.

Senator HAGAN. Well, you know you cannot be replaced.

OK. We're going to take a short recess now due to the two votes, and, hopefully, we will reconvene in about 20 minutes. We'll take a recess. Thank you.

[Recess.]

Senator HAGAN. The hearing will now come back from recess. I do apologize and thank you so much for your patience while we had several votes.

Ms. Sato, I wanted to ask you a question, in particular, on the nurse family visiting program. You talked, obviously, about your personal story. But your professional role brings you into contact with many moms from all different kinds of backgrounds.

You're the program director for Durham Connects, which is the community's nurse family visiting program, which is one of the Nation's most successful and studied models for improving prenatal health, birth outcomes, and child development and school readiness. I am a big fan of this program. I think it really does a good job in helping new moms and, obviously, the outcomes of their children.

Can you explain what the nurse family visiting program is and then describe to us what the impact is of not having any leave at all for the families of some of the moms that you meet with? Could you discuss that situation?

Ms. SATO. Yes, absolutely. Thank you, Senator. Durham Connects is a universal nurse home visiting program. In a nutshell, if you have a baby in Durham County, North Carolina, you're entitled to a free, no-cost nurse home visit after the birth of your baby. This is in order to support parents at the most basic level for health and well-being.

We do a physical assessment of the baby and the mother, and we also support them in whatever ways they might need in how their life has changed since having a baby, which ranges from, as you can imagine, financial to peer support, depression screening, breast feeding support. It really runs the gamut, because we are universal.

We see everyone in our community, and it's a very diverse community. So we do see that a lot of families are struggling financially, certainly, but also in feeling supported as a parent in general. We do often see parents going back to work in just days or weeks, very shortly after giving birth, because they don't have paid leave, and they can't afford to take time off.

This causes a lot of stress, and we do know through research that that kind of stressful environment, sometimes called toxic stress, can contribute to health problems down the road in a person's life. And it certainly puts the mother and the child and the family at risk for other bad things that could happen. Our job is to try to mitigate that, and we do that by connecting those families, first identifying any issues that they might have as determined by them, and then connecting them with community supports and local community that can support them in those issues.

Senator HAGAN. Do you ever have a hard time scheduling a time for these individuals who have to go back to work so quickly?

Ms. SATO. Yes. We try to be flexible. We typically see parents around 3 weeks postpartum, but we often do move them up or back, depending on work schedules, availability. They're also juggling lots of appointments. So, yes, we are flexible there. But parents value the support, and I think they try to let us in their homes to really share what their concerns and issues are as a parent. And for many people, no one has even bothered to ask them how they're doing.

A lot of people just really are so grateful to have that support. But it's just very unfortunate when we try to help people navigate this maternity leave, if you can even call it that, because so many of our families have no paid sick or vacation, or unpaid leave is not a possibility for them.

They are really juggling a lot of issues, especially with child care, which can present a lot of scary problems if you leave your child with the wrong person. So helping them go through their options can be tricky, because there's just not a lot of infrastructure there.

Senator HAGAN. Thank you.

Ms. Shabo, you briefly noted the disparities between those who have access to paid leave and those who don't. Can you discuss which workers are the most likely and the least likely—and then I was also struck by the dilemmas facing single working moms. Obviously, without paid leave, that really puts them in a bind. Can you talk about the research that you've seen on that?

Ms. SHABO. Yes, I'd be happy to. Thank you for the question. As you and I have both specified, and other folks have, too, 12 percent of workers overall have paid family leave. That's designated paid time for a new parent to take care of a new child or for a family member to take care of a loved one. If you look at the workers in the bottom wage quartile—those are folks that are earning \$11 an hour or less—that drops to 5 percent.

Those are also folks who are very unlikely to have short-term disability insurance. Only about 18 percent have short-term disability insurance, compared to 40 percent overall and 49 percent have vacation. So 50 percent of those low-wage workers, those in the bottom quartile, don't have any paid time off from work of any

kind, of any length, at all. These are the folks that we're really concerned about.

So I'm thinking here, in particular, of a mom named Victoria, who is one of the people whose stories we've heard as we've been doing this work. She had a C-section, an emergency C-section, early. She went back to work 5 days after giving birth with staples in her stomach and her child in the NICU. This should not happen in America.

In less dire circumstances and particularly with single moms who work in jobs that are less likely to offer paid sick days, paid leave, paid vacation, because they're working in service occupations and other lower wage jobs, those folks are leaving their children with a sort of rotating cast of caregivers, parents, and babysitters. That means that that baby is not getting the attachment that it needs with its mom. The mom is not able to establish breast feeding.

It's a really lose-lose situation for all concerned, and it has really detrimental impacts, not only on that family, but on that child as that child grows. That hurts everybody.

Senator HAGAN. Thank you.

Senator Warren.

#### STATEMENT OF SENATOR WARREN

Senator WARREN. Thank you, Madam Chairman, and thank you very much for holding this hearing. Your leadership in this area has just been extraordinary, and this is how we make a real difference in people's lives. Thank you for all that you're doing here.

Thank you all for being here today.

Ms. Sato, thank you for your testimony today. We all know a new baby should be a cause for celebration, not a path to poverty. Back in 2006, Professor Melissa Jacoby at the University of North Carolina Law School and I published a study of families in bankruptcy, and it indicated that about 7 percent of those in bankruptcy cited the birth of a child as the primary cause of their bankruptcy declaration. Other research has also shown that having a baby is the leading cause of short-term poverty in the United States.

As we've talked about, the United States is the only high-income country not to require paid family and medical leave, and the result is dismal. The Bureau of Labor Statistics in the 2013 National Compensation Survey found that only 12 percent of private sector workers were offered paid family leave time. According to the U.S. Census, even when they piece together sick days and vacation time, only half of new mothers are able to take any paid leave time.

Ms. Sato, what I wanted to ask you about—your experience in being denied FMLA leave time for your first child is disheartening. But could you explain just briefly the additional financial hardship you would have faced if you were like many new mothers and lacked any vacation or sick time to help bridge the gap?

Ms. SATO. Yes. Honestly, that's why I'm here, because I was dumbfounded by the circumstances in which people are having children. As a relatively privileged person who is educated and married, I had some options of leaving and finding another job and negotiating for myself, and many families don't have those options.

This is why I sought out Moms Rising and I said there has to be someone doing this work.

I struggled financially after the birth of my first child, and I had a real decent job, and I made a decent living wage. But it really illustrated to me how much finances can really stress your family life. When I should have been focusing on breast feeding, when I should have been focusing on changing diapers and caring for my baby and trying to get some sleep, I was worried about paying our mortgage and keeping up my health insurance. I was worried about buying diapers.

My husband was fortunate enough to take a little bit of unpaid leave as well. His employer didn't have to, but he did it because it was the right thing. They were exempt from FMLA because they were too small, but they did it anyway. But that also meant several more weeks of him not being paid.

So, yes, we were piecing it together. We used savings for those few weeks. It was only a short amount of time because I went back after 6 weeks, unfortunately. But it would have been longer, and we really had to think hard about that.

Senator WARREN. I appreciate it, and I appreciate you coming here today to talk about this. I appreciate the work that Moms Rising is doing on this to draw attention to the importance of our getting paid family leave here.

But I also want to take this over to the next part, and that is to ask Ms. Shabo—State and local governments are leading the way in implementing paid family and medical leave and demonstrating how these policies can work for families. For example, California has had a successful family leave insurance program in place for the past decade.

A longitudinal study of the impact on California has shown that the paid leave policy significantly increases the likelihood a new parent will be working 9 months after the birth of a child. And, as you have already talked about, Mr. Trapani, the importance of retaining experienced workers can actually be helpful to businesses.

But while we fight for paid family leave, it's important to remember that many workers do not even have access to any paid sick leave. In Massachusetts, there are more than a million working adults who have no right to take off a single day when they are sick.

Now, this November, our State will vote on a ballot initiative to give workers the ability to earn up to 40 hours of sick time a year. For businesses with 10 or fewer workers, the sick time could be unpaid. But for businesses with more workers, the time would be paid.

Ms. Shabo, could you expand on what other States are doing to establish paid family and medical leave programs and what we could learn from them? And I see that I'm about out of time, so, if you could, just go through this briefly.

Senator HAGAN. You go right ahead.

Senator WARREN. Thank you, Chairman.

Ms. SHABO. Thank you, and thank you for the question. I do hope that Massachusetts succeeds and joins actually Senator Murphy's great State of Connecticut in becoming the second State to offer paid sick days to workers. Paid family leave policies are in place



for, again, sort of serious health conditions, new babies, in three States, California, New Jersey, and Rhode Island. In those three States, those programs were built on longstanding temporary disability insurance programs.

Those programs have existed for decades in those three States, California, New Jersey, and Rhode Island, as well as in New York State, which is looking to adopt a paid family leave law shortly, hopefully, and Hawaii, which is also looking at this. These laws are working well in all of these States. More than 20 million workers in the country are covered by those TDI or paid family leave laws. But that leaves out 89 million workers or so. So we are not doing enough.

In our study, *Expecting Better*, where we looked not only at paid family leave, but also at sick days and at Family and Medical Leave Act expansion so that workers like Ms. Sato would be covered, we found that some States were doing well, but 31 States around the country, 31, got a D or an F in our report. Seventeen States affirmatively got Fs. And we've done this analysis a couple of times now, and the results are unchanged.

So we need to do more, and we need to do more at the national level. But States do lead the way. There are grants that are coming from the Department of Labor to States that have applied, and we understand that more States have applied than there is actual money to fund, so that's good news.

Senator WARREN. That's a good step. They need more money.

Ms. SHABO. But there's more that needs to be done, and we need to establish a national paid leave policy that covers everybody.

Senator WARREN. Good. Again, thank you all for being here today and thank you for speaking out on this issue.

Thank you for your great leadership on this, Chairwoman Hagan.

Senator HAGAN. Thank you, Senator Warren.

Senator Murphy.

#### STATEMENT OF SENATOR MURPHY

Senator MURPHY. Thank you very much, Madam Chair, and let me add my thanks for your focus on this issue and your willingness to bring it before the committee today. Let me talk about Connecticut's paid sick law for a moment, because we're really proud of it. We just didn't understand the idea that there would be a business case for requiring someone to show up for work when they're sick.

Not only is it the right thing to do to allow people to have a minimal number of days in which they are paid to stay home when they're sick, but it's also a pretty good business practice to make sure that you don't have really sick people showing up and making everybody else sick. We're proud that we've been the leader—sorry that we're the only State, but we're starting to get some data back.

Mr. Trapani, I want to talk to you about the business case for paid sick leave and for paid family leave, because one of the claims that was made was that there was going to be sort of a wood-working effect that once you allowed for people to take paid sick leave, they were going to take it regardless of whether they needed it or not. We have enough data in Connecticut to tell us that that actually isn't the case, that two-thirds of employers report that

there was virtually no expansion of the number of days that individuals were out sick, having a law in place now that pays them for it versus the prior situation in which if you were home sick, you didn't get paid for it.

Can you talk a little bit about that specific issue and how you sell to your fellow employers the idea that, in fact, there isn't evidence, anecdotal or now in Connecticut empirical evidence, that employees are abusing the ability to use paid family or sick leave?

Mr. TRAPANI. Thank you, Senator, and thank you for your leadership in Connecticut on this topic. Work has dignity. People want to work. When work has meaning, people want to work even more. And when people are trusted when they do work that has meaning, they respond with incredible effort. That's been our experience.

What the data shows is that people respond in those situations. We have 80 employees. I'm proud of the work we do. We don't have 190,000 employees. We don't have the whole State of California. So anything that happens at Redwoods is by definition anecdotal. But what I can tell you is the overwhelming aggregation of our anecdotes is that people work harder, longer, and in a more committed way when they are trusted.

So the data for us was that we had a limitation of 5 days, and when we went to unlimited—and people took—most of the time, on average, they took about 5 days. When we went to unlimited, they took only about three, so there was a decline. We were paid back for our trust. So our experience has been very, very compelling.

Senator MURPHY. Did you want to add something, Ms. Shabo?

Ms. SHABO. Yes, if I could jump in. In addition to the data from Connecticut on paid sick days, we now have data from San Francisco, which was the first city to put a paid sick days law in place; from Washington, DC.; from Seattle; from Connecticut; and we'll be getting more data from New York City and Portland and now Jersey City and Newark.

The data that we do have is extremely consistent with Connecticut's data and consistent, actually, with the Redwoods data. Both nationwide for employers that offer paid sick days and also in San Francisco, the average number of days that workers take is three, despite the fact that under the San Francisco law, workers could take as many as 9 days for workers in businesses with more than 10 employees.

The employer experience has been very much the same. Sixty percent or more of San Francisco employers support the law, similar to Connecticut, and people are seeing health impacts. This is really important in terms of the wage and the disparities question that you were asking, because for the average family without paid sick days, just three and a half unpaid days away from work can jeopardize that family's ability to put food on the table for the entire month, and it can jeopardize their health insurance as well.

So these are critically important policies that are put in place to allow people to not go to work and infect others because they have no other economic choices, to be able to get preventive healthcare, which reduces healthcare costs, and to be able to care for their families.

Senator MURPHY. Ms. Gockel, I wanted to talk to you about how we treat moms and dads. I'm the father of a 5-year-old and a 2-

year-old, so I'm not far away from the point in my life where I was able, because of my job, to be able to have enough flexibility to be at home and help out with those critical first few weeks and months.

How does your company and other companies in your situation treat family leave for male employees, as compared to female employees? The conventional wisdom is that this is an issue for mothers. It's not. It's an issue just as much for dads as well. What are the policies that you've adopted in this case?

Ms. GOCKEL. Thank you for asking that question, Senator Murphy, and thank you to the committee for all of your leadership on this very important topic. With regard to parental leave, it's equal between men and women. We have 6 weeks of fully paid parental leave if you are the primary caregiver, whether you're a mom or a dad, whether you're a birth mother or an adoptive mother like I am, and 6 weeks is the same.

The second point I'd like to make is that we participated in a study that was run by Boston College, their Center for Work and Family. And what they learned was that the men found that 2 weeks of paid parental leave was what was considered socially acceptable, but what they would really like is about 2 to 4 weeks of time off. So men, I think, are still struggling a bit with what's socially acceptable and what they would really like to do.

What we find is that our dads do take the time off, as I mentioned. Nearly every person eligible for parental leave takes it, including all the dads. That's really important, because the more that dads support the policies that at one point were thought to be just women's issues, they support our women, and they support other dads who are interested in doing this and want to do it and want to find a way to do it.

Senator MURPHY. I thank you for your policy, and, of course, it is workplace policies that drive what is considered socially acceptable. There are two fights here—and I'm sorry. I'm over my time, Madam Chair. But there is a fight to make sure that we have policies that give access to all employees for paid family leave, to make sure that it's equal between female employees and male employees, and then to make sure that there isn't a hidden message delivered to a certain set of employees or a certain gender of employees that even though you have it available, we'd rather that you not take it.

I know for a lot of men, that message is delivered, that you technically have it, but we'd rather that you not use it. So that's a challenge for us as well, maybe not one that we can take care of in law, but certainly one that we can try to take care of with the bully pulpit.

Ms. GOCKEL. When we studied this issue in 2002, we did a lot of research and benchmarking with other companies that had paid family leave on their books, and it was that exact issue: We have it, but most men don't take it. When we looked at—our actuaries told us that we'd have about 950 births in a year, half of whom would be men whose spouses or partners gave birth, and the reality was they all took their parental leave, even in 2002.

Senator MURPHY. Thank you, Madam Chair, for letting me go over.

Senator HAGAN. Great. Thank you, Senator Murphy.

I had one last question for the hearing. Ms. Gockel, in your testimony, you noted some interesting findings about how the next generation of workers view paid family leave. And according to the Boston College Center for Work and Family, 93 percent of dads from the millennial generation said that it was important for their employer to provide paid parental leave, sort of echoing what you just stated. More than any other generation in this study, it was that generation.

So as this next generation of workers, the millennials, that are 60 percent of Ernst and Young's workforce, I understand, becomes a greater share of our entire country's workforce, do you think that more companies will adopt paid family leave because their employees demand it?

Ms. GOCKEL. Thank you, Chairwoman. We do have about 60 percent of our people at EY in the United States who are Gen Y or millennial, and that is really challenging our norms and what we think of as the right thing to do. So for us at EY, those 60 percent really are beginning to help us think through the differences, what else we could be doing, how we could better or more effectively communicate, and what kinds of benefits they are interested in.

So we ask our people, and that's where our global people survey responses really come in handy. We know that we can look at that survey and look at those results and know what our people will want next.

Senator HAGAN. Thank you.

I hate to bring this hearing to a close, but I do thank all of you for your testimony. I think you've shed a lot of light on this issue for so many individuals who were here and who are obviously looking at this and learning quite a bit. You know, as a mother of three adults, I certainly understand the dilemma that goes with what you're going to do after the birth of your child. And as a full time working mother, I certainly had many, many things to consider.

Ms. Gockel, once again, we're so glad that your daughter is here with us today, too. Thank you.

Ms. GOCKEL. Thank you.

Senator HAGAN. But I really do appreciate this testimony. I think you've heard from the other senators how important this is to us as leaders in the U.S. Senate, and we also know the echo effect of how this impacts so many individuals and, particularly, the future of our country with these young kids—the young children coming into this world.

This hearing is going to remain open for 10 business days for other subcommittee members to submit statements or questions for the record. And this hearing is now adjourned. Thank you.

[Additional material follows.]

## ADDITIONAL MATERIAL

## PREPARED STATEMENT OF MATTHEW MELMED, EXECUTIVE DIRECTOR, ZERO TO THREE

Chairman Hagan and members of the subcommittee, my name is Matthew Melmed. I am the executive director of ZERO TO THREE, a national non-profit organization that has worked to advance the healthy development of America's babies and toddlers for 35 years. I would like to start by thanking the subcommittee for its interest in building upon the successes of the groundbreaking 1993 Family and Medical Leave Act. I would also like to thank the subcommittee for providing me the opportunity to discuss the critical importance of paid family leave for our Nation's youngest families, those with newborns, infants and toddlers.

We often think of paid family leave as a work support. It certainly would be a much-needed economic lifeline for families who face tough financial choices when they need to take time off from work to care for a family member or themselves. The past hundred years have brought dramatic changes to society and how its basic unit, the family, functions economically. One of the most significant changes has been women's entrance to the workforce. Many of those women are mothers, and we have been asking them to balance their career and motherhood with minimal support. We also have been signaling to fathers that their presence with a newborn or newly adopted child is not important. In short, we have not been valuing the working families who contribute so much to our economy, not only through their current productivity, but also through the role they play in shaping the workforce of the future.

So today, I want to explore what family leave policy means for babies as they start out on a developmental journey that will shape the rest of their lives. Because while society has been evolving, one thing has not changed—the developmental needs of our youngest children. And the most fundamental of those needs is this: Babies need time with at least one caregiver who is crazy about them.

## THE IMPORTANCE OF UNHURRIED TIME IN THE FIRST YEAR OF LIFE

Science has significantly enhanced what we know about the needs of infants and toddlers, underscoring the fact that experiences and relationships in the earliest years of life play a critical role in a child's ability to grow up healthy and ready to learn. We know that infancy and toddlerhood are times of intense intellectual engagement.<sup>1</sup> During this time—a remarkable 36 months—the brain undergoes its most dramatic development, and children acquire the ability to think, speak, learn, and reason. The early years establish the foundation upon which later learning and development are built. If experiences in those early years are harmful, stressful, or traumatic, the effects of such experiences become more difficult, not to mention more expensive, to remediate over time if they are not addressed early in life.

Research demonstrates that forming secure attachments to a few caring and responsive adults is a primary developmental milestone for babies in the first year of life. During the earliest days and months, children learn about the world through their own actions and their caregiver's reactions. They are learning about who they are, how to feel about themselves and what they can expect from those who care for them. *Such basic capacities as the ability to feel trust and to experience intimacy and cooperation with others develop from the earliest moments of life.*

Parents are the key to this remarkable period of development. As the groundbreaking *From Neurons to Neighborhoods: The Science of Early Childhood Development* showed, a young child's parents structure the experience and shape the environment within which early development unfolds.<sup>2</sup> Early relationships are important for all infants and toddlers, but they are particularly important for those living in lower income families because they can help serve as a buffer against the multiple risk factors these children may face. These early attachments are critical because a positive early relationship, especially with a parent, reduces a young child's fear in novel or challenging situations, thereby enabling her to explore with confidence and to manage stress, while at the same time, strengthening a young child's sense of competence and efficacy.<sup>3</sup> Early attachments also set the stage for

<sup>1</sup>Jack Shonkoff and Deborah Phillips, eds. 2000. *From neurons to neighborhoods: The science of early childhood development*. Washington, DC: National Academy Press.

<sup>2</sup>Ibid.

<sup>3</sup>Ibid.

other relationships and play an important role in shaping the systems that underlie children's reactivity to stressful situations.<sup>4</sup>

All infants need ample time with their parents at the very beginning of their lives to form these critical relationships. The better parents know their children, the more readily they will recognize even the most subtle cues that indicate what the children need to promote their healthy growth and development. Developing these relationships takes care, consistency, and, above all, time: time off from the flow of daily life to decipher the nuanced patterns and communications of a newborn.

Those of us who are parents know it isn't easy to do this. It's like a dance that babies and their caregivers choreograph as each becomes highly attuned to the cues of the other. For example, early on infants are learning to regulate their eating and sleeping patterns and their emotions. If parents can recognize and respond to their baby's cues, they will be able to soothe the baby, respond to his or her cues, and make the baby feel safe and secure in his or her new world. Trust and emotional security enable a baby to explore with confidence and communicate with others—critical characteristics that impact early learning and later school readiness. The success with which we accomplish the three stages of bonding, attunement, and attachment lays the foundation for all future relationships.

When the developmental tasks go unattended—when the dance breaks down—babies learn that they cannot rely on their caregivers to meet their needs. Children raised in unresponsive or unstimulating environments perceive that their coos and cries will not get a response, and so they stop trying. On the other hand, children who are able to develop a secure attachment with at least one trusted adult are observed to be more mature and positive in their interactions with adults and peers than children who lack secure attachments,<sup>5</sup> and have a greater capacity for self-regulation, self-reliance, and adaptive coping skills later in life.<sup>6</sup>

In addition to building secure and healthy early attachments, unhurried time at home with a newborn has other benefits for babies. Studies show that paid family leave yields higher rates and longer periods of breast feeding, which reduces the rates of childhood infections.<sup>7</sup> It helps parents ensure that their children attend well-child visits and receive the immunizations necessary to lower infant mortality and reduce the occurrence and length of childhood illnesses.<sup>8</sup> Parental time off facilitates the early detection of potential developmental delays at a time when problems can be most effectively addressed and interventions identified to minimize them.<sup>9</sup>

The ability to take leave has benefits for parents, as well. Longer leave periods are associated with benefits for the mother, including declines in depressive symptoms, a reduction in the likelihood of severe depression, and improvement in overall health.<sup>10</sup> A growing body of research confirms the special contribution of fathers in encouraging infant play and cognitive development. These studies show that fathers who take some time off after the birth or adoption of a baby are more likely to be involved in their child's life moving forward.<sup>11</sup>

Ensuring that workers have time at home also benefits employers.

- It reduces staff turnover and the subsequent training and hiring costs associated with new staff.
- Attending to a child's early medical needs reduces the occurrence and length of childhood illnesses, in turn *lowering health expenditures*.
- It can give parents time to search for child care that meets the unique needs of their family, thereby facilitating *greater productivity* when they return to their jobs after leave.<sup>12</sup>

<sup>4</sup> Ibid.

<sup>5</sup> National Research Council and Institute of Medicine, *From Neurons to Neighborhoods: The Science of Early Childhood Development*. Jack Shonkoff and Deborah A. Phillips, eds., Washington, DC: National Academy Press, 2000.

<sup>6</sup> Douglas Goldsmith, David Oppenheim, and Janine Wanlass. "Separation and Reunification: Using Attachment Theory and Research to Inform Decisions Affecting the Placements of Children in Foster Care." *Juvenile and Family Court Journal* 55 no.2 (2004): 1–13.

<sup>7</sup> Sheila B. Kamerman, "Parental Leave Policies: The Impact on Child Well-Being." In Peter Moss and Margaret O'Brien, eds., *International Review of Leave Policies and Related Research 2006*, 16–21. London, UK: Department of Trade and Industry, 2006. Retrieved October 9, 2013 from [www.berr.gov.uk](http://www.berr.gov.uk).

<sup>8</sup> Ibid.

<sup>9</sup> Edward Zigler, Susan Muenchow, and Christopher J. Ruhm, *Time Off With Baby: The Case for Paid Care Leave*. Washington, DC: ZERO TO THREE, 2012.

<sup>10</sup> Pinka Chatterji and Sara Markowitz, *Family Leave After Childbirth and the Health of New Mothers*. National Bureau of Economic Research, 2008. Retrieved October 9, 2013, from [www.nber.org](http://www.nber.org).

<sup>11</sup> Zigler, Muenchow, and Ruhm, *Time Off With Baby*.

<sup>12</sup> Zigler, Muenchow, and Ruhm, *Time Off With Baby*.

- Positive, consistent relationships during a baby's early years yield confident individuals who are better equipped for success in school and in life,<sup>13</sup> paving the way for a *higher quality workforce and strong economic growth*.

#### FAMILY AND MEDICAL LEAVE WAS AN IMPORTANT FIRST STEP

Unquestionably, the 1993 Family and Medical Leave Act (FMLA) was a major milestone in addressing society's interest in helping families balance their work and lives. FMLA allows employees to take up to 12 weeks of unpaid, job-protected leave to care for newborns, newly adopted and foster children, and seriously ill family members, including themselves. Of the more than 60 million Americans who have taken time off from work under the FMLA since it was enacted more than 20 years ago,<sup>14</sup> 21 percent used leave for pregnancy or take care of a new child.<sup>15</sup>

Although FMLA has had great success, far too many workers are still unable to take leave. The law only applies to employers with at least 50 employees, so a full 40 percent of the workforce is currently not covered by the Federal law.<sup>16</sup> Even among employees who are eligible, more than 3 in 4 (78 percent) reported that they could not afford to take the leave that they needed because it was unpaid.<sup>17</sup>

Clearly all too often, out of economic necessity, new parents must rush back to work and forgo precious bonding time with their children. While a few States and some individual employers provide some paid leave, it is not widely available.

- Most employed women do not have access to paid maternity leave. About one-third of private sector workers (35.1 percent) are employed at worksites that offer paid maternity leave to all or most female employees, and only about one-fifth (21.6 percent) are employed at worksites that offer paid maternity leave to all female employees.<sup>18</sup>

- Most working men do not have access to paid paternity leave. Of private sector workers, 20 percent are employed at worksites that offer paid leave to most male employees, and 9 percent are at worksites that offer paid leave to all male employees.<sup>19</sup>

- Access to paid maternity leave at large companies is decreasing. The percentage of larger employers voluntarily offering fully paid leave for new mothers fell from 17 percent in 2005 to 9 percent in 2012.<sup>20</sup>

Vulnerable babies have the most to lose. Current policy and practice disproportionately jeopardize the development of babies living in low-income and poor households because the parents of these children are less likely than more affluent parents to have access even to the unpaid leave let alone paid time off from work. Low-income parents who do have access to unpaid leave benefits often cannot afford to use them. Many of these parents work multiple shifts and long hours, and still child care costs can be prohibitive.

#### ZERO TO THREE RENEWS ITS CALL FOR NATIONAL PAID FAMILY LEAVE

More than 20 years ago, ZERO TO THREE recommended paid family leave as the first step in laying the social-emotional foundation for putting infants and toddlers on the path to school readiness. We renew that call to action now. A national paid family leave policy would make a major statement about how we value the contribution that families make to the social and economic fabric of our country by caring for each other and preparing our future workforce and citizens. Paid leave would help more families take the time off needed to care for other family members and start off that critical early relationship between parents and babies on sound footing.

<sup>13</sup> *From Neurons to Neighborhood*.

<sup>14</sup> National Partnership for Women and Families. 2007. *Family and Medical Leave Act*. [http://www.nationalpartnership.org/site/PageServer?pagename=ourwork\\_fmmla\\_FamilyandMedicalLeave](http://www.nationalpartnership.org/site/PageServer?pagename=ourwork_fmmla_FamilyandMedicalLeave) (accessed February 11, 2008).

<sup>15</sup> Abt Associates Inc. (2012). *Family and Medical Leave in 2012: Final Report*. Prepared for the U.S. Department of Labor. Retrieved July 10, 2014 from <http://www.dol.gov/asp/evaluation/fmla/FMLA-2012-Executive-Summary.pdf>.

<sup>16</sup> *Ibid*.

<sup>17</sup> *Ibid*.

<sup>18</sup> Jacob Klerman, Kelly Daley, and Alyssa Pozniak, *Family and Medical Leave in 2012: Technical Report*. U.S. Department of Labor, 2012. Retrieved March 4, 2013, from [www.dol.gov/whd/fmla/survey](http://www.dol.gov/whd/fmla/survey).

<sup>19</sup> *Ibid*.

<sup>20</sup> Kenneth Matos and Ellen Galinsky, *2012 National Study of Employers*. Families and Work Institute, 2012. Retrieved March 4, 2013, from [www.familiesandwork.org/site/research/reports/NSE\\_2012.pdf](http://www.familiesandwork.org/site/research/reports/NSE_2012.pdf).

Paid family leave is an issue we as a nation must continue to grapple with, as working mothers have become a mainstay of our country's economic life. In every State, more than half of all mothers with infants are in the labor force and in many States the proportion is much larger. Currently, almost two-thirds of mothers with children under the age of three work.<sup>21</sup> About 6 million children under the age of three spend some time during the week being cared for by someone other than their parents.<sup>22</sup> Before heading back to the workplace after the birth or adoption of a child, parents need time to bond with their babies and enable them to form the all-important attachments that will help give them a good start in life.

The benefits of national paid family and medical leave policy extend to babies, their families, and to society as a whole.

- **Babies:** Paid leave contributes to the *healthy development* of infants and toddlers.

- **Family:** Paid leave *improves outcomes for the entire family*, including parents and caregivers, as new moms are less likely to experience depression and the likelihood of fathers' involvement in their child's life moving forward grows.

- **Society:** Paid leave policies can *benefit employers, taxpayers, and the economy, now and in the future*, increasing current workers' productivity and starting a strong foundation for the workers of the future.

What is at stake when we talk about family leave is not just creating happy babies and happy families—although that is certainly a desirable outcome in and of itself. What is at stake is our ability to ensure families can provide their children with the optimal conditions to lay the foundations for later success. Positive, consistent relationships during a baby's first days, months, and years yield confident individuals who are better equipped for success in school and in life, paving the way for a higher quality workforce and strong economic growth.

As I mentioned, Paid Family Leave is not a new idea for ZERO TO THREE. In our 1992 report *Heart Start: The Emotional Foundations of School Readiness*, we recommended providing parental leave financed through a social insurance benefit as a basic stepping stone toward valuing families and putting babies on the right track to success in school and in life. Then, as now, we knew its benefits: that it helps give babies, families, and our Nation the start they need to be strong. Isn't it about time we acted?

I thank the subcommittee members for their time and their commitment to our Nation's infants, toddlers and their families.

[Whereupon, at 12:05 p.m., the hearing was adjourned.]

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<sup>21</sup>ZERO TO THREE (2012). *National baby facts: Infants, toddlers, and their families in the United States*. Washington, DC: ZERO TO THREE. <http://www.zerotothree.org/public-policy/pdf/national-baby-facts.pdf>.

<sup>22</sup>S. Mamedova and J. Redford. *Early Childhood Program Participation, From the National Household Education Surveys Program of 2012* (NCES 2013-029), National Center for Education Statistics, Institute of Education Sciences, U.S. Department of Education. Washington, DC, 2012.