

**EXAMINING THE IMPORTANCE OF PAID FAMILY
LEAVE FOR AMERICAN WORKING FAMILIES**

HEARING

BEFORE THE

SUBCOMMITTEE ON SOCIAL SECURITY,
PENSIONS, AND FAMILY POLICY

OF THE

**COMMITTEE ON FINANCE
UNITED STATES SENATE**

ONE HUNDRED FIFTEENTH CONGRESS

SECOND SESSION

—————
JULY 11, 2018
—————



Printed for the use of the Committee on Finance

—————
U.S. GOVERNMENT PUBLISHING OFFICE

COMMITTEE ON FINANCE

ORRIN G. HATCH, Utah, *Chairman*

CHUCK GRASSLEY, Iowa	RON WYDEN, Oregon
MIKE CRAPO, Idaho	DEBBIE STABENOW, Michigan
PAT ROBERTS, Kansas	MARIA CANTWELL, Washington
MICHAEL B. ENZI, Wyoming	BILL NELSON, Florida
JOHN CORNYN, Texas	ROBERT MENENDEZ, New Jersey
JOHN THUNE, South Dakota	THOMAS R. CARPER, Delaware
RICHARD BURR, North Carolina	BENJAMIN L. CARDIN, Maryland
JOHNNY ISAKSON, Georgia	SHERROD BROWN, Ohio
ROB PORTMAN, Ohio	MICHAEL F. BENNET, Colorado
PATRICK J. TOOMEY, Pennsylvania	ROBERT P. CASEY, JR., Pennsylvania
DEAN HELLER, Nevada	MARK R. WARNER, Virginia
TIM SCOTT, South Carolina	CLAIRE McCASKILL, Missouri
BILL CASSIDY, Louisiana	SHELDON WHITEHOUSE, Rhode Island

JEFFREY WRASE, *Staff Director and Chief Economist*
JOSHUA SHEINKMAN, *Democratic Staff Director*

SUBCOMMITTEE ON SOCIAL SECURITY, PENSIONS, AND FAMILY POLICY

BILL CASSIDY, Louisiana, *Chairman*

ROB PORTMAN, Ohio	SHERROD BROWN, Ohio
MIKE CRAPO, Idaho	ROBERT P. CASEY, JR., Pennsylvania
PATRICK J. TOOMEY, Pennsylvania	

CONTENTS

OPENING STATEMENTS

	Page
Cassidy, Hon. Bill, a U.S. Senator from Louisiana, chairman, Subcommittee on Social Security, Pensions, and Family Policy, Committee on Finance	1
Brown, Hon. Sherrod, a U.S. Senator from Ohio	3

CONGRESSIONAL WITNESSES

Ernst, Hon. Joni, a U.S. Senator from Iowa	5
Gillibrand, Hon. Kirsten E., a U.S. Senator from New York	7

WITNESSES

Biggs, Andrew G., Ph.D., resident scholar, American Enterprise Institute, Washington, DC	10
Shabo, Vicki, vice president for workplace policies and strategies, National Partnership for Women and Families, Washington, DC	12
O'Boyle, Carolyn, managing director, Deloitte Services LP, Boston, MA	15

ALPHABETICAL LISTING AND APPENDIX MATERIAL

Biggs, Andrew G., Ph.D.:	
Testimony	10
Prepared statement	35
Responses to questions from subcommittee members	38
Brown, Hon. Sherrod:	
Opening statement	3
Prepared statement	41
Letters of support for S. 337	42
Cassidy, Hon. Bill:	
Opening statement	1
Prepared statement	71
Ernst, Hon. Joni:	
Testimony	5
Prepared statement	72
Gillibrand, Hon. Kirsten E.:	
Testimony	7
Prepared statement	73
O'Boyle, Carolyn:	
Testimony	15
Prepared statement	75
Responses to questions from subcommittee members	78
Shabo, Vicki:	
Testimony	12
Prepared statement	79
Responses to questions from subcommittee members	116

COMMUNICATIONS

American Benefits Council	123
American Council of Life Insurers (ACLI)	124
American Sustainable Business Council	126
Association of Women's Health, Obstetric, and Neonatal Nurses	127
Berner International Corporation	129
Consortium for Citizens With Disabilities (CCD)	129

IV

	Page
ERISA Industry Committee	131
First Focus Campaign for Children	132
Franciscan Sisters of Perpetual Adoration	134
The Heritage Foundation	137
Human Rights Campaign	144
Independent Women's Forum	146
International Franchise Association	149
Main Street Alliance	149
Mercatus Center	155
National Active and Retired Federal Employees Association (NARFE)	164
New York City Department of Consumer Affairs	165
1,000 Days	169
Strengthen Social Security Coalition	170
ZERO TO THREE	171
Zevin Asset Management, LLC	177

**EXAMINING THE IMPORTANCE OF PAID
FAMILY LEAVE FOR AMERICAN
WORKING FAMILIES**

WEDNESDAY, JULY 11, 2018

U.S. SENATE,
SUBCOMMITTEE ON SOCIAL SECURITY,
PENSIONS, AND FAMILY POLICY,
COMMITTEE ON FINANCE,
Washington, DC.

The hearing was convened, pursuant to notice, at 3:02 p.m., in room SD-215, Dirksen Senate Office Building, Hon. Bill Cassidy (chairman of the subcommittee) presiding.

Present: Senators Crapo, Enzi, Cornyn, Isakson, Scott, Cantwell, Menendez, Carper, Brown, Bennet, and Casey.

Also present: Republican staff: Chris Gillott, Deputy Chief of Staff for subcommittee chairman Cassidy. Democratic staff: Gideon Bragin, Senior Policy Advisor for subcommittee ranking member Brown.

Senator CASSIDY. The Senate Finance Subcommittee on Social Security, Pensions, and Family Policy will come to order.

I thank everyone and welcome everyone to today's hearing examining the importance of paid family leave for American working families.

I recognize distinguished colleagues with us, Senators Ernst and Gillibrand. They are not here yet, but will be. I also welcome Ms. Ivanka Trump, Advisor to the President and a fervent advocate for children and working families.

I am pleased to chair this hearing, and I thank Ranking Member Brown and other colleagues for joining me. After Senator Brown and I make opening statements, we will proceed with two panels of witnesses.

Two Senate colleagues will give statements on the first panel, followed by a second panel of experts for their testimony and questions from committee members. My statement begins now.

**OPENING STATEMENT OF HON. BILL CASSIDY, A U.S. SENATOR
FROM LOUISIANA, CHAIRMAN, SUBCOMMITTEE ON SOCIAL
SECURITY, PENSIONS, AND FAMILY POLICY, COMMITTEE ON
FINANCE**

Senator CASSIDY. Working families are the core of our social fabric and economic success. American workers have increasingly felt good about their prospects. A recent poll shows economic optimism at a 13-year high.

Yet some families have been left behind. For nearly a decade, wages and growth have been stagnant, health care and education costs skyrocketing. American families expect more.

Over the last 2 years, I have worked to help families get more money in their pocketbooks and better benefits to navigate the ebbs and flows of life. Many families in my home State of Louisiana are seeing last year's tax cut reflected in higher paychecks. I also continue to work with colleagues on lowering health-care costs for these families.

To consider another thing which may help, today we will examine a paid leave benefit for working families.

A 2017 Pew poll shows overwhelming majorities of Americans support paid sick leave and paid maternity leave. Paternity leave and family leave also have strong public support. Yet views on the structure and funding of a paid leave program vary.

By way of background, the Family and Medical Leave Act of 1993 provides most U.S. workers with up to 12 weeks of job-protected leave to care for a new child or to address an illness. However, it does not cover all workers, such as some small business and part-time employees. And, the guarantee is for unpaid leave. Some workers cannot afford to take time off.

Most workers receive some type of paid time off for holidays, vacation, or illness. Yet the Pew study indicates fewer workers have access to defined paid family leave versus other types of leave. And paid family leave is rare in lower-income households.

Now, there are several reasons to support paid leave for workers. I will mention three.

First, improving health outcomes. I am a doctor. I am concerned about infant and maternal health. At 6 per 1,000 live births, infant mortality is higher in the United States than in 25 of 28 other developed countries. A recent study reports that if a new mother takes paid leave, re-admittance rates for her and her infant decrease by 50 percent.

Second, helping families manage work and home responsibilities, particularly for lower-income workers. Pew reports, among individuals taking family or medical leave, only 38 percent in families with incomes less than \$30,000 a year receive any paid leave. For families with higher incomes, 74 percent receive paid leave.

And then thirdly, creating incentives to stay in the workforce, supporting productivity and economic growth. Long-term economic growth is a function of workforce participation and labor productivity. With an aging population, it is essential our workforce remains strong.

A 2012 Rutgers study found that women who work 20 or more hours per week before childbirth and who take paid leave afterwards are 93 percent more likely to be working 9 months postpartum, compared to a woman who does not take leave.

Another AEI-Brookings study found that work hours for mothers who took paid leave were 10 to 17 percent higher than before paid leave was instituted.

With last year's tax cuts bill, we are seeing workers getting some help. First, the bill included a 2-year pilot program authored by Senators Fischer and King: a tax credit to employers who offer low- and moderate-income employees at least 2 weeks of paid leave. Nu-

merous companies announced new or expanded paid leave programs after the tax bill passed, including Starbucks, Walmart, and Lowe's.

As we shall see today, there is bipartisan interest in expanding paid maternal, family, and medical leave. I am pleased to convene this initial conversation to consider policy options and trade-offs.

By the way, preserving the retirement benefits promised to American workers is paramount. Any proposal that relies on Social Security cannot weaken Social Security but ideally strengthens it.

The 2018 Trustees Report projects that the Social Security Trust Fund will go bankrupt in 2034. In order to close that shortfall, benefits today would have to be cut by 17 percent for all beneficiaries, including those already collecting.

We must address this looming crisis. We cannot let that happen. Doing nothing is not an option.

Also speaking of Social Security, another priority is the Windfall Elimination Provision, which impacts many State civil servants. Although not directly related to today's topic, it must be included in the discussion of preserving and strengthening Social Security in the future.

Again, I am pleased to convene these panels of experts to consider policies that help working families and create incentives for Americans to stay in the workforce and help build the greatest economy in the world.

I look forward to the discussion. And now I recognize Senator Brown.

[The prepared statement of Senator Cassidy appears in the appendix.]

**OPENING STATEMENT OF HON. SHERROD BROWN,
A U.S. SENATOR FROM OHIO**

Senator BROWN. Thank you to Senator Cassidy.

Welcome to Senator Gillibrand and Senator Ernst. Thank you for joining us for this important discussion.

Thanks to Senator Cassidy for working to convene the hearing to explore ways we can work together to expand Social Security and the safety net to include paid family medical leave. It is a welcome glimpse of what we could achieve together if we focus on the needs of working families.

Right now, the lack of paid family leave is a drag on our economy, and it holds workers back.

American families lose nearly \$21 billion in wages each year because they do not have access to paid leave. People who work in jobs like ours in the Congress and in the White House, who wear suits—some made in the United States, some made elsewhere—and have good benefits, may not realize that the vast majority of American workers have no paid family leave at all.

For too many Americans, hard work simply does not pay off.

When I say we do not value work in this country, I do not talk just about wages. I am talking about benefits people earn, or should earn.

Eighty-five percent of the workforce, 100 million people, have no paid family medical leave. If a mother has a baby, she gets zero paid time off—not a single day. If she is not back at work the day

after she gives birth—something most of us would agree is cruel and absurd—she does not get a paycheck.

This is not just about new mothers. All sorts of workers face impossible choices. Do they go to work knowing the risks to their own health and to others around them, or do they stay home and lose a paycheck?

Hundreds of thousands, probably millions of Americans, face that choice every day. Do they send a sick child to school, knowing they are risking the health of their daughter and the health of the entire classroom, or do they jeopardize their job and give up pay by taking a day off?

As they grow older, workers often have to care for aging parents. When sons over the age of 50 leave the workforce to care for a parent, they lose an average of \$300,000 in earnings and retirement savings. Daughters lose even more, an average of \$324,000.

If we truly value the dignity of work in this country—if we truly value the dignity of work, we need to recognize that paid family leave is something all workers should have the opportunity to earn.

Today's bipartisan hearing is an important baby step forward. Members of both parties are coming together to recognize that this simply is not acceptable in a rich, modern economy and to acknowledge that we have to expand our social insurance to include paid family medical leave.

This should not be a partisan issue. It affects every sector of the economy. It affects workers of all ages with all types of families.

Paid leave is good for business. A recent survey conducted by Ernst and Young found the majority of large companies support the creation of paid family and medical leave programs on the State or Federal level that are funded through tax contributions.

Such a program would be particularly good for small businesses. It would make these programs more affordable. It would put small businesses on a more even footing with large corporations that can afford bigger benefit packages, allowing them to compete for talent.

Today, Democrats have put forward a thoughtful approach that I believe should reach consensus. It is a common-sense bill that builds on the most successful and popular program we have in this country, Social Security.

It would offer low-cost, portable benefits that all American workers would earn. It would be paid for by both workers and employers. It is an approach that has already been adopted by five States, soon to be six, and the District of Columbia.

My Republican colleagues also have some ideas on the table. I have some ideas on the table. I want to thank them for their desire to work together on this issue.

Democrats too are at the table, ready to negotiate and reach a solution that can become law. Unfortunately, the approach some of our colleagues are currently proposing amounts to cutting Social Security for the workers who need it most.

Using retirement security to fund paid time off from work when you have a child is not paid family leave at all. It is robbing from your retirement to be able to care for loved ones now.

Low-wage workers in physically demanding jobs are more likely to be forced into early retirement because of the toll these jobs take

on their bodies. That already means taking a Social Security cut, and this plan would only make that cut bigger.

In an opinion piece for *The Federalist*, the president of the Independent Women's Forum—the group that first put forward this idea—wrote that she views this plan as a first step to “transform the current pay-as-you-go system into one that pre-funds future benefits and with assets that belong to individuals.” In other words, some of the people pushing this plan view it as the beginning of the process of dismantling Social Security as we know it.

I want to work together, as both Senators here know, but a plan that is a first step towards privatizing Social Security, the bedrock of our social safety net, is no place to start.

We know that only covering parental leave excludes the vast majority of workers. Three-quarters of Americans who use the Family and Medical Leave Act take time off to care for their own health or for that of a seriously ill family member.

Any national paid leave plan should build on the Family Medical Leave Act and reflect the well-established needs laid out in that law: parental leave, family care leave, personal medical leave, and military caregiving leave.

We must be able to have honest debate about these critical issues. Though we have differing perspectives, we are working toward the same goals. We all want to help families navigate a changing economy, and again, make sure hard work pays off.

We believe that all work has dignity. That is an important thing to remember.

Senator CASSIDY. Thank you, Senator Brown.

[The prepared statement of Senator Brown appears in the appendix.]

Senator CASSIDY. Before we go to our first panel, let me just recognize some House colleagues who are here: Congressmen Peter King and Lou Barletta, Congresswoman Claudia Tenney, and Ivanka Trump.

Ms. Trump, you have done so much to drive attention to this issue at this point. So thank you all for being here, and thank you for your interests in this issue.

And now to our Senate colleagues. Our first panel has two distinguished colleagues. We will first hear from Senator Ernst of Iowa, followed by Senator Gillibrand from New York. Both of these Senators and friends have demonstrated leadership in their advocacy for American workers and families.

We are pleased to welcome you here. I look forward to hearing your perspectives.

Senator Ernst?

**STATEMENT OF HON. JONI ERNST,
A U.S. SENATOR FROM IOWA**

Senator ERNST. Thank you very much.

Chairman Cassidy, Ranking Member Brown, and members of the subcommittee, thank you for inviting me to testify before you today. I also want to thank my dear friend and colleague, Kirsten Gillibrand of New York. Thank you for being an important voice on this issue.

The issue of paid leave is incredibly important. Millions of mothers, fathers, grandparents, and families across the country struggle with the realities of childbirth and infant care while also working hard to put food on the table and raise strong and healthy families. It is long overdue that Congress not just have a conversation on these matters, but get serious about a path forward.

As a mother myself, I know that being a parent is never an easy task. Additionally, throughout my career, I have worked with and heard from numerous working parents, including those on my own staff, who have struggled to navigate the challenges of balancing work with the need to provide safe and supportive care for their new babies.

Some are fortunate enough to have paid benefits provided by their employers. However, many families in America do not have this luxury.

To illustrate just how difficult it is for working moms and dads, I want to share the story of a constituent named Jessica. Jessica is the epitome of what it means to be an Iowan. She has been working since she was 16 and done everything from working at a call center to waitressing, which is her current position.

Jessica is also married, and she and her husband are the proud parents of two young boys. They work day in and day out to provide for their growing family. Along the way, it has not been easy. Money, at times, has been tight, and both Jessica and her husband had to decide between working and meeting rent and taking time to care for their newborn.

Common sense tells us that it is important for parents to spend time with their newborn. The bond that is formed when parents first lay eyes on their child only becomes stronger the longer the time they have to spend together.

A recent study by the *International Journal of Child Care and Education Policy* found the amount of time that new parents spend around their newborn has a direct influence on the quality of mother-to-child interactions as well as childhood and adolescent outcomes.

Paid family leave policies have been shown to increase breastfeeding rates and are associated with better infant health outcomes as well as decreased rates of low birth weight and infant mortality.

When Jessica had her son Karter, she was only able to take 2 weeks off before returning to work. This is despite the fact that she had a C-section, which made it difficult and painful for her to work in the first few weeks after delivery.

She would go to work in the morning, but when her lunch break came, she would rush to the bathroom, pump milk, and then run home to give it to her husband, all within an hour. Her husband works nights, so when Jessica returned home at the end of the day, she only had a few precious hours to spend with Karter and her husband before he had to go to work.

Jessica is expecting her third child and is due in December. She is unsure how much time she and her husband will be able to take off.

Jessica's experience is a similar story in households around the country. As a Nation, we know that we can do better for our families.

President Trump highlighted paid leave during his State of the Union address, and his administration was the first to budget for a national paid leave program. Through the leadership of Ivanka Trump, the administration has worked closely to develop a dialogue with Congress.

I am glad to see that the members of the House and Senate and from both sides of the aisle are finally paying attention to this issue, recognizing that moms and dads across the country are trying to figure out how to ensure their babies are well cared for and nurtured in those precious first few weeks of life.

By paying attention to these needs, we are also recognizing the important economic contribution of these families who give so much to our communities. Our policies should reflect the evolving needs of this workforce and reduce barriers that pose challenges to parents who are balancing work and family.

As a conservative, I want to craft paid leave policy that can not only attract consensus, but is viable for families, employers, and the economy, recognizing that working parents by definition are an essential part of many businesses. Few businesses can afford more taxes or more cuts to their bottom line. So we have to find a solution that does not make our economy worse off or decrease the jobs available to working parents.

I feel it is important to target a paid leave benefit to individuals who do not have access to these benefits, such as the two-thirds of low-income families that do not have paid leave. These families are also more likely to work on an hourly basis where, if they do not work, they do not get paid. They do not have sick leave or vacation or other forms of leave that can help bridge the gap.

For the past few months, I have been working with Senators Marco Rubio and Mike Lee on the issue of paid leave. We have been exploring how new parents could elect to receive a paid leave benefit through Social Security.

In return for receiving these benefits, participants would defer the collection of their Social Security benefits upon retirement. We are still working through the complexities, but I am hopeful we can craft a policy that will benefit most families and those who need it the most.

Thank you again, Chairman Cassidy and Ranking Member Brown, for holding this hearing today. I look forward to working with you on the important issue of paid leave.

Helping families is an issue we can all agree on, and I hope that we can have a productive dialogue on how Congress can best help them.

Thank you very much.

Senator CASSIDY. Thank you, Senator Ernst.

[The prepared statement of Senator Ernst appears in the appendix.]

Senator CASSIDY. Senator Gillibrand?

**STATEMENT OF HON. KIRSTEN E. GILLIBRAND,
A U.S. SENATOR FROM NEW YORK**

Senator GILLIBRAND. Thank you, Mr. Chairman, and thank you, Ranking Member Brown, for holding this hearing. I really appreciate your leadership.

I want to recognize my colleague, Senator Ernst, for her leadership and her interest in this bill and this debate that we are having right now about how to produce a real paid leave plan.

Here is the truth: at some point, every person here, every person you know, is going to have a situation where you have to take some time off from your work to meet and care for a family member.

It might be a medical emergency, maybe your spouse is diagnosed with cancer, or maybe you suddenly need to take care of an aging parent or someone who has been diagnosed with Alzheimer's, or maybe you are starting a new family or just had a baby like your constituent Jessica.

Whatever the case is, no working American should ever have to choose between their family members and a paycheck. But if you do not have paid leave, that is exactly the choice that you have to make. And this is especially true if you are working a low-wage job.

That is unfortunately what millions of Americans have to deal with every time there is a family emergency. Right now, 85 percent of workers do not have access to paid family and medical leave. And lower-income workers are even less likely to have it.

We are the only industrialized country in the world that does not guarantee some form of paid leave. Recent reports have shown that this costs families \$20 billion a year.

And it also creates what we call the sticky floor, where too many women get stuck in low-wage jobs with no chance of advancement because, every time there is a family emergency and they feel they need to ramp off, they can only ramp back on with a lower-wage job, lower down the rung, and they never get off the sticky floor.

So Congress desperately needs to catch up. We need a national paid leave program now. The good news is that both sides of the aisle recognize that this is a national problem.

Individual States are taking the lead, all over the country, with bipartisan bills and State laws that are offering real paid leave programs.

And I am very grateful to my Republican colleagues who are committed to supporting a national paid leave program that is based on, perhaps, a Social Security model. But I urge them to support a comprehensive and fiscally responsible idea called the FAMILY Act. And here is why.

First, the FAMILY Act is an earned benefit, meaning it travels with you, whether you are working full-time, part-time, big companies, small companies, wherever you live, wherever you work.

Second, the FAMILY Act, the way we have written it, is really affordable. It is about the cost of a cup of coffee a week for you and for your employer. It is about \$2.00 a week on average for all employees.

That is not a great deal of money to know that if your mother is dying, that you can be by her side, or if you have a new infant or special needs child, that you could be there when they are in need.

It also gives you about 66 percent of your wages guaranteed for up to 3 months with a cap.

So it is affordable. It is comprehensive. It is an amount of time that could make a huge difference if you have an illness in your family or a new baby.

Third, the FAMILY Act covers all workers—which I think is really important. For all of these debates that we have, it is not just about women. It is not just about new babies. All of us have family emergencies. Any one of us here in the Senate, if our spouses were critically ill, we would want to be by their sides. But we have that flexibility. That is not true for most working people in this country.

So we want to make sure it covers all family members for all reasons. The FAMILY Act covers birth or adoption, taking care of an older family member, addressing one's own personal medical needs.

And we know here in the Senate we have been able to address our own personal needs because we have that flexibility. Let us make sure every worker in America has that.

Fourth, the FAMILY Act will level the playing field for small businesses. I have heard this over and over again, even when I went with Senator Heitkamp to North Dakota. The people who testified on behalf of having this kind of plan were the small businesses who said, we could never compete with big businesses. We could never be paying two payrolls at the same time. We could never offer this.

So any incentive that is just a tax credit or a tax cut does not help that small business owner, because they are never going to have enough money to do it.

Also small States, if you are a small State like North Dakota, your State is never going to have the money to have a paid leave plan the way that California has one, the way that New York has one. So this type of idea—because it is comprehensive—covers all States: small States, big States, small businesses, big businesses.

A small business today cannot compete with a Facebook or a Google or the Ernst and Youngs or the big law firms and all of the places that can offer paid leave, so that is why the small business groups have endorsed this bill.

It has also been endorsed by a lot of larger businesses that already provide leave, because they know how good it is for their business. They know that paid leave is actually good for profit. It is good for employee retention. It is good for productivity. It is good for morale.

Finally, the FAMILY Act does not create a false choice between having to take money early from your Social Security account. It keeps your Social Security account secure so your retirement benefits are there for you. That is why I think this is the kind of paid leave plan that we could all get behind, because it makes sense. It does not cost a lot of money, and it covers everybody. It is portable. It works with the gig economy. It works with part-time workers. It literally works with everybody, because it is an earned benefit just like Social Security.

So I hope this is something that people can endorse. It has already been endorsed by a coalition of Fortune 500 companies and small businesses, because it is good for business. And what is good for business is good for this country. It is good for our economy, and we know it is good for families.

So I urge all of you to support the FAMILY Act.

Thank you.

Senator CASSIDY. Thank you both.

[The prepared statement of Senator Gillibrand appears in the appendix.]

Senator CASSIDY. Can we have our second panel?

I will now introduce our three witnesses.

I will start with Andrew Biggs. He is the resident scholar at the American Enterprise Institute. He studies Social Security and public pension reform, retirement income policy, and public-sector pay and benefits.

Before joining AEI, Dr. Biggs was the Principal Deputy Commissioner at the Social Security Administration. He has also been an Associate Director of the White House National Economic Council, a member of George W. Bush's Commission to Strengthen Social Security, and a member of President Obama's Financial Oversight and Management Board for Puerto Rico.

Dr. Biggs holds a bachelor's degree from Queens University Belfast in Northern Ireland, master's degrees from Cambridge University and the University of London, and a Ph.D. from the London School of Economics.

Vicki Shabo is the vice president at the National Partnership for Women and Families, focused on paid family and medical leave, paid sick days, fair pay, and other workplace policies. Previously, Ms. Shabo practiced law at a large international law firm and worked as a pollster and political strategist. She also worked on the Hill as a staffer on the House Judiciary Committee.

Ms. Shabo graduated summa cum laude with a bachelor of arts in politics and American studies from Pomona College, and she has a master's degree in political science from the University of Michigan. She earned her law degree with high honors from the University of North Carolina, where she served as editor-in-chief of the *North Carolina Law Review*.

After law school, she clerked for Hon. Michael Murphy of the U.S. Court of Appeals for the tenth circuit in Salt Lake City.

Last, Carolyn O'Boyle is a managing director in Deloitte's talent organization, serving as a chief operating officer and a leader of the talent strategy and innovation team. As COO, Ms. O'Boyle is responsible for managing financial and strategic operations for Deloitte's talent function, which encompasses business advisory, acquisition and mobility, development inclusion, alumni, total rewards, and shared services functions.

She has been researching and writing on the topic of generational differences in the workforce, including the role that HR organizations can play in managing differences. She holds a BA from Bowdoin College and an MBA from the MIT Sloan School of Management.

We are now pleased to recognize Dr. Biggs, followed by Ms. Shabo, then Ms. O'Boyle, for 5 minutes each to give their opening statements.

Dr. Biggs?

STATEMENT OF ANDREW G. BIGGS, Ph.D., RESIDENT SCHOLAR, AMERICAN ENTERPRISE INSTITUTE, WASHINGTON, DC

Dr. BIGGS. Chairman Cassidy, Ranking Member Brown, and members of the committee, thank you very much today for the opportunity to discuss the importance of paid parental leave and how

it might be provided on an affordable basis via the Social Security program.

Paid parental leave can provide important health and educational benefits to children while enabling mothers to remain attached to their prior jobs, which could increase earnings substantially once the mothers return to the workforce.

Research in the U.S. and other countries has found that allowing new mothers paid leave allows them to remain attached to their prior job, rather than feeling forced to quit in order to spend time with their newborn. In doing so, mothers retain the seniority and job-specific skills that allow them to earn higher wages once they return to work.

Analysis of California's paid leave program finds it increases female labor force participation and boosts post-child worker hours by 10 to 17 percent. Most of the so-called "gender wage gap" is in truth the fault of falling female wages post-childbirth.

If California's results held up on a nationwide basis, the "gender wage gap," which already has been shrinking, would narrow considerably.

Many large employers already offer paid parental leave as a way to attract and retain quality employees. However, smaller employers and startups often lack the financial capacity to offer paid leave, which places them at a disadvantage relative to larger firms. Self-employed and gig economy workers also lack paid leave.

So there is room for public policy to help make paid parental leave more widely available. However, there are practical impediments to enacting paid parental leave.

Some proposals would finance paid leave through a new payroll tax. The political reality is that many Americans would not favor such a tax, in particular those who could not or would not take parental leave, and therefore, would be forced to subsidize those who do.

Likewise, opinion polls find that many Americans believe that employers should provide paid leave. The research also finds that when employers are required to provide employee benefits, they often react by reducing wages or hiring fewer employees who would be eligible for those benefits. This could hurt employment opportunities for women of childbearing age.

Others have proposed savings accounts where young workers could set aside money to fund the paid leave. While I do not oppose such accounts, young workers have low incomes, often carry student loans, and may have little time to save before a first child arrives.

In an article for *The Wall Street Journal* and a subsequent work, Kristin Shapiro and I proposed an idea designed to work around some of these practical issues. New parents would be eligible to take a temporary Social Security benefit to cover parental leave, but in exchange must agree to an increase in their Social Security retirement age or some other offsetting reduction to their future retirement benefits.

For instance, if the Social Security benefit were paid for 12 weeks, the beneficiary would accept a normal retirement age approximately 25 weeks higher than under current law. The higher normal retirement age does not prevent a person from claiming

benefits as early as age 62, but does result in a benefit that is about 3 percent lower than it otherwise would be.

It is easy to conclude that any reduction in future retirement benefits is unacceptable. However, if paid parental leave produces anything like the post-childbirth earnings increases found in California, those higher earnings would boost Social Security benefits by more than enough to make up for the increase in the normal retirement age.

For a low-income woman, the 10- to 17-percent higher post-childbirth earnings found in California would lead to a 5- to 9-percent net Social Security benefit even after the retirement age increase used to pay back the parental leave benefit.

By using Social Security's progressive benefit formula, parental leave benefits would be targeted toward low earners who are less likely to be provided with paid leave at work. The Urban Institute estimated that Social Security-based parental leave benefits would replace around 59 percent of prior earnings to the median new mother claiming benefits, while a lower-income woman could expect a replacement rate of about 69 percent.

Finally, it is understandable to worry about adding a parental leave component to an already underfunded Social Security program. But the cost of this paid leave proposal should be put in perspective. On an annual basis, Social Security's benefit cost would increase by a maximum of about 1 percent in the mid-2040s.

Later, as individuals who claimed paid leave retired, total annual Social Security benefit costs would be about 2 percent lower than under current law.

To close, paid parental leave has benefits for parents, for children, and for our economy. Many Americans are already eligible for paid leave through their employers, but via creative policymaking, Congress can help extend the benefits of paid leave to all new parents.

Thank you very much.

[The prepared statement of Dr. Biggs appears in the appendix.]
Senator CASSIDY. Ms. Shabo?

STATEMENT OF VICKI SHABO, VICE PRESIDENT FOR WORK-PLACE POLICIES AND STRATEGIES, NATIONAL PARTNERSHIP FOR WOMEN AND FAMILIES, WASHINGTON, DC

Ms. SHABO. Thank you so much, Chairman Cassidy and Ranking Member Brown and members of the committee.

This is a great sign of progress that this hearing is happening today. And it is a real sign of true movement that there is so much agreement about the fact that our lack of paid leave in this country is a real problem and that we need a thriving economy, and that paid leave is a big part of creating that thriving economy.

There are a lot of numbers being thrown around here and a lot of confusion about how we might do this. It is not that confusing. It is actually quite simple.

America's need for paid leave is clear. And it does not distinguish by political party, family type, or care need. No one should be forced to miss their baby's first smile, be prevented from helping a parent, or God forbid a child, to get cancer treatments, or being

kept away from caring for a spouse as she recovers from a serious injury sustained in military service.

We at the National Partnership for Women and Families fervently hope that today is the beginning of a congressional debate that quickly brings urgently needed change for more than 100 million working people who do not have paid family leave through their jobs.

In my short time today, I am going to do my best to touch on three things: the importance of addressing family and medical leave, not just parental leave; the FAMILY Act's reasonable features, which are supported by State paid leave evidence; and grave concerns about the Social Security penalty approach that Dr. Biggs described, although I am very grateful for the incredible research that he has pulled together that shows the benefits of paid leave policies, and we agree on those.

First, to reflect on America's needs, any plan must be comprehensive. And that is for one simple reason: three-quarters of people who use the Family and Medical Leave Act do so to care for a seriously ill loved one, their own serious health issue, or for military care purposes. A parental-leave-only plan would leave millions of people behind.

Health emergencies should never trigger financial emergencies. Yet for too many people, any unavoidable unpaid family and medical leave means dipping into savings that are earmarked for another purpose, taking on debt, putting off paying bills, or using public assistance.

An investment in paid family and medical leave is an investment in promoting work, financial responsibility, and independence.

Today, 43.5 million people care for ill or injured or disabled loved ones. And most of those folks also are holding jobs, and they are working full-time.

Our aging population means the demand for family care will grow dramatically. And in communities across the country that are being ripped apart by opioids and substance abuse, paid leave means family members can provide care and support recovery.

People also need—and most of them do not have—paid leave to address their own serious health issues. And this just exacerbates the race- and income-based health disparities that plague our Nation today. These are new or expecting mothers who have life-threatening complications, working people who sustain a serious injury in a car accident or some other way, or older people who are forced to remain in the workforce longer than ever.

The future of work also figures into this conversation. The occupations with the most projected job growth are disproportionately low-wage, low-quality jobs that are often held by women. And the contingent and gig workers face especially precarious circumstances.

So this takes me to my second point. As you consider policy options, I urge you to see that the FAMILY Act is a modest and reasonable approach.

Many conservative voters in focus groups that we conducted this past fall actually thought it seemed like a Republican idea. And they preferred it to the parents-only plan that was proposed in the

President's budget, personal tax-free savings accounts, or the employer tax credit that was part of the tax bill.

Six States and DC have passed paid leave plans, and nearly all of them go beyond the FAMILY Act in one or more ways. And we have learned a lot from seeing how they work.

The FAMILY Act would provide family, personal medical, and parental leave for up to 12 weeks. And that is consistent with what the States are doing. But the duration is actually modest in comparison to many of those States.

It would replace two-thirds of a worker's wages, which is a minimum level for affordability and gender equity. New State laws, which have passed with substantial bipartisan support—including in Senator Cantwell's Washington state—will do more than that.

People who need to take time away from their jobs would be protected from retaliation, which is especially critical for low-wage workers. The fund would be self-sustaining and cover all benefits and administrative costs.

The State plans actually run surpluses. And to anticipate an area of concern and one that Dr. Biggs addressed, I have actually never heard anything in the 9 years that I have been working on this to suggest that the paid leave payroll deductions in any of those States are a real problem for low-wage workers.

National and State polling also shows voters are willing to pay, and businesses are too.

Program integrity measures would help to ensure appropriate use has been the case in States. And employers that seek competitive advantages could top up FAMILY Act benefits.

So that takes me to my third point. And I will try to go quickly.

There are four distinct and qualifying problems with imposing a Social Security penalty for taking paid leave. First, the costs to working people are not at all trivial. The plan that was described earlier would result in huge losses, a 6-percent benefit cut, or about \$12,000 for a typical mother of two. And women, people of color, and low-wage workers would be harmed the most.

Second, any plan that only covers parents, again, excludes 75 percent of leave takers and would create especially cruel ironies for people who use paid parental leave early in their lives and then need a family or medical leave later on. They would face reduced retirement either way.

Third, its wage replacement and maximum benefit amount are too low to help most working and middle-class people and could exacerbate, rather than help, gender inequities.

And fourth, it does not contemplate any new resources for SSA, which is an agency that sorely needs them. It is not budget-neutral, and it would slightly accelerate trust fund challenges, according to the Urban Institute, The Heritage Foundation, and the American Action Forum.

The FAMILY Act is a real paid leave plan—

Senator CASSIDY. Ms. Shabo, can you wrap up?

Ms. SHABO. Yes.

It would support families, businesses, our economy—it reflects shared values of work, family, and care without enforcing impossible new choices. And in this moment of intense divisions, it has the potential to unite people.

So thank you. I apologize for going over and look forward to answering your questions.

[The prepared statement of Ms. Shabo appears in the appendix.]
 Senator CASSIDY. Ms. O'Boyle?

**STATEMENT OF CAROLYN O'BOYLE, MANAGING DIRECTOR,
 DELOITTE SERVICES LP, BOSTON, MA**

Ms. O'BOYLE. Chairman Cassidy, Ranking Member Brown, other members of the subcommittee, good afternoon.

Thank you for inviting me to testify at this hearing on the importance of paid family leave for American families. I appreciate the subcommittee's attention to such an important issue, as well as the opportunity to share with you Deloitte's experiences in our industry-leading paid family leave program.

My name is Carolyn O'Boyle. I am a managing director in Deloitte's talent organization and have the privilege of working to enhance employee engagement through innovative experiences, processes, and policies such as paid family leave. And family leave is not just an abstract concept for me, since I took advantage of our program when I had my own son Jack.

For Deloitte as a professional services firm, our people are our primary and greatest asset, and as such, their well-being is critical to our success.

In 2015, we conducted a marketplace survey on parental leave and found that 88 percent of the respondents would value a broader paid leave policy to include family care beyond parental leave. This, in addition to our focus on innovating our well-being offerings, prompted our CEO Cathy Englebert and her leadership team to address shifting caregiving dynamics and emerging flexibility needs.

With a workforce spanning five generations and the changing nature of caregiving in the U.S., we recognize that both men and women of all generations face challenges in supporting the well-being of their families. We recognized that if our people were able to balance their caregiving needs with their professional lives, we would improve productivity, reduce turnover, and support the culture we aspire to have, one where our people feel supported in managing their personal lives and building a meaningful career.

In September 2016, we introduced our expanded and holistic paid family leave program distinguished by several characteristics.

First, the program recognizes that caregiving goes beyond that of welcoming a new child. The program provides up to 16 weeks of paid leave to eligible U.S. employees to support a broader range of life events, from the arrival of new child to caring for an ill spouse or domestic partner, parent, child, or sibling.

Second, the expanded program recognizes that both parents play an important role in caregiving and eliminates any disparity between primary and non-primary designations.

Finally, our paid family leave program also provides our people with the flexibility to schedule the leave to meet the needs of their family.

Before implementing this, we carefully assessed the costs and benefits of the new program, evaluating potential incremental salary costs against benefits to attrition, productivity, and engage-

ment. Our experience over the past 21 months has shown our actual costs to be lower than we originally anticipated, and we have already realized an improvement in attrition. And we have heard an overwhelming gratefulness from our employees, who simply appreciated the peace of mind in knowing that they could take the time needed during life's challenging situations.

Since its inception, Deloitte's paid family leave program has impacted the lives of thousands of professionals and their families. And I would like to share with you a few of their stories.

Consider Marcia, who requested paid family leave when her son needed more intensive treatment for symptoms arising from Asperger's syndrome and her elderly mother broke her pelvis at the same time. As Marcia noted, "I was grateful to Deloitte for giving me the opportunity to support Noah through this program. Honestly, I do not know what I would have done if I did not have the access to the paid family leave program. It would have been incredibly stressful. If I had tried to keep working through all that was going on, my clients would not have had the best of me. That is for sure."

Or another employee—one of the many men who has been able to participate in the program—who sent our CEO a thank you note to tell her that, because he was able to stay home for 16 weeks with their child, his wife was able to return to her medical practice. As he described it, "The new paid family leave program is going to give me the opportunity to spend a great amount of quality time at home with our new baby. We are all so happy that we have been afforded this opportunity, and it is going to make a meaningful impact in our family life."

We also have a story from David, whose wife Theresa was diagnosed with stage 4 lung cancer. "We had no one nearby," he says. "Having the leave gave me more time to investigate and arrange support options available through the community and hospitals, and it gave me the freedom to be there for my wife, take her to appointments, and when she was in the hospital, to stay by her side the entire time."

Further analysis of participation data from the past 21 months has shown several interesting outcomes, such as women taking slightly longer leaves than previously. Men are participating in parental leave at higher rates and taking longer leaves. Caregiver leave participation has remained relatively consistent.

And finally, creating a culture that empowers our people to take advantage of this program has been as important as the program itself. Every day our professionals are helping our clients solve their greatest challenges in making a positive impact in their communities.

Our leaders understand that if we want our people to grow and develop in their careers and provide our clients with exceptional service, we need to support them in all facets of their lives.

To put it simply, we do not want our people to leave the workforce due to caregiving needs at home. It is our responsibility and commitment as an organization to ensure that our people do not have to make that choice between family and career.

Thank you again, Chairman Cassidy and Ranking Member Brown, for providing me with this opportunity to share information with the subcommittee about Deloitte's paid family leave program.

I look forward to answering any questions you or the other members may have at this time.

Senator CASSIDY. Thank you.

[The prepared statement of Ms. O'Boyle appears in the appendix.]

Senator CASSIDY. I am told we have great turnout. Thank you.

I am told by our committee staff that we should first begin with subcommittee members and then we will go to our normal order in terms of time of arrival.

I am going to defer my questions and ask Senator Brown to go first.

Senator BROWN. Thank you, Mr. Chairman.

Thank you all. It was an interesting discussion.

Ms. O'Boyle, I want to talk for a moment about how you came to this decision. As you heard testimony on the Ernst-Rubio proposal—and Dr. Biggs had similar views and proposals—they were limited to parental leave. You obviously did something more than that: parental leave, medical leave, and caregiver benefits.

Could you talk about that decision to do much more than parental leave?

Ms. O'BOYLE. Sure. So we realized that all of our people were vulnerable to some element of caregiving need brought about by a number of factors, including the presence of so many generations in the workforce, the changing nature of caregiving in the U.S., and shifting societal norms.

That was supported by the market data that I referenced in my testimony, that 88 percent of respondents would place a value on a broader paid leave policy that would include family care.

While we think that the baby boomer generation is most impacted by caregiving needs, data from multiple sources actually points to how this impacts all generations.

So a recent study by AARP indicates that millennials spend about 21 hours a week on caregiving duties. So we realized that if we wanted to truly support our people in the way that they needed, we needed to broaden the scope of our offering to include broader leave.

Senator BROWN. Okay. Thank you for that.

Ms. Shabo, would you kind of break down, if you can, the usage among parental family caregiving and medical leave, both under FMLA and the six States, I believe, and the District of Columbia that now do it? If you could, give us some analysis and some data.

Ms. SHABO. Absolutely. So one of the misconceptions is that FMLA is just about new babies, and it is not. Seventy-five percent of people use it—as I said in my testimony—for family caregiving or personal medical leave.

And most are using it for personal medical leave. About 55 percent of uses are for somebody who has their own serious health condition. And that is something that lasts for more than 3 days or requires ongoing treatment from a physician.

At the State level, it is closer to 75 to 85 percent who are using it for temporary disability insurance, and that is in California, New

Jersey, and Rhode Island, which are the States that have had paid family leave and temporary disability insurance the longest.

Among the family leave portions, the vast majority are parental leave. But in States with older populations, like Rhode Island for example, the family caregiving claims are actually higher than in some of the other States.

So this is why a comprehensive policy is so important. And to underscore a point that Ms. O'Boyle made about millennials, often policymakers and even employers might think about millennials as just needing paid parental leave, but a full quarter of family caregivers are millennials, that is folks who are 18 to 34. Many of them are in the sandwich generation or elevating up into the sandwich generation.

Senator BROWN. Thank you.

Dr. Biggs, I thank you for being in front of this subcommittee/committee a number of times.

I want to make a few comments before I ask you a couple questions. First of all, I put on the record that, for many of us on this committee, there is nothing bipartisan about privatizing Social Security. So start with that.

The opinion piece in *The Federalist* that I mentioned earlier stated that the president of this women's forum views this plan as a first step to transform the current pay-as-you-go system into what, I would assume, you as one of the architects of President Bush's—I do not believe you said privatizing Social Security—there was push-back on it because the country saw it that way.

I know you talked about personal accounts, and I think by any fair analysis the Rubio-Ernst plan is a first step—buttressed by the argument of the president of the Independent Women's Forum and any analysis, it is the same kind of privatization.

My question, though, is this: the Ernst-Rubio proposal claims that someone would only have to delay their retirement by half as much as the amount of leave that they take. This calculation was debunked by the Urban Institute report, which found that someone who takes 12 weeks of leave would have to delay their retirement by 20 to 25 weeks and face a permanent benefit cut of 3 percent.

So your construction here is narrow. It is only parental leave, not larger as Ms. O'Boyle and Ms. Shabo suggest. Why do you think we have to force a tradeoff or penalty for new parents who take paid leave as they near and enter retirement? Why do you set this up as a tradeoff? When you need it today, then you will have less in the future when your needs are probably greater.

Dr. BIGGS. Sure. Thank you very much.

I will try to answer your questions, your comments in order.

For myself, I was not the author of the article in *The Federalist* that you are citing. And I tend not to—

Senator BROWN. I did not say you were. I was using that as—

Dr. BIGGS. What I am saying is, it would be mistaken to ascribe those views to me. In working on the proposal, I never thought of it at all in terms of how it played out with the personal accounts debate.

To be frank, whatever side people may be on with the idea of personal accounts for Social Security, I think it is pretty clear at this point that is not going to happen. The personal accounts were

proposed as a way of saving the Social Security surplus, back when we had a Social Security surplus.

Time has solved that problem. So we no longer have a Social Security surplus to save. So I think to fear that this is the first step in privatization is a mistaken fear.

Thinking about why we work with the idea of the tradeoff between parental leave and retirement benefits, it is to get around some of the issues that I looked at in my testimony, in the sense that many people will not want to pay an extra payroll tax to finance parental leave. That reduces their take-home pay.

I believe—is the payroll tax 0.4 percent for the FAMILY Act?

[No audible response.]

Dr. BIGGS. Okay.

I think taxable payroll is somewhere around \$7 trillion, so that is about a \$35-billion reduction in people's take-home pay.

Senator CASSIDY. Dr. Biggs, can you hurry up with your answer?

Senator BROWN. I apologize. One statement.

If you expand it to not just parental leave, you are going to find a lot more public support for it. That is just a reminder. That is almost by definition, you are going to have more people eligible, more people interested, and more public support for it.

Dr. BIGGS. My thinking on this was to try to do something perhaps more modest and more doable.

Senator CASSIDY. Can you leave it there, Dr. Biggs? You are a minute and a half over.

Dr. BIGGS. I apologize for that.

The approach is to try something more modest and more practical. I think that it gets around some of the issues I discussed in my testimony.

Senator CASSIDY. Senator Casey?

Senator CASEY. Mr. Chairman, thank you very much.

I want to thank the witnesses for your testimony today and for the highlighting of this critically important issue.

Ms. O'Boyle, I will start with you. This question relates to children with disabilities. I know that in your firm you made some changes that led to a better policy as it relates to supporting parents of children with disabilities. Can you walk through that for us?

Ms. O'BOYLE. Walk through the policy?

Senator CASEY. Right.

Ms. O'BOYLE. So it is the 16 weeks that I was mentioning earlier. That is fully paid for all of our eligible U.S. employees for whatever need that they have, whether it is for parental leave or whether it is more broad for caregiver leave.

That 16 weeks is on a rolling 52-week basis so that our employees can continue to take advantage of the leave over the course of their career as their needs change.

Senator CASEY. We can readily understand how that helps the workforce. Can you speak to—I know you may have addressed this more broadly before—the impact on your company overall?

Ms. O'BOYLE. Sure.

So in our experience, we have seen improvements in employee attrition for employees taking a leave. While there are many factors, obviously, that influence turnover, post-leave turnover for women

taking leave has improved by 32 percent, with a 45-percent improvement for men.

This obviously translates into real dollars, as we generally consider the cost of turnover to be about 150 percent of a professional's salary. So that is rehiring, retraining, et cetera. Less quantifiable, we know that decreasing the stress our people experience from caregiving needs improves productivity, engagement, and performance, all positive benefits for the workforce.

And again, in our experience, we found that the benefits are not limited to just those taking leave. We surveyed our people following the launch of our new program. From that survey and additional unsolicited feedback from our people, we know that there is tremendous option value for all of our professionals.

So even if they do not expect to use the program, they feel secure in their ability to manage their future well-being needs, which translates into a longer trajectory in the workforce.

Senator CASEY. Thanks very much.

Ms. Shabo, I want to get to a broader question that goes even beyond family and medical leave. But I wanted to first start with the question of the reality we confront today, which is—and I want to make sure I am not overstating this, but today we are facing a circumstance where that worker is at the mercy of the employer, whatever the employer will allow in terms of taking time off for a loved one or for the care of a child.

Walk through for us some of the economic benefits of a much broader family leave policy. I know your testimony spoke to that, but just if you could itemize a few benefits.

Ms. SHABO. Absolutely. You so correctly point out that today millions of workers, 100 million workers, are living in a land where they are subject to a boss lottery. Folks who work for Deloitte may have won that lottery.

But the folks who work for Ms. O'Boyle, they are not living in silos. They live in families. So their spouse might not have access to leave. Their parent might need to be cared for, and so Ms. O'Boyle's employee is going to go care for that parent, rather than the sister who lives across the country and does not have any access to leave.

So we are absolutely, as a country, experiencing huge costs associated with the status quo. And the benefits in contrast would be great.

So today, families are losing close to \$21 billion in wages from a lack of paid leave. But we see that when paid leave programs are in place in States like California, women are more likely to go back to work. They are more likely to earn higher wages. Folks are less likely to turn to public assistance programs. They are more likely to be independent.

We are seeing also on the flip side, when people have elder-care challenges, they are losing close to \$300,000 on average in income and retirement savings.

So a plan like the FAMILY Act, which would require very small payroll deductions over the course of a person's life, adding up to probably a few thousand dollars over a 40-year work cycle, that is such a small amount relative to the cost that families, the economy, and businesses are experiencing now.

The 150-percent cost related to turnover, that is standard. I think the estimates are anywhere between 16 and more than 200 percent, depending on the type of business and employee.

So, we are facing huge costs now, and there are huge benefits to be gained by investing a modest amount in paid leave.

Senator CASEY. Thank you. I appreciate your testimony.

I know I have only a few more seconds.

I will put in a plug for child care, because if you think about it in terms of the average middle-class family, that is among the highest costs they have. We are told, for example, in our State of Pennsylvania, that for a two-parent family, center-based care for an infant can be 13 percent of their income, which is far too high. If that same circumstance prevails for a single mom, center-based care for infant care can be 49 percent of the income on average.

So obviously, as we do family medical leave, we also want to focus on child care. But I know that is for another day.

Thanks very much. Thanks, Mr. Chairman.

Senator CASSIDY. Senator Crapo?

Senator CRAPO. Thank you very much, Mr. Chairman.

And, Dr. Biggs, quickly, because I have a second question here, I know that AEI has written extensively about issues related to single mothers, women's labor force participation, and economic opportunity. Could you just give us some comment on the economic benefits of paid leave, such as labor force attachment and employee retention?

Dr. BIGGS. Sure. I would be happy to.

There are really two issues. One is that, if a new mother feels more confident in being able to go back to her job, that she has paid leave, then she is less likely to quit the job. That retains seniority. Certain skills are specific to that job, so when she eventually does go back to work, her wages are higher.

But there is a second issue as well that has not been touched on, which is that, if employers are more confident that a woman of child-bearing age will return to work after having a child, they will be more interested in investing in the skills of that female employee, of promoting them.

Right now, if they fear that a woman is going to leave her job after having a child, they see her as a risky investment. So they might put more attention on male employees. When you put the two things together, it appears that post-childbirth paid leave substantially increases labor force attachment, work hours, and earnings. That is something that helps them both at that point, but obviously in building towards retirement as well.

Senator CRAPO. All right. Thank you very much.

And I am sure I am not going to be able to get answers from all three of you on this question, but I am going to toss it out here and start with you, Dr. Biggs.

It seems to me that we are seeing a little bit of a different point of view here on the panel between how to fund this program. One would be to put a new payroll tax in place and the other would be to access Social Security. Those are the two ideas that are in play; correct?

And Ms. Shabo talks about how it is a very small impact for a very big benefit. Has anybody actually done the analysis—because

I know there are some concerns being raised by those who are focusing on the Social Security Trust Fund that the payroll tax should not start getting diverted for other purposes when we have the trust fund in such an unstable position.

And so my question is, has somebody done the actual economic analysis to see what raising the payroll tax would do to the Social Security benefit and the strength of the fund, versus the access that is being proposed from your plan?

Dr. Biggs, could you start? We have about 3 minutes, so if you could each keep your responses to less than a minute, I would appreciate it.

Dr. BIGGS. I think the FAMILY Act and the Social Security-based proposal I have spoken about both would lead to increased earnings post-childbirth by helping women remain attached to their jobs. That would help them not only earn more, but also have a higher Social Security benefit in the future.

At the same time, though, a payroll tax increase, as in the FAMILY Act, would cause a slight reduction in earnings, as any tax increase would.

I have not tried to balance the two of them out. But that is one aspect, that it would dissuade work, but also people feel it might use up part of a payroll tax increase that could be used for—

Senator CRAPO. Okay. I am going to move on quickly to Ms. Shabo, and then I am going to move you on in a minute. So please try to be fast.

Ms. SHABO. Sure. So, both of these proposals have been studied. The FAMILY Act model has been studied extensively at the State level through models that have been run on various State programs, through the analysis of the States that have created these programs, which have not seen any decline in wages at all or decline in jobs.

And the FAMILY Act itself has been modeled extensively. The payroll deduction that is proposed in the FAMILY Act is in the range of what those models show: somewhere between .35 and .45 percent. And this is consistent with what State modeling shows and what State experience has been.

So this is a very—as I said—small cost for a big benefit. And we see that it has worked at the State level. I agree it will add to the Social Security coffers over time, because people will stay and work not just when they are having a new child, but even when they have their own family caregiving need or personal medical leave.

Senator CRAPO. All right.

And, Ms. O'Boyle, you have about 60 seconds. I am sorry.

Ms. O'BOYLE. Well, I am afraid I cannot speak to the analysis of the public policies that are under consideration. I can tell you from our own experiences at Deloitte that the actual costs that we have incurred from our new program have been significantly less than we had anticipated.

Because of the business model that we have as a professional services firm, we have largely been able to absorb any of the disruption associated with the leave-taking, and the costs that we have incurred have primarily been from people converting unpaid leave to paid leave or converting vacation time to paid leave as well.

Senator CRAPO. All right.

Thank you very much.

Senator CASSIDY. Senator Enzi?

Senator ENZI. Thank you, Mr. Chairman.

This has been a very helpful day. I appreciate all of the testimony. It has led to a lot more questions for me. I do understand the benefit of supporting working families. I have been an advocate for allowing private companies to have flex-time so that there could be some flexibility to be able to see family members or to do what we are talking about here.

But I can see that I was going too small. I am not opposed to paid parental leave, but I am concerned about imposing more Federal regulations and mandates on businesses. I was interested to find out that six States are already doing this. I guess I could ask one question: what do we do with those six States? Does this supplant what they were doing so that they can use that money for something else?

But I will not ask that right now. I will ask that in a written question. And I will follow up on the North Dakota hearing for small business for whatever suggestions there were there.

And I have always gone with the small business definition—and will in this case—of 50 employees or less, because that is the Obamacare model and the family leave model, even though it is not paid.

Have any of you operated one of these small businesses?

It is a simple “yes” or “no.”

Dr. BIGGS. Sole proprietor.

Senator ENZI. I have, and there are some complications that come in, particularly if you are in a very small town, you have very few employees, and there is no temporary workforce.

There still has to be somebody who does the work. So I am still trying to figure that out, and I would be interested in the North Dakota approach to that.

But my question to all three of you is, how would these proposals work for a very small business in a small town where they do not have a temporary labor workforce? Again, short answers, because there is not much time.

Dr. BIGGS. To the degree that a paid leave proposal helps women who have children remain attached to the prior employer, it actually could help them in the sense that the employer would lose the employee for a short period while they are taking parental leave, but they would not lose them permanently.

So it would be finding a temporary replacement, not a permanent replacement. So I think you could argue that the burden that is on small businesses might actually be improved.

Ms. SHABO. Yes, the good news for you, sir, is that there is a lot of data from small business groups that have surveyed their own members about what would work for them with respect to a paid leave plan. And the social insurance model with shared payroll deductions is something that 70 percent of small businesses in the country that were surveyed support. It is the model that a group called Main Street Alliance that brought together a working group of small businesses decided was best for them, because the issue that you are talking about, the replacement worker issue that is

going to come up—if you have a woman who has given birth, you are almost certainly going to not have that person working for you for some period of time.

How you manage your work during that time is probably something that maybe you dealt with or that you would be dealing with if you were in that small business now, as more women are in the workforce. But what these businesses have found is that the shared cost model actually frees up their assets to be able to either find that replacement worker, or pay overtime to their existing workers without them shouldering both the cost of providing leave and the cost of that replacement worker.

So this is actually a solution that small businesses really have started to gravitate towards.

I think your question is a great one. The North Dakota example, as I understand it from Senator Heitkamp, is—

Senator ENZI. I will get that information. I am running out of time.

Ms. O'BOYLE. I would just add—obviously our experience is based on a large professional services firm. And certainly there is no one-size-fits-all model.

One of the things, though, that we have found is that, even in some of our businesses that operate in a more structured corporate-like environment, this has created opportunities for people to grow and expand their responsibilities. So it has become a very nice development mechanism for them. They are able to stretch into new opportunities and to continue their growth and development while covering for people who are on leave.

Senator ENZI. I can see all of those advantages. I have just worked it from the standpoint of being one of the employers. And what I found was that at the time that their leave ran out, they no longer worked for me. And now I do not have—I have been putting in the extra hours and things in order to cover for the person so they have the time that they need. And then there is no backup for me or for the others who work for me.

So I will have some additional questions in writing to follow up on this, because I am sure there is a solution there somewhere. I just do not think that the two opportunities that we have here are the solution.

Thank you.

Senator CASSIDY. Thank you, Senator Enzi.

Senator Cantwell?

Senator CANTWELL. Thank you, Mr. Chairman.

And thank you for holding this important hearing, and thanks to all the witnesses for your description of what the benefits of paid leave are. Certainly the State of Washington, having implemented a policy, we have been very interested in this. And also, we are one of the first in the Nation to have family leave.

And as someone who then worked in the high-tech sector, I can tell you—a very male-dominated world—they all took family leave. And so I saw the great, great benefits from it.

And so, thank you for articulating that today too, that it is on both sides, that they both want to take family leave.

Also, I have been very involved here in implementing paid family leave at the U.S. Coast Guard. This was very, very important for

a Coast Guard that looked at its workforce and decided that it was 40 percent women, and if they wanted to have retention, they had better come up with a good paid family leave policy.

So we applaud the Coast Guard for working with us and others to implement that policy.

So, as we look at this discussion, one thing I did not hear—I am sorry I had to step out a few times. One thing I did not hear was the correlation between medical leave and worker retention and productivity, particularly as it relates to medical leave.

One of the things that I hear often about is that we have workers who literally go to work sick. Now how is that good in an environment where people are showing up just because they cannot take the time off?

And I do not know, Ms. Shabo, if you have any testimony, or any of the other witnesses, about this? But I did not hear a lot of discussion about that particular point, and why this is so beneficial in an environment where public health is so important to all of us.

Ms. SHABO. That is such a great question. Thank you for asking it.

One of the most interesting studies that has come out recently was from the American Cancer Society. And they surveyed both cancer patients and survivors and their caregivers about access to leave. They found that 40 percent to 50 percent did not have any paid family leave beyond a single paid sick day—or paid medical leave beyond sick days—and that the ability to take paid leave during cancer treatment and recovery was actually very highly correlated with workers being able to get back to work more quickly, feeling better, being able to adhere to treatment plans. So it is related.

There is a study also on nurses with cardiac conditions who were able to return to work more quickly when they had paid medical leave.

We also need to think about, in the Social Security context, whether there are people who have no other choice but to apply for SSDI when they have a serious health condition. And so, having paid medical leave available for up to 12 weeks—there is no study on this yet—but intuition tells us that there is probably something there as well.

If we offer paid medical leave as a benefit like the FAMILY Act would, we may end up overall boosting workforce participation for family caregiving as well as for personal medical leave.

Senator CANTWELL. I do not know if you know, either of you or any of the witnesses—we are facing a retirement crisis as well in America. I am very concerned about the lack of savings for retirement that is going to impact all of us. Do you think this too is a related issue, because if you do not have paid sick leave, then you are taking money out of your 401(k) or out of your retirement and using it there? And that is a problem.

Ms. SHABO. Yes. There were studies that came out just a couple of weeks ago about how the workforce is getting older and older. And one of the largest growing shares of the workforce is aging workers.

Those folks have chronic health conditions, but they have no other choice but to be working, in many circumstances. So the lack

of retirement savings, the need to stay at work, the low wages that they are probably being paid, all of these sort of wrap up together to indicate that we really need to do something about access to medical leave for serious health issues so that those folks too can come back into the workforce and do what they need to do to protect themselves in their older years.

Senator CANTWELL. Well, I think somebody who works with me said “prevention is medicine.” Now for us in the northwest, we are all for this. We get \$2,000 to \$3,000 less per Medicare beneficiary, and we deliver better care and better outcomes.

So when you talk about this instance of somebody in cardiac care having the time to heal, then to go back to work, you are cutting down on everybody’s costs. You are cutting down on the whole system’s cost by just giving somebody that extra time.

And I tell you, with people living longer, we are going to realize that this is a critical part and aspect of care and that it helps all of us on our cost savings.

Ms. SHABO. And it has a caregiving component too that we cannot forget. So the population is aging, but there are generations that follow the baby boom that are not replacing the numbers of people retiring.

So we are going from one in seven younger people to care for an older person to a projection of one in three. That means that care burdens are going to be higher on those people who are probably also holding jobs while caring for an older loved one. And the presence of a caregiver is related to following treatment regimes, reduced hospital readmission.

So, absolutely, this is all wrapped up, and it is part of why—

Senator CANTWELL. Well, I am proud that our State was one of the first to do family leave. I am proud that they are one of the first to do paid family leave.

Thank you all very much.

Senator CASSIDY. Senator Isakson?

Senator ISAKSON. Thank you, Dr. Cassidy. I appreciate it very much.

Thank you all for coming. I am very interested in this for a lot of reasons, but I want to make one declaration at the beginning. My dear friend, Sherrod Brown from Ohio, frequently reminds us all that there are people out there who are getting ready to privatize things.

We are not interested in privatizing Social Security or the Veterans, either one. And you follow me on both committees. So your admonition is well-taken.

Ms. O’Boyle, in the case of Marcia and the gentleman who got 16 weeks to stay home with his and his wife’s new baby, and David who had a wife with stage 4 lung cancer, those four who used those benefits—

Ms. O’BOYLE. I’m sorry?

Senator ISAKSON. Those were the four you used as examples of benefits—and what was the benefit they got? And did they get 16 weeks paid at their pay level?

Ms. O’BOYLE. They did, yes.

Senator ISAKSON. All right. And that was the benefit?

Ms. O’BOYLE. Correct. It was 16 weeks fully paid.

Senator ISAKSON. And either a medical emergency or a family emergency, or something like that, was the qualifying factor?

Ms. O'BOYLE. Correct. There is a serious health condition for either them or one of their dependents.

Senator ISAKSON. Ms. Shabo, are you contemplating in this a program that becomes a national program that applies to all businesses and all employees?

Ms. SHABO. So the FAMILY Act, the program that I think is the best one based on the research and evidence, would create a social insurance fund. So it is not 100-percent paid by employers as the Deloitte model is and like some leading employers are doing.

It is a shared contribution from employees and employers to fund a social insurance program that would result in a 66-percent wage replacement rate for most workers.

Senator ISAKSON. Is it a mandatory participation program?

Ms. SHABO. Yes. And that is why the costs can be so low. They are spread over the workforce and they are spread over employers, and that works for small businesses and it will work for employees as well. And that is how it works in the States.

Senator ISAKSON. Really quickly, let me add onto Senator Enzi, who is my dear friend. He was a shoe salesman—still is, by the way. I was a dirt dauber. I was a real estate broker, and that is where we made our careers. We both had small businesses.

I had 1,000 salespeople working for me, but they were independent contractors, not employees. Mike, I imagine, had employees. Is that right?

[No audible response.]

Senator ISAKSON. But he had two or three employees.

What you might mandate for somebody who has 1,000 independent contractors and a very small employee base or a very small business becomes a cost they cannot afford or a reach too far to get. Whereas somebody like Deloitte—it is a high-end service business and can much more absorb the costs.

Again, that is what I worry about: if we mandate a benefit that sounds great for everybody, it is not going to apply or be easy to put in place for everybody, but for a few. And that is what worries me a lot about it: if it is a nationally mandated program and a mandatory participation program.

Ms. SHABO. Well, I think what you will see from studying the State evidence—and we would be glad to sit down with you and provide more of it—is that this actually is beneficial to companies because it is a small payroll deduction, so .02 percent that you would pay in from your payroll, and in exchange your employees would have access to a paid leave benefit.

So it is not coming out of your pocket when they need to take leave. It is coming out of the fund. And for independent contractors—I am glad you brought that up, because we know that about 10 percent of the economy is either contingent work or gig workers, and that is going to escalate. Those folks would pay in as they do to Social Security so that they would have the protection as well.

Senator ISAKSON. Well, they pay their quarterly estimates. The employer does not withhold. They pay in the quarterly estimate.

Ms. SHABO. Correct.

Senator ISAKSON. Well, those are very important things to consider. Another important thing to consider is this—I ran a company for 30 years. And I did paid family leave, but I paid some people's leave a lot longer than other people's leave based on the value of the employee or how badly I needed them to stay connected to someone in the company, because you could do that—an independent contractor versus employee/employer relationship.

You are right: having that benefit available saved me some of the best career people I ever had. So what you want to do is not only good for the workers of America, but it is good for business, people like Deloitte. But we have to find a way to do it where it does not bankrupt us at the low end but helps at the high end.

Thank you very much. Thank you, Mr. Chairman.

Senator CASSIDY. Senator Menendez?

Senator MENENDEZ. Thank you, Mr. Chairman.

Let me thank the panel for their testimony today. I am very proud that New Jersey has had a paid family leave program in place since 2009, in addition to a longstanding temporary disability program. Both programs offer individuals partial income for up to 6 weeks.

Our paid family leave program can be used to either bond with a newborn or care for a loved one. And our disability insurance program can be used in relationship to a pregnancy or personal illness and injury.

So that means that across New Jersey, thousands of new moms and dads can care for a newborn baby, a parent can care for a critically ill child, a spouse can care for a spouse, or a child for an elderly mother or father. And there are thousands of people who are seriously sick or injured who can take care of themselves, rather than going to work sick.

That includes people like Gisele from Maywood, who was able to use New Jersey's paid family leave program to supplement what her company offered and spend a full 12 weeks recovering from childbirth and bonding with a newborn.

And then there is Layla from Jersey City, who used New Jersey's disability insurance to pay her bills while recovering from surgery.

So, I can go on and on with examples, but what matters is that New Jersey families—and this is why the subject matter at hand here is something which I care so much about—can care for a loved one or recover from illness without worrying about paying the bills, because that is truly an awful choice to have to make. Do I go to work to put food on the table? Or do I care for a loved one when he or she needs me the most? Do I make sure that my rent is paid, or do I recover from surgery? So I am proud that no New Jerseyan has to make this awful choice.

I personally am a co-sponsor of Senator Gillibrand's FAMILY Act, which I think would strengthen and support States like New Jersey that have existing paid leave and temporary disability programs.

So, Ms. Shabo, I wonder if you could elaborate for me and New Jersey families on how the passage of the FAMILY Act would actually improve upon New Jersey's existing system and other States that may have such legislation in place?

Ms. SHABO. Sure. And yes, congratulations to New Jersey. It will be celebrating a decade soon and is looking to expand its law in the legislature right now. Which is a sign of the program's success and ways that it can be improved.

What the FAMILY Act would do most immediately for the constituents in your State would mean that an older person who needs care, who has a child who lives out of State, that child would be able to come and care for their parent even though the child does not live in New Jersey and is not covered by New Jersey's paid leave law.

So creating a national program sets a baseline that means that every single person who is working would be able to take time to care for a loved one if they are living in the same State as their parent or somewhere else. The FAMILY Act would add on to New Jersey's program by providing additional weeks and by raising the cap on wage replacement. We know that that is so important for getting men involved.

One of the great successes of California's program is because it has a higher wage cap. It has increased men's leave-taking by more than 200 percent. We have seen some increase in New Jersey, but some of the constraints of New Jersey's law have not had quite as good an impact.

So this would absolutely improve New Jersey's experiences, whether they are a care recipient or a caregiver.

Senator MENENDEZ. Now let me ask you. Are we the only industrialized country in the world that does not guarantee some form of paid leave?

Ms. SHABO. We absolutely are. It is us, and Papua New Guinea, and a few other small island nations that do not have paid maternity leave. And we do not—with other high-wealth countries, we stand out as not providing paid medical leave as well.

Senator MENENDEZ. Now, I have seen some reports that suggest that that costs families in our country about \$20 billion a year. Is that the estimate that you have seen?

Ms. SHABO. That is correct; \$20.6 billion, I believe it is.

Senator MENENDEZ. Okay.

Ms. SHABO. And it is costing our economy, in terms of women's labor force participation, an estimated \$500 billion a year.

Senator MENENDEZ. It also creates a situation, is it not fair to say, that too many women get stuck in low-wage jobs?

Ms. SHABO. Absolutely. So women are more likely to leave their workplace or to have to cut their hours. And that is just the cycle of that sticky floor that Senator Gillibrand was talking about.

Senator MENENDEZ. Is it not also an opportunity to create a more level playing field for small businesses so that they can actually compete with the talent that Googles and Facebooks are able to afford?

Ms. SHABO. Absolutely. And that is one of the reasons that small businesses support paid family leave such as the FAMILY Act would propose. And New Jersey businesses themselves have seen no negative impact; they often say that New Jersey's program has had a positive impact on them, especially small businesses.

Senator MENENDEZ. Yes, and finally, so if companies like Deloitte and other significant companies know that paid family leave is

good for profits, good for employee retention, good for productivity, good for morale, it should be good for anybody else?

Ms. SHABO. Absolutely.

Senator MENENDEZ. Thank you, Mr. Chairman.

Senator CASSIDY. I will now ask my questions.

Ms. O'Boyle, I have a sense that you all are in—you are so big. You are in 50 States, right?

Ms. O'BOYLE. Yes.

Senator CASSIDY. So even though six States and the District of Columbia now have paid family leave, you cannot say, well New York already has a requirement, but we have to do it in Louisiana. You see where I am going with that?

Ms. O'BOYLE. Yes.

Senator CASSIDY. But let us assume that all 50 States had paid family leave. Is it reasonable to assume that some States, some businesses would then change their benefit in order to integrate—if you will—with the Federal program, decreasing their expenditure relative to that which will be received from the Federal program?

Ms. O'BOYLE. Well, I can share with you the way we work with States today.

Senator CASSIDY. Now, we have to imagine that it is 50 States. Because now you may work with a State, but you still have to have a policy which works if somebody moves halfway between—you see where I am going with that?

Ms. O'BOYLE. Yes.

Senator CASSIDY. So, if California has a law and the person lives in Nevada, and they are going to go from Nevada to California to care for a sick relative, do you have two different policies whether somebody lives in Nevada or California?

Ms. O'BOYLE. Well, Deloitte has a single policy that applies to all as a national employer. And we coordinate very closely with the States to execute their plans. And what Deloitte does is, we encourage our people to enroll in both programs, the State as well as the Deloitte program. And then Deloitte supplements over and above what a State may offer.

Senator CASSIDY. Do you pay the full amount that you normally would? Or do you just top off the—okay, you would receive under our program \$100. Through the State you are getting \$75. We will give you the difference of \$25.

Ms. O'BOYLE. Correct. Deloitte ensures that they get the full 100 percent.

Senator CASSIDY. So you decrease your expenditure relative to what the State program is giving, but you make sure the individual is held whole?

Ms. O'BOYLE. Correct.

Senator CASSIDY. So if you will, the Federal program would supplant that which business is already doing, which would increase the cost to the Federal taxpayer? I am assuming that what you do would just be probably what other companies—because it is quite rational to do it that way, frankly.

Now, Dr. Biggs, you are very interested in Social Security. And we know that we have a program that if you are above a certain income level—I think 75 percent of Americans already have paid

leave of some sort. We may not call it paid family leave, but they get paid leave.

And below a certain level—I think \$30,000 is roughly the break point that typically people do not get it. I will say, frankly, my concern is, if these folks who already are getting it now have business subtracting that which they pay and putting the financial burden on the taxpayer, the taxpayer is a little bit worse off.

But let me ask—I am concerned about Social Security. And Social Security, if it eventually requires an increase in the payroll tax to make up for this looming deficit, I assume that there is a limit to the capacity to raise the payroll tax in order to help pay for our current obligations. There is a limit to how much we can raise that payroll tax without adversely affecting employment. Fair statement?

Dr. BIGGS. With any tax, the more you raise it, it has a disproportionate effect on economic activities—the dead weight loss of the tax.

So that would be one issue about using a payroll tax to fund parental leave when you are already using that same tax to fund Social Security or Medicare.

Senator CASSIDY. So, in particular we know that for those employees above \$30,000, I think 75 percent of them already have paid leave. And I will come to you, Ms. Shabo, because you are shaking your head. I am open to this.

But if we know that Deloitte is going to subtract their contribution so that the money that would be paid by Deloitte is now being paid by the taxpayer—but we are taxing folks in order to pay this benefit.

I am very concerned about our ability to pay our current obligations and wonder again if we just are not supplanting with Federal tax dollars for some folks—not for all, because some do not have the benefit. And we are very sensitive to the fact that some do not have the benefit.

But if all we are doing is supplanting that which is being paid by Google already, I am not sure that that is the best deal for the taxpayer.

Now, Ms. Shabo, you are shaking your head “no.” Why are you shaking your head “no”?

Ms. SHABO. Two reasons. So I am first shaking my head because that statistic about paid leave, that the higher-income folks—that is vacation. It could be PTO. It is not the dedicated paid family and medical—

Senator CASSIDY. Now is there a problem with somebody who has 6 weeks of vacation taking some of their vacation to care for a sick one? For a loved one?

Ms. SHABO. There is. That is no vacation.

Senator CASSIDY. It may not be a vacation, but it is kind of the reality. My mother lived with me and died with Alzheimer’s. I know this issue, let me just say.

But I am very sympathetic to what these small business owners said, which is, I have a small business, and I have thin margins, and I have three employees. If they take their paid vacation, and then they take their paid this and their paid that, and I am paying it, and then they leave, I cannot run a business.

So I am not being negative. I am just trying to figure out that tension.

Ms. SHABO. So a vacation is also highly correlated with retention and morale, and all of those other things. I think you want your employee to have access to a shared benefit that is funded in a responsible, sustainable way like the FAMILY Act would be, be able to do their caregiving, take a vacation if they need to to rejuvenate afterwards, and come back to work.

Senator CASSIDY. I think, for the small businesswoman or the small businessman—because I was speaking to a small businesswoman just prior to the hearing. And she was speaking about the burden. So I think for the small folks, the five people in the shop, there is a different dynamic than Deloitte, which has—I cannot imagine how many people Deloitte has.

Ms. SHABO. Absolutely.

Senator CASSIDY. More than Rhode Island, I suspect. [Laughter.]

Well, I am also out of time. I will also have questions for the record.

Incredibly illuminating—but I think my final assessment is that it is those lower-income people who do not have the benefit now, that we have limited capacity to raise payroll taxes if we are to make current obligations. So therefore, anything we are going to possibly do with that—if we ever have to raise the payroll tax, it should be dedicated to current obligations. There is limited capacity to raise it.

And I am also struck that, for those bigger businesses offering it, we know empirically that they are subtracting that which they pay. They are not adding it to that which the government benefit would be. And I think we have to take that into account as we fashion this.

Senator Brown, do you have another question?

Senator BROWN. No more questions.

One request and one comment. If I could ask to enter into the record letters of support for S. 337 from a number—

Senator CASSIDY. Without objection.

[The letters appear in the appendix beginning on p. 42.]

Senator BROWN. I think it is a question, Mr. Chairman—and thanks for raising it at the end the way you did.

Again, I thank the three panelists.

What values do we have as a society when we passed within the last year a tax cut where 80 percent of that tax cut will go to the wealthiest 1 percent, but we cannot afford to do this? We cannot afford to expand the Social Security system and pay for it in a responsible way?

I really do think it is, what priorities do we set? Of course, there are limits, but it is what priorities we set. I feel good about what you have done, Ms. O'Boyle. I know that not everybody who works with you, obviously, works at your firm is moderate, is upper middle income or higher.

But a lot of higher percentage earners at a firm like yours, and a lot of businesses—and you have provided for them very well. But a whole lot of people, when we talk about the dignity of work, a whole lot of Americans—what is it, 40 percent of Americans do not

have \$400 if their car breaks down? And what do we do for that group of people?

This Congress falls all over itself to give breaks to the large banks, falls all over itself to take away health care. A bunch of people who dress like me in suits who get good health care want to take it away. Yet we cannot take care of the people whom Ms. Shabo is arguing for.

Those are my remarks.

Thank you, Mr. Chairman, for doing this hearing.

Senator CASSIDY. Thank you.

And I will just add to your remarks.

I will say that the Tax Cuts and Jobs Act did result in multiple companies raising the amount of their generosity, if you will, for paid leave.

And ultimately, the program has to be sustainable. It is false compassion if we put forward a plan which cannot be sustained. And unfortunately, that is many of our programs now.

If you just look how the actuaries are telling us that Medicare will be bankrupt in 8 years, and the Social Security Trust Fund by 2034, and indeed, if we are going to bail it out, we would have to cut benefits by 17 percent now.

So I think we have to not only—we have to have a compassion which we understand can persist and not just be a feel-good for the moment.

Thank you all for your consideration, your thought, and for your coming to testify.

I adjourn.

[Whereupon, at 4:31 p.m., the hearing was concluded.]

APPENDIX

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

PREPARED STATEMENT OF ANDREW G. BIGGS, PH.D.,
RESIDENT SCHOLAR, AMERICAN ENTERPRISE INSTITUTE

Chairman Cassidy, Ranking Member Brown, and members of the committee, thank you for the opportunity to discuss the importance of paid parental leave and how it might be provided in an affordable way via the Social Security program. Today I wish to make four main points:

- Paid parental leave can provide important health and educational benefits to children while enabling mothers to remain attached to their prior jobs, which can increase earnings substantially once the mother returns to work.
- However, proposals to provide paid parental leave financed by employers, workers or the government each have potential disadvantages.
- An alternate approach would allow new parents to claim a temporary Social Security benefit. To offset the cost of these benefits, parental leave beneficiaries would agree to a reduction in the value of their future Social Security retirement benefits, such as via an increase in their normal retirement age.
- While every proposal has pros and cons, the Social Security parental leave proposal survives a number of objections raised against it. This idea deserves consideration by Congress as a way to help new parents devote additional time to their newborn children at a crucial stage of their children's lives.

THE BENEFITS OF PAID PARENTAL LEAVE

The United States is one of relatively few countries that fail to provide paid leave for new parents, which is unusual given that U.S. policymakers of both parties have traditionally shown concern both for family and for workforce issues.

Public opinion surveys indicate that Americans favor paid parental leave.¹ More importantly, research indicates that Americans may be right to do so. Evidence suggests that when parents are offered paid leave, their children's health and upbringing benefit and mothers return to work with higher earnings.

For instance, when Norway expanded its paid leave program in 1977, high school graduation rates increased by 2 percent and children's earnings at age 30 rose by 5 percent. For children of less-educated mothers, those gains were nearly twice as large.²

Likewise, by keeping new mothers connected with their previous jobs, women are able to retain seniority and job-specific skills. One study analyzing paid leave in New Jersey found that women who took leave were more likely to be working and less likely to depend upon public assistance 1 year following childbirth.³ California's

¹Horowitz, Juliana, Kim Parker, Nikki Graf, and Gretchen Livingston. "Americans Widely Support Paid Family and Medical Leave, but Differ Over Specific Policies." Pew Research Center. March 23, 2017.

²Carneiro, Pedro, Katrine V. Løken, and Kjell G. Salvanes. "A flying start? Maternity leave benefits and long-run outcomes of children." *Journal of Political Economy* 123, no. 2 (2015): 365–412.

³Houser, Linda, and Thomas Paul Vartanian. "Pay matters: The positive economic impacts of paid family leave for families, businesses and the public." Rutgers Center for Women and Work, 2012.

paid leave program appears to have increased new mothers' work hours by 10 to 17 percent in the 3 years following childbirth.⁴ Other research using a different dataset found similar earnings increases for post-childbirth women in California.⁵ Recent research has confirmed that disruption of female employment at the time of childbirth is a major driver of the "gender pay gap."⁶ Improvements to female earnings in line with those found in California would close much of that gap. These benefits help explain why a bipartisan coalition of analysts gathered by the American Enterprise Institute and the Brookings Institution have called paid parental leave "an issue whose time has come."⁷

A PROPOSAL TO FUND PAID LEAVE THROUGH SOCIAL SECURITY

Paid leave must be funded somehow, but several existing approaches have downsides. Many Americans are reluctant to fund paid leave with a new payroll tax of 0.4 percent of their wages, as proposed in the FAMILY Act. Likewise, evidence indicates that if employers are mandated to provide paid leave, they will likely offset the costs by reducing wages or avoiding hiring women of child-bearing age.⁸ Finally, it is difficult for young workers to save to provide leave for themselves, given their low earnings, student loans and the often-short time between entering the workforce and having children.

Kristin Shapiro, Washington, DC lawyer, and I considered an alternate approach in a joint *Wall Street Journal* op-ed and in a fuller treatment written by Shapiro and published by the Independent Women's Forum, a Washington think tank that focuses on women's issues.⁹

Shapiro and I argued for a parental leave benefit provided via the Social Security program. New parents could claim a temporary Social Security benefit, but in return must accept a slightly higher retirement age or other reduction to their future retirement benefits. The size of this retirement benefit offset would be set so that any parental leave payments received early in life would be repaid, with interest, over the course of an individual's retirement. The specifics depend upon a number of variables, such as how to ensure that benefits received by individuals who either die or claim Disability Insurance benefits prior to retirement are repaid.

Based on a simulation by the Urban Institute, Social Security-based parental leave benefits would replace about 59 percent of prior earnings for the median new mother claiming benefits, while a lower-income woman could expect a replacement rate of about 69 percent.¹⁰ In return for 12 weeks of paid leave benefits, beneficiaries would have to accept an increase in the Normal Retirement Age of about 25 weeks. This retirement age increase does not affect the age at which a person may claim Social Security retirement benefits. Rather, it simply implies a lower benefit, of about 3.2 percent, at whatever age the individual retires.

CONCERNS WITH SOCIAL SECURITY PAID LEAVE PROPOSAL

The proposal for Social Security-based paid leave has generated significant interest. At the same time, a number of understandable concerns have been raised. Here I address several of those concerns.

Effects on women's retirement benefits

Some have raised the concern that any increase in the retirement age or other reduction to retirement benefits would endanger the retirement income security of

⁴Rossin-Slater, Maya, Christopher J. Ruhm, and Jane Waldfogel. "The effects of California's paid family leave program on mothers' leave-taking and subsequent labor market outcomes." *Journal of Policy Analysis and Management* 32, no. 2 (2013): 224–245.

⁵Baum, Charles L., and Christopher J. Ruhm. "The effects of paid family leave in California on labor market outcomes." *Journal of Policy Analysis and Management* 35, no. 2 (2016): 333–356.

⁶Chung, YoonKyung, Barbara Downs, Danielle H. Sandler, and Robert Sienkiewicz. "The Parental Gender Earnings Gap in the United States." U.S. Census Bureau. No. 17–68. 2017.

⁷AEI-Brookings Working Group on Paid Family Leave. "Paid Family and Medical Leave: An Issue Whose Time Has Come." American Enterprise Institute. June 6, 2017.

⁸Gruber, Jonathan. "The incidence of mandated maternity benefits." *The American Economic Review* (1994): 622–641.

⁹Shapiro, Kristin A., and Andrew G. Biggs. "A Simple Plan for Parental Leave." *The Wall Street Journal*. January 24, 2018. Kristin A. Shapiro. "A Budget-Neutral Approach to Parental Leave." Independent Women's Forum. January 9, 2018.

¹⁰Favreault, Melissa M., and Richard W. Johnson. "Paying for Parental Leave With Future Social Security Benefits." The Urban Institute, April 2018.

women who claim parental leave benefits. This concern is understandable: women have lower earnings and savings than men.

However, two points are worth raising. First, retirement savings and retirement incomes for women have increased significantly in recent decades as female labor force participation has risen. A 2016 Census Bureau study found that from 1984 to 2007, the percentage of newly retired women receiving private retirement plan benefits doubled. The median household income for women aged 65 to 69 rose by 58 percent above inflation from 1989 through 2007.¹¹ That's a far greater increase than for working-age individuals of either gender. So I would not rush to the conclusion that most women (or men, for that matter) live at significant risk of an inadequate retirement income.

Second, paid parental leave can lead to higher labor force participation and earnings once a mother chooses to return to the workforce. Higher earnings would lead to higher Social Security benefits, offsetting part or all of the benefit reduction associated with an increased retirement age.

For a low-income woman, the 10 to 17 percent higher post-childbirth earnings found in California would lead to 5 to 9 percent higher net Social Security retirement benefits, even after the retirement age increase used to pay back the parental leave benefit. A middle-income woman could be expected to roughly break even after the effects of higher post-childbirth incomes and the retirement benefit offset are netted out.

Moreover, to the degree that paid parental leave increases post-childbirth labor force participation and earnings, personal savings such as those via 401(k) plans could also be expected to increase. Thus, paid parental leave could improve retirement income security for vulnerable women who claim it.

Effects on Social Security financing

Social Security already has a significant funding shortfall, so policymakers would rightly be concerned that a paid parental leave plan would make matters worse.

The Social Security paid leave proposal is designed so that, over an individual's full lifetime, the offset to future retirement benefits will fully pay back, with interest, the value of parental leave benefits received after the birth of a child. Thus, on a person-for-person basis the proposal is revenue-neutral over the long term.

One of the ways the Social Security actuaries calculated the program's unfunded liabilities is on a "closed group" basis. This method measures taxes and benefits for all individuals currently participating in Social Security, either as taxpayers or beneficiaries, and extends that measurement over those participants' full lifetimes. The closed group measure would not show an increase in Social Security's unfunded obligation, assuming the plan's parameters are set appropriately.

To the degree that paid parental leave caused women to increase their earnings later in life, Social Security's closed group unfunded liability would decline very slightly. This is because higher earnings lead to a higher dollar value of future retirement benefits, which would cause the present value of the retirement benefit offset to exceed the present value of the parental leave benefit received earlier in life.

Since Social Security is a pay-as-you-go program, some may be interested in how a paid parental leave benefit would affect the program's costs on an annual basis. Based on figures produced by the Urban Institute, by the 5th year following implementation annual benefit costs net of retirement benefit offsets would increase by about 0.7 percent. This net cost would peak in 2045 at a 1.15 percent increase, falling to zero by 2063. By 2080 annual Social Security benefit costs would be about 2.1 percent lower because the value of retirement benefit offsets would exceed the value of parental leave benefits paid out in that year.

Social Security's funding shortfalls are significant and Congress should address them as soon as possible. However, the costs of a paid leave program paid through Social Security are trivial relative to the trillion dollar-plus annual outlays of the Federal Government's largest single spending program.

Why should the government be involved at all?

Paid parental leave is an employer benefit, and employers across the country willingly provide a range of benefits as a means to attract and retain employees. Many

¹¹Bee, C. Adam, and Joshua Mitchell. "The Hidden Resources of Women Working Longer: Evidence From Linked Survey-Administrative Data." No. w22970. National Bureau of Economic Research, 2016.

workers already have parental leave benefits provided by their employer. Why is a government program needed at all?

For many larger employers, a government program is not needed. However, for small employers, the self-employed and gig-economy workers, the Social Security-based paid leave program could be very helpful. A small employer or start-up may be challenged providing even the basic employer benefits such as health care, a 401(k) or employer-paid payroll and unemployment insurance taxes. While such employers may wish to offer paid leave as a way to attract and retain employees of child-bearing age they may not be able to afford to do so. This could make it impossible for these businesses to attract employees of child-bearing age, and may make it impossible for such employees to choose to work at a small business or start-up rather than a large employer.

To be clear, the Social Security-base proposal does not pay for benefits outright. Employees who choose a temporary paid leave benefit must accept a higher retirement age or other offset to their future retirement benefits. But the Social Security proposal allows individuals to take parental leave even if they are not employed by a business that can afford to offer such a benefit.

Why provide parental leave benefits through Social Security?

The need to take a short period out of the workforce following the birth of a child can be thought of as a temporary disability, a period in which it is difficult—or at least undesirable—for a new parent to work. A number of OECD countries, as well as several U.S. States, provide parental leave benefits on this basis. Social Security already has a disability benefit formula that provides a progressive replacement of previous earnings, such that low earners receive a higher “replacement rate” than higher earners. Piggybacking a parental leave benefit on the Social Security disability insurance formula simplifies the development of this benefit policy.

Likewise, SSA has the administrative structure to handle a paid leave benefit at lower cost than establishing a new agency. Applications could be made through SSA’s website and SSA’s field and phone staff are already familiar with the Social Security benefit formula, implying that fewer additional staff and less training would be needed.

QUESTIONS SUBMITTED FOR THE RECORD TO ANDREW G. BIGGS, PH.D.

QUESTIONS SUBMITTED BY HON. MICHAEL B. ENZI

Question. As a former small business owner, I am concerned that any well-intentioned policies could have unintended consequences. For example, if a small company finds a temporary worker for the position for an employee on medical leave, would that temporary worker, after the employee returns to work, then be able to claim unemployment insurance? If so, would such a claim increase the company’s unemployment taxes due to an increase in claims?

Answer. I am not an expert on the Unemployment Insurance system, and policies differ from State to State. But I believe that, in general, a temporary employee could claim unemployment benefits at the end of his or her period of employment. While this may result in costs to small business owners, the availability of Social Security-based parental leave may allow small businesses to better compete for employees against larger firms that currently are able to fund parental leave from their own resources. More broadly, these questions involve balancing any net costs to business owners against the gains to families and society of parents being able to spend time with their newborn children.

Question. Under the proposed legislation and concepts being considered for paid family leave, would the temporary workers also be eligible for such leave if they have a medical or family issue occur during their temporary employment? If yes, are there any safeguards to prevent abuse or fraudulent claims, such as making a claim in the last week of one’s employment?

Answer. As outlined, the Social Security-based parental leave benefits would be available only to new parents, not for other reasons. Eligibility for Social Security-based parental leave benefits is based upon the individual’s work history and earnings over the several prior years, not simply their employment at the time they claim benefits.

Question. Under the proposed legislation and concepts being considered for paid family leave, for States that already have paid family leave, what would happen to the funds collected should a Federal plan be put into place?

Answer. The Social Security-based proposal can exist alongside State plans or private employers' offering of paid parental leave. If individuals find that their State or employer's leave is superior to the Social Security proposal, they would likely opt not to apply for the Social Security-based benefits. Alternately, if their State or employer offers only modest benefits, they might choose to combine the two benefits for a longer period of parental leave.

QUESTIONS SUBMITTED BY HON. MICHAEL F. BENNET

Question. The plan you developed with the Independent Women's Forum provides for paid leave for new parents, but does not include any other sort of family or medical leave.

Under the Family and Medical Leave Act, we provide eligible workers with unpaid leave to care for a seriously ill spouse, child or parent; or to address his or her own health condition; or to deal with the deployment of a member of the armed services.

Mr. Biggs, how would your plan address these other circumstances when paid leave would be critical for workers?

How would your plan address workers who had multiple children or, if you covered them, health events?

Answer. The Social Security parental leave proposal is focused on leave for new parents and at present does not include provisions for other forms of paid leave, such as to care for a family member. There is no reason the proposal could not allow these types of leave, financed with an agreed-upon delay in the full retirement age for receiving Social Security retirement benefits. The limiting issue with non-parental leave, as with leave for multiple children, would be the amount of total paid leave claimed over a working lifetime. Congress may not wish for individuals to take so much leave as to lead to an excessive increase in the full retirement age for Social Security benefits. Thus, some cap on the number of leave segments available might be envisioned should Congress wish to extend leave for reasons other than child birth.

Question. Carrie Lukas, the managing director of the Independent Women's Forum, wrote in an op-ed this past February that your proposal would encourage "people to think about Social Security's assets as if those benefits are their property for use now or at retirement" and would encourage us to "transform the current pay-as-you-go system into one that pre-funds future benefits and with assets that belong to individuals."

In the past, you've advocated for structural reforms to Social Security that would replace the current program with a savings account and a flat universal benefit. You've written that "personal accounts are a valid choice, and one I've supported in the past and continue to support."

Mr. Biggs, do you continue to support replacing the current Social Security system with one that includes personal accounts?

Answer. The proposal I have made for Social Security in a 2014 *National Affairs* article would begin with a retirement savings account funded on top of Social Security, not a "carve-out" account as envisioned during the George W. Bush administration. At the same time, over roughly 4 decades the traditional Social Security benefit would be phased down to a flat dollar benefit paid to all retirees. This flat benefit would increase traditional Social Security benefits for roughly the poorest third of retirees and eliminate poverty in old age, even before the personal account is considered. However, this proposal would reduce traditional benefits relative to current law scheduled levels on a progressive basis for roughly the richest two-thirds of retirees. Total benefits, including the supplementary personal account balances assuming investment in riskless assets, would be similar to those promised (but, due to insufficient funding, not payable) by the current law Social Security benefit formula.

Question. Do you agree with Ms. Lukas and the Independent Women's Forum that your paid family leave proposal will lead to more acceptance of individual accounts in Social Security?

Answer. No; I do not see the connection and never thought of it during the period in which Ms. Shapiro and I worked on the proposal. They are simply different policies in my mind.

Question. If your paid leave plan started the transition toward replacing our current Social Security system with a system that relies on privatized, personal accounts, would you suggest we support or oppose the plan?

Answer. I would suggest that you support any sort of Social Security reform plan that makes that important program viable for future generations. Congress had been aware of the need for Social Security reform for nearly 3 decades but, due to an unwillingness to present voters with painful solutions to different choices, has yet to do anything to act. More specifically, however, I would suggest that you support a Social Security reform proposal similar to my own regardless of whether Congress chose to implement a Social Security-based paid leave program, and I would suggest that you support a Social Security-based paid leave program even if you opted for other routes to reform Social Security. It is perhaps worth noting that my own Social Security reform proposal does not include an increase in the Full Retirement Age, so any voluntary increase associated with the parental leave plan would not be stacked upon an additional increase associated with broader Social Security reform.

QUESTION SUBMITTED BY HON. DEAN HELLER

Question. For many Nevadans, making ends meet and balancing the demands of work and family life is a daily struggle. Whether it's the single mother from Las Vegas who doesn't receive child support and works full time or it's the father of two in Elko who's struggling to pay his bills, parents today face difficult challenges when it comes to professional success and taking care of loved ones. I'm interested in examining approaches to expand access to paid family and medical leave that would be targeted to low-income workers. For example, there is a proposal known as the Earned Income Leave Benefit that would provide 12 weeks of paid family and medical leave to workers in low-income households. Modeled after the Earned Income Tax Credit, the benefits available would be based on household income, and only workers in households with incomes below a certain threshold would be eligible.

Are you familiar with this proposal? If so, please elaborate.

Do you think this proposal would be a direct and cost-effective way to expand access to paid family and medical leave for workers who need it most?

Answer. The Earned Income Leave Benefit is a targeted leave proposal, focusing benefits on lower-income families. At the same time, it would come with a higher price tag to the Federal Government than the Social Security-based parental leave plan, where individuals would effectively finance their own leave benefits by delaying retirement for a period. Both proposals have merit and I have no intention to disparage that plan. Different plans offer different levels of benefits to different households using different means of financing.

QUESTION SUBMITTED BY HON. TIM SCOTT

Question. There is a growing consensus on Capitol Hill that recognizes the need to promote a Federal paid leave policy that empowers employees who are also new parents, caregivers, and even chronically ill. There is also an increasingly large number of employers who have instituted their own paid leave policies, indicating that job creators are recognizing the need and desire for such a benefit. Just like individuals confront a host of life events that are unique to themselves and their families, not all employers or industries are the same. A mandatory Federal paid leave policy applied to all industries may be detrimental to definite-term, project-specific industries due to their different work conditions and performance demands. Construction jobsites, for example, employ multiple contractors who work consecutively on time-sensitive projects where both employers and employees have agreed to contracts that cover pay and benefits, including family leave.

As we continue to consider various national paid leave program proposals, what considerations should be made to accommodate and complement the unique needs of various and distinct industries? Specifically, could you provide a more detailed description of the provisions for effective, productive coverage for workers and employers in definite-term, multi-employer performance settings?

Answer. I am not a labor lawyer and so my comments should be taken in that light. I do not know whether a definite-term employment contract can under current law prohibit (by agreement with the employee) the use of any kind of leave, but lacking changes made by Congress I believe the use of Social Security-based leave would fall under State laws regulating those types of employment contracts. I am sensitive to the need for employers to be able to retain employees at the times those employees are most needed, but believe employer needs should be balanced against the gains to families and the broader economy by making paid parental leave available to new parents.

PREPARED STATEMENT OF HON. SHERROD BROWN,
A U.S. SENATOR FROM OHIO

WASHINGTON, DC—U.S. Senator Sherrod Brown (D-OH)—ranking member of the Senate Finance Committee's Subcommittee on Social Security, Pensions, and Family Policy—released the following opening statement at today's hearing.

Thank you to Senator Cassidy for working with us to convene this hearing to explore ways we can work together to expand Social Security and the safety net to include paid family medical leave. It is a welcome glimpse of what we could achieve together if we focus on the needs of working families.

Right now, the lack of paid family leave is a drag on our economy that holds workers back.

American families lose nearly \$21 billion in wages each year because they don't have access to paid leave. People who work in jobs like ours, who wear suits and have good benefits, may not realize that the vast majority of American workers have no paid family leave at all.

For too many Americans, hard work doesn't pay off.

When I say we don't value work in this country, I'm not just talking about wages—I'm talking about the benefits people earn. Or should earn.

Eighty-five percent of the workforce—more than 100 million people—have no paid family medical leave.

If a mother has a baby, she gets zero paid time off—not a single day. If she isn't back at work the day after she gives birth—something most of us would agree is cruel and absurd—she doesn't get a paycheck.

And this isn't just about new mothers.

All sorts of workers face impossible choices.

Do they go into work knowing the risks to their own health and to others around them, or do they stay home and lose a paycheck?

Do they send a sick child to school, knowing they're risking the health of their daughter and her entire classroom, or do they jeopardize their job by taking a day off?

As they grow older, workers also often have to care for aging parents. When sons over the age of 50 leave the workforce to care for a parent, they lose an average of \$304,000 in earnings and retirement savings. Daughters lose even more, an average of \$324,000.

If we truly value the dignity of work, we need to recognize that paid family leave is something all workers should have the opportunity to earn.

Today's bipartisan hearing is an important baby step forward on this issue. Members of both parties are coming together to recognize that this isn't acceptable in a modern economy, and acknowledging that we have to expand our social insurance to include paid family medical leave.

This isn't a partisan issue—it affects every sector of the economy, and workers of all ages with all types of families.

And paid leave is good for business. A recent survey conducted by the professional services firm EY found that the majority of large companies support the creation of paid family and medical leave programs on the State or Federal level that are funded through tax contributions.

Such a program would be particularly good for small businesses. It would make these programs more affordable, and put small businesses on a more even footing with large corporations that can afford bigger benefit packages, allowing them to better compete for talent.

Today, Democrats have put forward a thoughtful approach that I believe could reach consensus. This is a common-sense bill that builds on the most successful and popular program we have in this country—Social Security.

It would offer low-cost, portable benefits that all American workers would earn, and it would be paid for by both workers and employers. It's an approach that's already been adopted by five States—soon to be six—and the District of Columbia.

My Republican colleagues also have some ideas on the table, and I want to thank them for their desire to work together on this issue. Democrats too are at the table, ready to negotiate and reach a solution that can become law.

Unfortunately, the approach some of our colleagues are currently proposing amounts to cutting Social Security for the workers who need it most.

Using your retirement security to fund paid time off from work when you have a child is not paid family leave at all—it's robbing from your retirement to be able to care for loved ones now.

Low-wage workers in physically demanding jobs are more likely to be forced into early retirement because of the toll their jobs take on their bodies. That already means taking a Social Security cut—and this plan would only make that cut bigger.

In an opinion piece for *The Federalist*, the president of the Independent Women's Forum—the group that first put forward this idea—wrote that she views this plan as a first step to, quote, “transform the current pay-as-you-go system into one that pre-funds future benefits and with assets that belong to individuals.”

In other words, some of the people pushing this plan view it as beginning the process of dismantling Social Security as we know it.

I want to work together, but a plan that's a first step toward privatizing Social Security—the bedrock of our social safety net—is no place to start.

We also know that only covering parental leave excludes the vast majority of workers. Three-quarters of Americans who use the Family and Medical Leave Act take time off to care for their own health or that of a seriously ill family member.

Any national paid leave plan should build on the Family Medical Leave Act, and reflect the well-established needs laid out in that law—parental leave, family care leave, personal medical leave, and military caregiving leave.

We must be able to have honest debate about these critical issues. Though we have differing perspectives, we're working toward the same goals and we can only achieve them by working together.

We all want to help families navigate a changing economy, and make sure hard work pays off. We believe that all work has dignity. So I'm encouraged that my colleagues on both sides of the aisle are taking this seriously.

Now that we have established that we need a national paid family medical leave plan, I hope we can get to work forging a bipartisan solution together.

CONSORTIUM FOR CITIZENS WITH DISABILITIES SOCIAL SECURITY TASK FORCE
820 First Street, NE, Suite 740
Washington, DC 20002-4243
Tel: 202-567-3516
Fax: 202-408-9520
Website: www.C-C-D.org

Statement on Proposals to Use Social Security to Pay for Parental Leave

The Independent Women's Forum (IWF) has proposed¹ creating a new parental leave benefit, paid for by asking workers to take a cut in their future Social Security benefits. Under the IWF proposal, workers could receive up to 12 weeks of partially-

¹http://pdf.iwf.org/budget-neutral_approach_parental_leave_PF18.pdf.

paid parental leave, offset by a reduction or delay in their Social Security retirement benefits. Participation would be voluntary.

The undersigned members of the Consortium for Citizens with Disabilities (CCD) Social Security Task Force oppose such proposals. The U.S. can create a paid leave plan affordably and responsibly—without reducing workers’ Social Security benefits or forcing them to delay retirement. We urge Congress to reject the IWF proposal and any similar proposals. We offer the following considerations related to the impact of such proposals on Social Security:

- **Access to paid leave should not be carved out of funds dedicated to Social Security.** Our Social Security system is a foundation of economic security for workers and their families in the event of a worker’s retirement, disability, or death. Social Security represents a promise to U.S. workers that has been built up and honored for over 80 years that should not be limited or cut. Expanding access to paid parental leave is an important goal for all workers, including people with disabilities and their families. However, proposals to fund paid leave out of workers’ future Social Security benefits would break the promise of Social Security, and should be rejected.
- **Workers should not be asked to pay for parental leave today by rolling the dice on their future needs for Social Security.** Research² consistently finds that it is difficult to estimate financial needs in retirement, and workers often underestimate. Asking workers in their prime reproductive years to make decisions based in part on their prediction of future Social Security retirement benefit needs is unnecessary and unwise. Workers with disabilities and their families would be more likely to face this risky roll of the dice because on average, they are more likely to work in low-wage, part-time, non-managerial jobs³ that lack employer-based paid leave benefits.
- **Retirement security should be strengthened, not eroded or put at risk.** According to the Urban Institute,⁴ under the IWF proposal “. . . parents who take 12 weeks of paid leave through the program would have to delay their Social Security retirement benefits by 20 to 25 weeks depending on the repayment details.” Social Security represents a major source of income⁵ for most retirees: it provides over half of total income for most aged beneficiaries, and 90 percent or more of income for nearly 1 in 4 aged beneficiary couples and over 2 in 5 aged nonmarried beneficiaries. Even with Social Security, many seniors live in or near poverty⁶—and seniors with disabilities are particularly likely⁷ to experience poverty. The CCD Social Security Task Force has long supported strengthening—not weakening—Social Security as a cornerstone of a financially sound retirement.
- **Any delays or permanent reductions in Social Security benefits could significantly harm the economic security of people with disabilities and their families.** IWF’s and similar proposals could be funded⁸ by raising the age at which a worker could collect full retirement benefits (in effect, a permanent reduction in benefits), or by withholding all of a worker’s initial Social Security retirement benefits for an amount equal to the paid parental leave taken (a delay in benefits). The more times a worker takes parental leave, the greater the future benefit reduction. The proposed treatment of Social Security disability or survivors’ benefits is not clear; any cuts in these benefits would be particularly harmful to people with disabilities and their families. Workers with disabilities on average earn significantly less⁹ than workers without disabilities and often have fewer opportunities to save.¹⁰ As a result, Social Security is particularly important to the economic security of people with disabilities, and any

² <https://www.soa.org/resources/announcements/press-releases/2018/consumer-concern-financial-risk/>.

³ https://thearc.org/wp-content/uploads/forchapters/Georgetown_PFML-report_Dec17.pdf.

⁴ <https://www.urban.org/research/publication/paying-parental-leave-future-social-security-benefits>.

⁵ https://www.ssa.gov/policy/docs/chartbooks/fast_facts/2017/fast_facts17.html#page5.

⁶ *Ibid.*

⁷ <https://www.census.gov/content/dam/Census/library/publications/2014/acs/acs-29.pdf>.

⁸ https://www.urban.org/research/publication/paying-parental-leave-future-social-security-benefits/view/full_report.

⁹ https://thearc.org/wp-content/uploads/forchapters/Georgetown_PFML-report_Dec17.pdf.

¹⁰ www.realeconomicimpact.org/assets/site_18/files/other_documents/finra%20report/ndi-finrareport-accessible.pdf

reductions or delays in benefits would disproportionately harm people with disabilities and their families.

- **Congress should adequately fund the Social Security Administration (SSA) to operate and strengthen its existing core programs—not repurpose existing limited resources to implement a new program.** From 2010 to 2018, SSA’s operating budget shrank by nearly 9 percent¹¹ while workloads rose. As a result, customer service has been eroded across the agency. Today, nearly 1 million people are waiting an average of over 590 days for a hearing before an SSA Administrative Law Judge. These historic waits lead to extreme hardship: while awaiting a hearing, many struggle to pay rent or meet basic needs. Some lose their homes or go into bankruptcy, and in 2017 approximately 10,000 people died¹² while waiting for a hearing. Congress must fully fund SSA’s operating budget to ensure timely, accurate disability determinations and humane, high-quality customer service across the agency. The IWF proposal would move in the opposite direction, “. . . raising Social Security’s annual costs, net of benefit offsets, about 1 percent over the long run,” according to the Urban Institute.¹³

For these reasons, the undersigned members of the CCD Social Security Task Force urge Congress to reject the IWF proposal and any similar proposals to fund paid leave out of Social Security.

CCD members:

ACCSES
 Allies for Independence
 American Association on Health and Disability
 American Association on Intellectual and Developmental Disabilities (AAIDD)
 American Psychological Association
 Autistic Self Advocacy Network
 Bazelon Center for Mental Health Law
 Christopher and Dana Reeve Foundation
 Community Legal Services of Philadelphia
 Easterseals
 Family Voices
 Justice in Aging
 National Academy of Elder Law Attorneys
 National Association of Councils on Developmental Disabilities
 National Association of Disability Representatives
 National Committee to Preserve Social Security and Medicare
 National Disability Rights Network
 National Organization of Social Security Claimants’ Representatives
 Paralyzed Veterans of America
 Special Needs Alliance
 The Arc of the United States
 United Spinal Association

Joined by:

Lakeshore Foundation

NATIONAL ALLIANCE FOR CAREGIVING
 4720 Montgomery Lane, Suite 205
 Bethesda, MD 20814
 (301) 718-8444
www.caregiving.org

July 9, 2018

**Re: Subcommittee on Social Security, Pensions, and Family Policy hearing,
 “Examining the Importance of Paid Leave for Working Families,” July
 11, 2018**

¹¹ <https://www.cbpp.org/blog/cash-strapped-social-security-needs-more-funds-to-improve-customer-service>.

¹² https://www.washingtonpost.com/sf/local/2017/11/20/10000-people-died-waiting-for-a-disability-decision-in-the-past-year-will-he-be-next/?utm_term=.5704795c423a.

¹³ https://www.urban.org/research/publication/paying-parental-leave-future-social-security-benefits/view/full_report.

Dear Members of Congress,

Thank you for the opportunity to provide feedback as you weigh legislative options regarding paid family and medical leave. At some point, nearly everyone will need time away from work to deal with a serious personal or family illness, or to care for a new child. While we recognize and echo the stipulation that new parents need a national paid leave policy, we must include family caregivers of older adults and people with disabilities in the conversation. We want to be constructive partners in crafting a paid leave policy which will allow family caregivers to remain in the workforce and save for retirement while providing much-needed care to those with serious illnesses or disabilities.

About the National Alliance for Caregiving

The National Alliance for Caregiving (NAC), established in 1996, is a non-profit coalition of over 60 national organizations focusing on advancing family caregiving through research, innovation, and advocacy. For more than 20 years, we have led public policy research and advocacy efforts to support America's family caregivers. We are most well-known for research that establishes a current and descriptive profile of unpaid family caregivers in the United States, such as the nationally representative *Caregiving in the U.S.* studies with AARP, conducted in 1997, 2004, 2009, and most recently in 2015.¹ This work, along with the work of our colleagues, has led to increased national attention to the issue of caregiving across the lifespan. The data on family caregiving demonstrates why paid leave is important not only for new parents, but also for individuals who need to care for family members who are ailing, aging, or have disabilities.

The Need to Support Paid Family Leave Across the Lifespan

Family caregivers are unpaid relatives, partners, friends, or neighbors who provide a wide range of assistance to individuals of all ages. They are the predominant providers of long-term services and supports to persons with illnesses or disabilities, and in general are thought to provide help that is of high quality and that is consistent with individual preferences. They play a significant role in ongoing, routine chronic care processes—and act as a member of the care delivery team. They may live with, or apart from, the person receiving care—and care may be of short or long duration. Important individual and societal consequences resulting from caregiving are well documented. Establishing public policies that sustain and support families and friends who provide health-related assistance to persons living with chronic disease and disability, or recovering from acute health events is, therefore, a critical consideration to supporting population health. Conversations surrounding paid leave must include family caregivers because a national paid leave policy would affect them significantly.

According to the most recent edition of our study, *Caregiving in the U.S. 2015*, conducted in collaboration with the AARP Public Policy Institute, an estimated 43.5 million adults in the United States provide unpaid care to an adult or a child. Most caregivers are women, but about 40 percent are men (and among younger cohorts, men and women are equally as likely to provide care). Caregivers spend approximately 24.4 hours a week providing care to their loved one, with nearly one-quarter providing 41 or more hours of care a week. A third of caregivers are “higher-intensity” (21+ hrs./wk.), providing 62.2 hours of care each week on average. Three in five care recipients have a long-term physical condition, and the main reasons recipients reported for needing care are “old age,” Alzheimer’s or dementia, surgery recovery, cancer, mobility issues, and mental health issues.²

This study also shows that only about half of caregivers say another unpaid caregiver helps their care recipient. Certain groups of caregivers are more likely to be the sole unpaid caregiver, including higher-hour caregivers (57 percent with no other unpaid help) and those caring for a spouse (78 percent). Only 32 percent of caregivers report their loved one gets paid help from aides, housekeepers, or other people paid to help them. One in three caregivers has no help at all—paid or unpaid. When asked if they had a choice in taking on the responsibility to provide care

¹The National Alliance for Caregiving. (2018). General caregiving research. Retrieved from: <https://www.caregiving.org/research/general-caregiving/>.

²The National Alliance for Caregiving and AARP Public Policy Institute. (2015). *Caregiving in the U.S.* Retrieved from: https://www.caregiving.org/wp-content/uploads/2015/05/2015_CaregivingintheUS_Final-Report-June-4_WEB.pdf.

for their loved one, half of caregivers self-reported they had no choice in taking on their caregiving responsibilities.³

Impact of Caregiving on Work

The financial challenges mounting against family caregivers occur in at least three distinct ways:

1. Through a lack of take-home pay because of reduced working hours;
2. By accumulating out-of-pocket caregiving-related monthly expenses; and
3. Through a diminished ability to save for retirement.

Further, while unpaid leave under the Family and Medical Leave Act (FMLA) provides important job protections, it is not available to all, and many cannot afford to take this leave. This lack of access results in many challenges for the family caregiver, as described in the scenario below.

Becky is a 59-year-old woman who has spent the past three years caring for her mom and an elderly uncle at the same time. Becky, who had a job as a manager at a paper plant, made a good living with a salary of about \$70,000 and benefits. At first, she tried to continue working while caring for her mother who had dementia. Becky would check in with her mother several times a day but, as her mother's dementia worsened, Becky was afraid to leave her mother home alone. She tried to use paid caregivers' help but found them too expensive and unreliable. Then her uncle, a caregiver's widower, fell and broke his hip and could no longer live alone. He too came to live with Becky. Unfortunately, after a year in which her increasing lateness and emergency absences caused problems with her boss, Becky gave up and left her job to stay at home as a caregiver. For three years, she cared for her two relatives until her mother died and her uncle moved into a nursing home. What happened at the end of three years? At 59 and with her technology skills a little rusty, Becky found it quite difficult to get another job at the same managerial level she had before. Eventually, she found a job, but the benefits were not nearly as rich. There was minimal health insurance, and the company had only a defined contribution retirement plan to which employees could contribute. Becky had lost three years of contributions to Social Security and the paper company's defined benefit plan. Also, because of no income and expenses in paying for additional health care services for her mother and uncle, Becky had been unable to save money for her retirement.

National Data on Caregiving and Work

When it becomes difficult to balance caregiving with work, or if the demands of work come into conflict with one's caregiving responsibilities, some caregivers make changes to their work situation. Six out of 10 caregivers report having to make a workplace accommodation as a result of caregiving, such as cutting back on their working hours, taking a leave of absence, receiving a warning about performance or attendance, or other such impacts. Higher-hour caregivers are more likely to report experiencing nearly all of these work impacts. Caregivers working at least 30 hours a week are more likely to report having workday interruptions as a result of caregiving. Caregivers employed for fewer than 30 hours are more likely to report cutting back their work responsibilities. Forty-eight percent of caregivers who take time off to fulfill caregiving responsibilities report losing income, and, of caregivers who leave the workforce, more than half (52 percent) said they did so because their jobs did not allow the flexibility they needed to work and provide elder care.⁴

Other research has shown that the percentage of adult children providing personal care and/or financial assistance to a parent has more than tripled over recent decades. Currently, a quarter of adult children, mainly Baby Boomers, provide this type of care to a parent. The total estimated aggregate lost wages, pension, and Social Security benefits of these caregivers of parents are nearly \$3 trillion. The individual cost impact of caregiving for women regarding lost wages and Social Security benefits is \$324,044; men are not far behind with an estimated loss of \$283,716 for men. On average, men and women are losing more than a quarter million dollars in future retirement income when providing eldercare—roughly \$303,880 caring for an older relative.⁵ This data further makes the case that family caregivers need a *fund-*

³ *Ibid.*

⁴ *Ibid.*

⁵ MetLife, The National Alliance for Caregiving, and Center for Long Term Care Research and Policy, New York Medical College. (2011). *Caregiving Costs to Working Caregivers: Double Jeop-*

ed national paid leave policy because without paid leave, we risk a future generation that lacks retirement security and will further strain our health and social care systems.

Employees in the 50+ age range—often their peak earning years—are also at the greatest risk of being a caregiver for an older relative. Employers can provide workplace accommodations such as paid family and medical leave so that caregivers can continue to stay in the workforce while providing care. Assessing the long-term financial impact of caregiving for aging parents on caregivers themselves is especially important since it can jeopardize their future financial security. There is also evidence that caregivers experience considerable health issues as a result of their focus on caring for others, particularly for medically complex diseases such as Alzheimer's and the related dementias. The need for flexibility in the workplace and in policies that would benefit working caregivers will increase as more working caregivers approach their own retirement while still caring for another, such as an aging parent.

Paid family and medical leave can also help offset the out-of-pocket costs that many caregivers face in providing care. A study from AARP, *Family Caregiving and Out of Pocket Costs: 2016 Report*, found that family caregivers, on average, are spending about \$6,954 per year on out-of-pocket costs related to caregiving. Caregivers of people with dementia spent over ten thousand dollars to provide care (an average of \$10,697) and long-distance caregivers spent over eleven thousand (\$11,923), a troubling statistic, given the rising incidence of dementia and the increase in families moving across country for work. The study also found that there are variations in caregiving expenditures related to the race/ethnicity of the caregiver. For instance, Hispanic/Latino and African American caregivers report that 44 and 34 percent of their income respectively goes towards out-of-pocket expenditures, compared to only 14 percent for white caregivers.⁶

The Promise of Paid Family Leave in Reducing Health System Costs

Four states currently have paid family and medical leave insurance programs: California, New Jersey, Rhode Island, and New York. These programs have shown promising results. For instance, California's paid family leave program, the first in the country, went into effect more than 14 years ago and might have positive implications for long-term care policy. A 2017 report published in the *Journal of Policy Analysis and Management* is the first empirical study to examine the effects of paid family leave on long-term care patterns. The study found that the implementation of paid family leave reduced nursing home utilization for older adults by 11 percent.⁷

We are encouraged by recent federal activity on the issue of caregiving as America ages. Notably, we are thankful for congressional leadership on the RAISE Family Caregivers Act (Public Law No: 115–119) and the VA Mission Act (Public Law No: 115–182). The RAISE Family Caregivers Act noted the critical importance of supporting caregivers across the lifespan.

In the same way, we believe that existing legislative proposals to support family caregivers should be disease- and age-agnostic, recognizing the financial strain facing caregivers who must choose between work and family. While there are multiple proposals for paid family and medical leave, we believe that the Family and Medical Insurance Leave (FAMILY) Act (S.337/H.R. 947), which would establish a national paid leave program, is currently the strongest and most well-rounded proposal to ensure that caregivers across the lifespan have access to paid leave. This bill would provide workers with up to 12 weeks of partial income when they take time for their own serious health condition, including pregnancy and childbirth recovery; the serious health condition of a child, parent, spouse or domestic partner; the birth or adoption of a child; and/or for military caregiving and leave purposes. The benefit would be administered through a new Office of Paid Family and Medical Leave within the Social Security Administration, and payroll contributions would cover both insurance benefits and administrative costs.

We have been honored to be a part of the Respect A Caregiver's Time (ReACT) coalition (<https://respectcaregivers.org/>) which represents many national and multi-

ardly for Baby Boomers Caring for Their Parents. Retrieved from: <https://www.caregiving.org/wp-content/uploads/2011/06/mmi-caregiving-costs-working-caregivers.pdf>.

⁶AARP. (2016). *Family Caregiving and Out-of-Pocket Costs: 2016 Report*. Retrieved from: https://www.aarp.org/content/dam/aarp/research/surveys_statistics/ltc/2016/family-caregiving-costs.doi.10.26419%252Fres.00138.001.pdf.

⁷Arora, K., and Wolf, D. (2017). "Does Paid Family Leave Reduce Nursing Home Use? The California Experience." *Journal of Policy Analysis and Management*, 37(1), pp. 38–62.

national employers as they search for workplace solutions for family caregivers. Paid leave is one of the various promising proposals to aid working caregivers that came of that collaborative process. Private market innovators such as Adobe and Deloitte have been successful in supporting an aging workforce and providing needed flexibility to those who care. There is still much to be done to support family caregivers across the lifespan. We caution against programs that require a caregiver to “borrow” against their future retirement or Social Security income, for the reasons described above—caregivers are already facing retirement insecurity due to their caregiving role and may not be able to delay their own retirement due to a health issue.

A national paid family and medical leave policy would provide a necessary step in the path to ensuring financial independence for our nation’s 43.5 million caregivers. The FAMILY Act would take us in the right direction. We are happy to answer any questions or to provide research and information for your decision-making process. In addition to contacting me directly, my Director of Advocacy, Michael R. Wittke, B.S.W., M.P.A., is available to you to provide additional information on state and federal family caregiving proposals. You can reach him by emailing mike@caregiving.org.

Thank you again for your time and the opportunity to submit comments.

Sincerely,

C. Grace Whiting, J.D.
President and CEO
grace@caregiving.org

AMERICAN ASSOCIATION OF UNIVERSITY WOMEN (AAUW)

July 10, 2018

Senator Bill Cassidy
Chairman
Subcommittee on Social Security,
Pensions, and Family Policy
U.S. Senate
Committee on Finance
Washington, DC 20510

Senator Sherrod Brown
Ranking Member
Subcommittee on Social Security,
Pensions, and Family Policy
U.S. Senate
Committee on Finance
Washington, DC 20510

Dear Chairman Cassidy and Ranking Member Brown,

On behalf of the 170,000 bipartisan members and supporters of the American Association of University Women (AAUW), I would like to thank you for the opportunity to submit this letter in advance of the Subcommittee’s hearing, “Examining the Importance of Paid Family Leave for American Working Families.” We ask that this letter be included in the hearing record.

Our current leave system is not meeting the basic health and economic needs of workers and their families. Unfortunately, more than 100 million people, or around 85 percent of workers, do not have paid family leave, and around 60 percent of workers lack access to paid personal leave through their employers.¹

To meet this critical need, AAUW supports the Family and Medical Insurance Leave (FAMILY) Act (S. 337) and urges this Subcommittee take up and pass the bill. The FAMILY Act would establish a self-funding paid family and medical insurance program. A national paid leave program would help to eliminate employees’ fears of losing their jobs or risking their economic security in order to take necessary time off work. Ultimately, this act will benefit workers, their families, businesses, and our economy.

Access to paid family and medical leave is critical—it helps new parents, their children, older family members, and workers themselves deal with serious illnesses and injuries or the birth of adoption of children. Health outcomes are improved when paid leave is utilized.² Some workers do have access to unpaid leave through the

¹ U.S. Bureau of Labor Statistics. (September 2017). *National Compensation Survey: Employee Benefits in the U.S.* (Tables 16 and 32). www.bls.gov/ncs/ebs/benefits/2017/ebb10061.pdf.

² Institute of Medicine. (2008). *Retooling for an Aging America: Building the Health Care Workforce.* www.iom.edu/Reports/2008/Retooling-for-an-Aging-America-Building-the-Health-Care-Workforce.aspx. Arbaje, et al. (2008). “Postdischarge Environmental and Socioeconomic

Family and Medical Leave Act (FMLA), which currently provides eligible workers with up to 12 weeks of *unpaid* job-protected leave for medical and parental purposes. However, FMLA is not enough—even when covered, many employees cannot afford to take unpaid leave that jeopardizes their family’s economic security.³ Furthermore, many Americans do not qualify for FMLA.

The FAMILY Act would provide workers with up to 12 weeks of partial income replacement when they take time off for serious health conditions or caregiving purposes. The income replacement would amount to 66 percent of an individual’s monthly wages, up to a capped amount for high-wage earners. The FAMILY Act would cover workers in all companies no matter the size. The program would be funded by small employee and employer payroll contributions of two tenths of 1 percent each or about \$1.50 per week for the average worker. It would be administered through a new Office of Paid Family and Medical Leave within the Social Security Administration. The FAMILY Act’s approach builds on the success of several state paid family and medical leave programs.

A federal paid leave program will build stronger families, healthier workers, and successful businesses. Paid leave contributes to improved newborn and child health by allowing both parents the time they need to help with healthcare decisions and responsibilities. For example, paid leave make it more likely that new mothers will be able to take the amount of time off recommended by doctors, and their children are more likely to receive medical check-ups and immunizations.⁴ Paid leave allows ill or injured adults time to recover. Paid leave enables people to help their loved ones, including older family members with health problems, recover from illness and avoid complications and hospital readmissions, which reduces health costs.⁵ Lastly, paid leave keeps people in their jobs while reducing turnover costs. Companies typically pay about one-fifth of an employee’s salary to replace that employee,⁶ making such unnecessary turnover very costly for employers. As just one example, in California, a state that has a successful family leave insurance program, workers in low-wage, high-turnover industries are much more likely to return to their jobs after using the state’s program.⁷

The FAMILY Act is the right next step toward supporting families and building successful businesses. The approach of the FAMILY Act is affordable, cost-effective, sustainably funded, and does not cut from or reduce benefits from other benefits programs on which people rely. To that end, we urge this Subcommittee to take up and pass the Family and Medical Insurance Leave (FAMILY) Act (S. 337).

Cosponsorship and votes associated with this legislation may be scored in the AAUW Action Fund *Congressional Voting Record for the 115th Congress*. Please do not hesitate to contact me at 202-785-7720 or Anne Hedgepeth, director of federal policy, at 202-785-7724, if you have any questions.

Sincerely,

Deborah J. Vagins
Senior Vice President, Public Policy and Research

Cc: Members of Subcommittee on Social Security, Pensions, and Family Policy

Factors and the Likelihood of Early Hospital Readmission Among Community-Dwelling Medicare Beneficiaries.” *The Gerontologist*, 48(4), 495–504. www.ncbi.nlm.nih.gov/pubmed/18728299. Arora, K., and Wolf, D.A. (2017, November 3). “Does Paid Family Leave Reduce Nursing Home Use? The California Experience.” *Journal of Policy Analysis and Management*, 37(1), 38–62. <https://onlinelibrary.wiley.com/doi/abs/10.1002/pam.22038>. Gomby, D., and Pei, D. (2009). *Newborn Family Leave: Effects on Children, Parents, and Business*. www.packard.org/wp-content/uploads/2011/06/NFLA_fullreport_final.pdf.

³ AAUW. (2017). AAUW Quick Facts: Paid Leave. www.aauw.org/files/2017/08/QuickFacts_PaidLeave-nsa.pdf.

⁴ Gomby, D., and Pei, D. (2009). *Newborn Family Leave: Effects on Children, Parents, and Business*. www.packard.org/wp-content/uploads/2011/06/NFLA_fullreport_final.pdf and Berger, L., Hill, J., and Waldfogel, J. (2005). “Maternity Leave, Early Maternal Employment and Child Health and Development in the U.S.” *The Economic Journal*, 115(501), F44.

⁵ Institute of Medicine. (2008). *Retooling for an Aging America: Building the Health Care Workforce*. www.iom.edu/Reports/2008/Retooling-for-an-Aging-America-Building-the-Health-Care-Workforce.aspx.

⁶ Boushey, H., and Glynn, S. (2012). “There Are Significant Business Costs to Replacing Employees.” Center for American Progress. www.americanprogress.org/wp-content/uploads/2012/11/CostofTurnover.pdf.

⁷ Appelbaum, E., and Milkman, R. (2011). *Leaves That Pay: Employer and Worker Experiences With Paid Family Leave in California*. www.cepr.net/index.php/publications/reports/leaves-that-pay.

NATIONAL COMMITTEE TO PRESERVE SOCIAL SECURITY AND MEDICARE

111 K Street, NE, Suite 700
 Washington, DC 20002
 202-216-0420
www.ncpssm.org

July 10, 2018

The Honorable Bill Cassidy, M.D.
 Chairman
 U.S. Senate
 Committee on Finance
 Subcommittee on Social Security,
 Pensions, and Family Policy
 Washington, DC 20510

The Honorable Sherrod Brown
 Ranking Member
 United States Senate
 Committee on Finance
 Subcommittee on Social Security,
 Pensions, and Family Policy
 Washington, DC 20510

Dear Chairman Cassidy and Ranking Member Brown:

On behalf of the millions of members and supporters of the National Committee to Preserve Social Security and Medicare, I am writing to express our strong opposition to legislation that would create a new parental leave benefit that would be paid for by cutting the future Social Security benefits of those who choose to receive this proposed new benefit.

As we understand the proposal, which has been developed by the Independent Women's Forum (IWF), new parents would be allowed to receive up to twelve weeks of paid parental leave by borrowing from the eligible parents' future Social Security benefits. Apparently, the parental leave program would determine the amount of the leave benefit by using the Social Security Disability Insurance (DI) benefit formula. Participation would be voluntary, but a consequence of participation would be a reduction or delay in participants' future Social Security retirement benefits that would offset the costs of the family leave benefits they receive.

The National Committee believes that Congress should develop provisions that provide financial assistance to parents and other caregivers that ease the burden of child or elder care. However, paid caregiving leave should *not* be funded by raiding the Social Security trust funds. We offer the following observations:

- **Essential Social Security benefits should not be traded away for paid family leave.** Our Social Security system is a foundation of economic security for workers and their families in the event of a worker's retirement, disability or death. While we believe that expanding access to paid parental leave is important for all workers, we do not think that Social Security should be used to pay for these benefits.
- **Workers should not face the cruel dilemma of future delays or reductions in Social Security benefits to pay for family leave benefits today.** Study after study has shown how difficult it is for workers to estimate their financial needs in retirement. Having to choose at an early age between paid family leave in the here and now and reductions in future retirement benefits presents all parents with a cruel dilemma that is unnecessary and unwise.
- **Retirement security should be strengthened, not eroded.** According to the Urban Institute, under the IWF proposal, parents who take 12 weeks of paid leave would have to delay their Social Security retirement benefits by five to six months, depending on details in the legislation. Those receiving paid family leave for 24 weeks would see their future Social Security benefits reduced for a total of 10 to 12 months. For many future retirees, this delay will be a severe financial burden, and one that may come as a surprise to those affected by it. It will be a burden because Social Security is a major source of income for most retirees; it provides over half of total income for most aged beneficiaries, and 90 percent or more of income for nearly one in four aged beneficiaries and over two in five aged non-married beneficiaries. Given the limited nature of other pensions and retirement income, these individuals will be ill-equipped to repay the family leave they received so many years ago.
- **Delays or permanent reductions in Social Security benefits will harm seniors.** The IWF and similar proposals could be paid for in a number of ways. For example, some might propose increasing the retirement age for individuals who previously received paid family leave (in effect a permanent reduction). Alternatively, costs could be recovered by withholding all of a retiree's initial Social Security until the paid family leave has been fully repaid. While we understand that the funding concept is to fully compensate the Social Security trust

funds for all benefits paid, the extent of an individual's liability isn't entirely clear. For example, would former family leave recipients have to cover lost interest incurred by the trust funds? Would they be responsible for repaying leave payments made to individuals who die before reaching retirement age? Neither the trust funds nor retirees should have to pay for these costs.

- **The Social Security Administration is already seriously underfunded and in no position to undertake a complex new workload.** For a number of years now Congress has significantly underfunded SSA's administrative budget. Massive backlogs have developed in the hearing offices and those who request a hearing on their disability benefits are required to wait nearly two years, on average, for a decision on their claim. Administration of a paid family leave program would be a major new responsibility for SSA, one for which they would need substantial additional administrative funding. We are uncertain as to the likelihood that such funding will be made available, leading to the possibility that the agency would have to draw on already-existing resources to implement a program of paid family leave.

To be clear, the National Committee supports the concept of paid family leave. Ours is one of the few advanced countries in the world that does not provide some form of assistance to young families undertaking the task of caring for a newborn child. However, we do not think that those seeking to establish such a program should look to the Social Security program as a means of paying for the benefits or for their administration. Since the inception of the program, Americans have regarded their contributions to Social Security as sacrosanct and available only for Social Security. The National Committee believes it should stay that way, and therefore urges you to oppose any legislation that relies on Social Security as a means for financing a program of paid family leave.

Sincerely,

Max Richtman
President and CEO

cc: The Honorable Orrin Hatch
Chairman
U.S. Senate
Committee on Finance
Washington, DC 20510

The Honorable Ron Wyden
Ranking Member
U.S. Senate
Committee on Finance
Washington, DC 20510

SOCIAL SECURITY WORKS
1440 G Street, NW
Washington, DC 20005

July 10, 2018

The Honorable Bill Cassidy
Chair
Subcommittee on Social Security,
Pensions, and Family Policy
U.S. Senate
Committee on Finance
Washington, DC 20510

The Honorable Sherrod Brown
Ranking Member
Subcommittee on Social Security,
Pensions, and Family Policy
U.S. Senate
Committee on Finance
Washington, DC 20510

Dear Chairman Cassidy and Ranking Member Brown,

While Social Security Works appreciates that your subcommittee is holding hearings on the crucially important issue of paid family and medical leave, we strongly oppose any proposals that cut Social Security.

Americans are overwhelmingly supportive of paid leave and Social Security. As the wealthiest nation in the world at the wealthiest moment in its history, we can afford both. Specifically, Congress should add paid family and medical leave as a covered benefit under Social Security, as part of legislation that expands Social Security. It should reject proposals that seek to force Americans to make the unconscionable choice of whether to be economically less secure as young adults planning a family or in old age.

Our nation is facing a retirement income crisis caused by the decline of traditional pensions, the inadequacy of 401(k)s, decades of rising inequality and stagnating wages. It is also facing rising income and wealth inequality. Since 1979, the before-

tax incomes of the top 1 percent of America's households have increased more than four times faster than the incomes of the bottom 20 percent. The middle class is disappearing.

Young people are also facing an economic crisis. They are burdened by immoral amounts of student debt. The nation's fertility rate is dropping, apparently at least partly because of the cost of bearing and rearing children.

To address all of these problems, we should increase Social Security's modest benefits and add paid family and medical leave as an additional benefit—a universal benefit paid for by requiring the wealthiest among us to contribute their fair share. Policymakers who suggest forcing workers to give up part of their retirement benefits if they take paid leave are hurting families, increasing income inequality, and exacerbating the nation's looming retirement income crisis.

Social Security was created in 1935 to replace wages lost as a result of old age, so that Americans would have guaranteed income in retirement. In the decades following, Social Security was expanded to protect workers from other events that lead to loss of wages—long-term disability and the death of a family breadwinner.

Wages are also lost when people take time out of the paid workforce to have children, as well as to care for themselves and other family members when they are sick. While Social Security successfully covers long-term income losses, our Social Security system, unlike those of many other countries, lacks wage replacement for short-term income losses. It's long past time for us to join the rest of the industrialized world in having a national program of paid family and medical leave.

Proposals like the Independent Women's Forum (IWF) plan, however, are cynical and harmful to American families. The IWF proposal would allow new parents to take up to twelve weeks of leave with partial wage replacement—but only in return for a reduction in their Social Security benefits when it comes time to retire. This “deal” purports to add paid family leave to Social Security but in reality, it is simply a benefit cut. The last thing American families need is to be forced to cut their future benefits to pay for pressing needs like paid leave. Nor is there any reason to force them to make that choice. To repeat, we are the wealthiest country in the history of the world. Protecting Social Security and expanding it to include a real paid family and medical leave program is a question of political willpower and values, not affordability.

While the IWF claims they want to help women, in reality women's retirement security would take the biggest hit from this plan because women provide the substantial majority of caregiving and they will disproportionately borrow against their own Social Security benefits. It is important to note that women already have extremely low Social Security benefits, on average, both in absolute terms and in comparison to men's benefits. A woman's average monthly Social Security benefit is already 20 percent lower than a man's. They depend on Social Security more because they, on average, have lower wages, tend to work in jobs without supplemental retirement income plans and live longer than men. Indeed, two-thirds of those aged 65 and older who are living in poverty are women. That percentage is even higher at older ages.

In addition to forcing new parents, who need parental leave, to cut their own future retirement benefits, the IWF plan is also very narrowly targeted to only cover parental leave. It does nothing for those who need medical leave either for themselves or to care for a loved one.

American families should have paid family leave and a secure retirement. Every member of Congress should reject the IWF plan and any other plan that tries to disguise a Social Security benefit cut in the sheep's clothing of another deserving proposal, like paid family leave or student debt cancellation.

We look forward to your support in this matter. We offer our assistance to help create true paid family and medical leave in the United States as part of an expanded Social Security.

Sincerely,

Nancy J. Altman
President, Social Security Works

July 11, 2018

Dear Member of Congress,

On behalf of the undersigned organizations and the tens of millions of working families we represent, we **urge you to support the Family And Medical Insurance Leave (FAMILY) Act (S. 337/H.R. 947)**. The FAMILY Act would create a national family and medical leave insurance program to help ensure that people who work can take the time they need to address serious health and caregiving needs. It would help support working families' economic security, promote gender equity in workplaces, create a more level playing field for businesses of all sizes and strengthen our economy. The FAMILY Act is the national paid family and medical leave plan voters want and our country needs.

The benefits of paid family and medical leave are well documented, yet the vast majority of working people in the United States do not have access to this basic protection. More than 100 million people—or 85 percent of workers—do not have paid family leave through their jobs, and more than 60 percent lack access to paid personal medical leave through their employer.¹ Access rates for workers in lower-wage jobs are even lower, and most recent private sector advances are disproportionately concentrated in higher-skill industries and among higher-paid employees, creating even greater disparities between lower- and higher-paid workers.² Even unpaid leave through the Family and Medical Leave Act (FMLA) is inaccessible to nearly two-thirds of working people, either because of eligibility restrictions or because they simply cannot afford to take unpaid leave.³ This means that when serious personal or family health needs inevitably arise, people face impossible choices between their families' well-being, their financial security and their jobs.

The FAMILY Act would create a strong, inclusive national paid family and medical leave insurance program and set a nationwide paid leave baseline. Employees would earn two-thirds of their wages, up to a cap, for a limited period of time (up to 60 workdays, or 12 workweeks in a year) to address their own serious health issue, including pregnancy or childbirth; to deal with the serious health issue of a family member; to care for a new child; and for certain military caregiving and leave purposes. Employees, employers and self-employed workers would fund both the benefits and the administrative costs of the program by contributing a small amount in each pay period to a self-sustaining fund, administered through a new Office of Paid Family and Medical Leave. Eligibility rules would allow younger, part-time, low-wage and contingent workers to contribute and benefit, regardless of their employer's size or their length of time on the job.

The FAMILY Act builds on successful state programs. California has had a paid family and medical leave insurance program in place since 2004, New Jersey since 2009, Rhode Island since 2014, and New York since 2018. Strong new programs will take effect in Washington state and the District of Columbia in 2020 and Massachusetts in 2021. Evidence from the existing state programs shows these programs' value and affordability; all are financially sound and self-sustaining, and each state that has paid leave in place has or is exploring ways to make them even more accessible to people who need family leave. Analyses of California's law show that both employers and employees benefit from the program.⁴ In New Jersey, the program's costs have been lower than expected and public attitudes toward the pro-

¹U.S. Bureau of Labor Statistics. (2017, September). *National Compensation Survey: Employee Benefits in the United States, March 2017* (Tables 16 and 32). Retrieved 19 June 2018, from <https://www.bls.gov/ncs/ebs/benefits/2017/ebbl0061.pdf>.

²*Ibid.* See also National Partnership for Women and Families. (2017, September). *Access to Paid Leave Remains 'Dismal,' New Bureau of Labor Statistics Data Show, Despite Public Sector Progress*. Retrieved 21 June 2018, from <http://www.nationalpartnership.org/news-room/press-releases/access-to-paid-leave-remains-dismal-new-bureau-of-labor-statistics-data-show-despite-public-sector-progress.html>.

³*diversitydatakids.org*. (2015). *Working Adults Who Are Eligible For and Can Afford FMLA Unpaid Leave (Share)*. Brandeis University, The Heller School, Institute for Child, Youth, and Family Policy Publication. Retrieved 19 June 2018, from <http://www.diversitydatakids.org/data/ranking/529/working-adults-who-are-eligible-for-and-can-afford-fmla-unpaid-leaveshare/#loct=2&cat=44.25&tj=17>.

⁴Appelbaum, E., and Milkman, R. (2013). *Unfinished Business: Paid Family Leave in California and the Future of U.S. Work-Family Policy*. Ithaca, NY: Cornell University Press.

gram are favorable.⁵ Early research on Rhode Island's program found positive effects for new parents, and a majority of small- and medium-sized employers were in favor of the program one year after it took effect.⁶

The FAMILY Act would address the full range of care needs people face, including the growing need to provide elder care. Changing demographics mean more adults will need elder care and the number of potential family caregivers is shrinking: For every person age 80 and older, the number of potential family caregivers will fall from about seven in 2010 to four by 2030, and then to less than three by 2050.⁷ It is also important to note that more than 75 percent of people who take family or medical leave each year do so for reasons other than maternity or paternity care. They take leave to care for family members with serious illnesses, injuries or disabilities or for their own serious health issue.⁸ The majority of parents, adult children and spouses who provide care for ill family members or children with disabilities also have paying jobs, and most work more than 30 hours per week while also managing their caregiving responsibilities.⁹ The majority of military caregivers—and more than three-quarters of caregivers for post-9/11 wounded warriors—are also in the labor force.¹⁰

The FAMILY Act would support improved health outcomes and could lower health care costs. New mothers who take paid leave are more likely to take the amount of time away from work recommended by doctors,¹¹ and their children are more likely to be breastfed, receive medical check-ups and get critical immunizations.¹² When children are seriously ill, the presence of a parent shortens a child's hospital stay by 31 percent;¹³ active parental involvement in a child's hospital care may head off future health problems, especially for children with chronic health conditions,¹⁴ and thus reduce costs. Paid leave also lets people help older family members recover from serious illnesses, fulfill treatment plans, and avoid complications

⁵ Press of Atlantic City. (2010, November 15). *Paid Family Leave/Working Well*. Retrieved 19 June 2018, from http://www.pressofatlanticcity.com/opinion/editorials/article_0d6ba980-3a1d-56f7-9101-258999b5d9d0.html; See also Houser, L., and White, K. (2012, October). *Awareness of New Jersey's Family Leave Insurance Program Is Low, Even as Public Support Remains High and Need Persists*. Rutgers University, The State University of New Jersey Center for Women and Work Publication. Retrieved 19 June 2018, from http://njtimetocare.com/sites/default/files/03_New%20Jersey%20Family%20Leave%20Insurance-%20A%20CWW%20Issue%20Brief.pdf.

⁶ National Partnership for Women and Families. (2015, February). *First Impressions: Comparing State Paid Family Leave Programs in Their First Years*. Retrieved 19 June 2018, from <http://www.nationalpartnership.org/research-library/work-family/paid-leave/first-impressions-comparing-state-paid-family-leave-programs-in-their-first-years.pdf>; Bartel, A., Rossin-Slater, M., Ruhm, C., and Waldfogel, J. (2016, January). *Assessing Rhode Island's Temporary Caregiver Insurance Act: Insights from a Survey of Employers*. U.S. Department of Labor Publication. Retrieved 19 June 2018, from https://www.dol.gov/asp/evaluation/completed-studies/AssessingRhodeIslandTemporaryCaregiverInsuranceAct_InsightsFromSurveyOfEmployers.pdf.

⁷ Redfoot, D., Feinberg, L., and Houser, A. (2013, August). *The Aging of the Baby Boom and the Growing Care Gap: A Look at Future Declines in the Availability of Family Caregivers*. AARP Public Policy Institute Publication. Retrieved 19 June 2018, from http://www.aarp.org/content/dam/aarp/research/public_policy_institute/Itc/2013/baby-boom-and-the-growing-care-gap-insight-AARP-ppi-Itc.pdf.

⁸ Klerman, J.A., Daley, K., and Pozniak, A. (2012, September). *Family and Medical Leave in 2012: Technical Report* (Exhibit 7.2.8, p. 142). Abt Associates Publication. Retrieved 19 June 2018, from <https://www.dol.gov/asp/evaluation/fmla/fmla-2012-technical-report.pdf>.

⁹ National Alliance for Caregiving. (2015, November). *Caregiving in the U.S.* National Alliance for Caregiving and AARP Public Policy Institute Publication. Retrieved 19 June 2018, from http://www.caregiving.org/wp-content/uploads/2015/05/2015_CaregivingintheUS_Final-Report-June-4_WEB.pdf.

¹⁰ Ramchand, R., Tanielian, T., Fisher, M.P., Vaughan, C.A., Trail, T.E., Batka, C., Voorhies, P., Robbins, M.W., Robinson, E., and Ghosh-Dastidar, B. (2014). *Hidden Heroes: America's Military Caregivers* (Figure 3.8). RAND Corporation Publication. Retrieved 19 June 2018, from <http://www.rand.org/health/projects/military-caregivers.html>.

¹¹ Gomby, D., and Pei, D. (2009). *Newborn Family Leave: Effects on Children, Parents, and Business*. David and Lucile Packard Foundation Publication. Retrieved 19 June 2018, from <http://paidfamilyleave.org/pdf/NewbornFamilyLeave.pdf>.

¹² Heymann, J., Sprague, A.R., Nandi, A., et al. (2017). "Paid parental leave and family wellbeing in the sustainable development era." *Public Health Reviews*, 38(21). Retrieved 19 June 2018, from https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5810022/pdf/40985_2017_Article_67.pdf.

¹³ 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.

¹⁴ Heymann, J., and 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.

and hospital readmissions.¹⁵ Early research has found that California’s paid leave program reduced nursing home utilization.¹⁶ And, for the millions of families in communities that are struggling with opioid and other substance use disorders, paid leave supports family caregivers, who play a key role in care and recovery by helping loved ones with health care arrangements and treatment.¹⁷

The FAMILY Act also would strengthen large and small businesses and support entrepreneurs. Paid leave reduces turnover costs—typically about one-fifth of an employee’s salary¹⁸—and increases employee loyalty. In California, nine out of 10 businesses surveyed reported positive effects or no impacts on profitability and productivity after the state’s paid leave program went into effect.¹⁹ Small businesses reported even more positive or neutral outcomes than larger businesses.²⁰ Small business owners from across the nation expect that the FAMILY Act model would help level the playing field with large corporations, improve worker retention, productivity and morale, and help protect their economic security if an accident or medical emergency occurs.²¹ This is part of the reason that 70 percent of small businesses surveyed nationwide support the FAMILY Act approach of shared payroll deductions.²² By including self-employed people, the FAMILY Act would also help entrepreneurs balance the risks of starting a new business with the need to ensure their families’ health and security.

National paid family and medical leave has broad support from voters across party lines. Supermajorities of voters across party lines support a comprehensive, 12-week national paid family and medical leave law, including 66 percent of Republicans, 77 percent of independents and 93 percent of Democrats. Nearly two-thirds of voters (64 percent) say they would “strongly favor” such a law.²³ In focus groups conducted with conservative and independent voters in September 2017, voters preferred the FAMILY Act’s “personal and family security fund” model over an employer tax credit, tax-free savings account or a limited parents-only leave program.²⁴ Additional qualitative research conducted around the same time shows voters prefer a national plan that covers all family relationships and includes employment protections.²⁵

It is well past time for the United States to adopt a nationwide paid family and medical leave standard—but policy details matter tremendously. Disparities in people’s access to paid leave, changing demographics and the realities

¹⁵ See e.g., Institute of Medicine. (2008, April 11). *Retooling for an Aging America: Building the Health Care Workforce*, 254. Retrieved 19 June 2018, from <http://www.nationalacademies.org/hmd/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 19 June 2018, from <https://www.ncbi.nlm.nih.gov/pubmed/18728299>.

¹⁶ Arora, K., and Wolf, D.A. (2017, November 3). “Does Paid Family Leave Reduce Nursing Home Use? The California Experience.” *Journal of Policy Analysis and Management*, 37(1), 38–62. Retrieved 19 June 2018, from <https://onlinelibrary.wiley.com/doi/abs/10.1002/pam.22038>.

¹⁷ Biegel, D.E., Katz-Saltzman, S., Meeks, D., Brown, S., and Tracy, E.M. (2010). “Predictors of Depressive Symptomatology in Family Caregivers of Women With Substance Use Disorders or Co-Occurring Substance Use and Mental Disorders.” *Journal of Family Social Work*, 13(2), 25–44.

¹⁸ Boushey, H., and Glynn, S. (2012, November 16). *There Are Significant Business Costs to Replacing Employees*. Center for American Progress Publication. Retrieved 19 June 2018, from <http://www.americanprogress.org/wp-content/uploads/2012/11/CostofTurnover.pdf>.

¹⁹ See note 4.

²⁰ *Ibid.*

²¹ Main Street Alliance. (2017). *National Paid Family and Medical Leave: A Proposal for Small Business Success*. Retrieved 19 June 2018, from https://d3n8a8spro7vwmx.cloudfront.net/mainstreetalliance/pages/10/attachments/original/1486411533/PFML_2017_Report.pdf?1486411533.

²² Lake Research Partners. (2017, February). Polling commissioned by Small Business Majority and Center for American Progress. Retrieved 19 June 2018, from <http://www.smallbusinessmajority.org/sites/default/files/research-reports/033017-paid-leave-poll.pdf>.

²³ Lake Research Partners and the Tarrance Group. (2016, November). Polling commissioned by the National Partnership for Women and Families. Retrieved 19 June 2018, from <http://www.nationalpartnership.org/research-library/work-family/key-findings-2016-election-eve-election-night-survey.pdf>.

²⁴ Perry Undem Research and Bellwether Consulting. (2018, January). *Highlights From Focus Groups With Conservative Voters on Paid Family and Medical Leave* (on file with the National Partnership for Women and Families).

²⁵ Lake Research Partners and *MomsRising.org* (2018, February). Interested Parties Memo on Key Findings From Recent Qualitative Research. Retrieved 19 June 2018, from https://s3.amazonaws.com/s3.momsrising.org/images/MomsRising_LPR_Interested_Parties_memo_on_paid_leave.pdf.

working families face today require that any national plan be comprehensive of working people's needs as reflected in the FMLA, inclusive of all working people across the United States and provide a meaningful duration of leave and wage replacement rate to make taking leave financially possible for all working people. Responsible governance requires that any plan be affordable, cost-effective and sustainably funded with new revenue—not funded by cutting or reducing benefits from programs people rely on. Any plan that fails to meet these tests is unacceptable.

The FAMILY Act is the only national paid family and medical leave proposal that reflects what most people in the United States need. We urge you to support and co-sponsor this essential legislation today and to reject inadequate proposals that would fail to meet the needs of the nation's workforce, families or businesses—and that would do more harm than good.

Sincerely,

National Organizations

1,000 Days
 9to5, National Association of Working Women
 A Better Balance
 American Academy of Nursing
 American Association of People with Disabilities
 American Association of University Women (AAUW)
 American Civil Liberties Union
 American Federation of Teachers, AFL–CIO
 American Medical Student Association
 American Medical Women's Association
 American Psychological Association
 American Public Health Association
 American Society on Aging
 American Sustainable Business Council
 A. Philip Randolph Institute
 Association of Flight Attendants—CWA
 Association of Reproductive Health Professionals (ARHP)
 Association of University Centers on Disabilities
 Association of Women's Health, Obstetric, and Neonatal Nurses
 Autistic Self Advocacy Network
 Bend the Arc Jewish Action
 Black Women's Health Imperative
 Black Women's Roundtable
 Caregiver Action Network
 Catalyst
 Center for American Progress Action Fund
 Center for Community Change Action
 Center for Popular Democracy Action
 CLASP
 Coalition on Human Needs
 Communications Workers of America (CWA)
 Congregation of Our Lady of Charity of the Good Shepherd, U.S. Provinces
 Demos
 Ecumenical Poverty Initiative
 Every Child Matters
 Faith in Public Life
 Family Equality Council
 Family Values @ Work
 Family Voices
 First Focus Campaign for Children
 The Gerontological Society of America
 Hadassah, The Women's Zionist Organization of America, Inc.
 Hispanic Federation
 Human Rights Watch
 Interfaith Worker Justice
 Jewish Women International
 Jobs With Justice
 The Leadership Conference on Civil and Human Rights
 Main Street Alliance
 Mi Familia Vota
 Mom2Mom Global

MomsRising
 NAACP
 NARAL Pro-Choice America
 National Alliance for Caregiving
 National Asian Pacific American Women's Forum (NAPAWF)
 National Association for Rural Mental Health
 National Association of County Behavioral Health and Developmental Disability Directors
 National Association of Social Workers
 National Center for Lesbian Rights
 National Center for Transgender Equality
 National Consumer Voice for Quality Long-Term Care
 National Council of Jewish Women
 National Education Association
 National Employment Law Project
 National Employment Lawyers Association
 National Health Law Program
 National Institute for Reproductive Health (NIRH)
 National LGBTQ Task Force Action Fund
 National Network to End Domestic Violence
 National Organization for Women
 National Partnership for Women and Families
 National Respite Coalition
 National Women's Health Network
 National Women's Law Center
 NETWORK Lobby for Catholic Social Justice
 Organization United for Respect at Walmart
 Oxfam America
 ParentsTogether
 Partnership for America's Children
 People for the American Way
 People's Action Institute
 Physicians for Reproductive Health
 PL+US: Paid Leave for the U.S.
 Polygon Education Fund
 Promundo-U.S.
 Public Advocacy for Kids
 RESULTS
 ROC United
 SEIU
 Small Business Majority
 TASH
 U.S. Breastfeeding Committee
 U.S. Women's Chamber of Commerce
 UltraViolet
 Union for Reform Judaism
 United Food and Commercial Workers International Union
 United State of Women
 United Steelworkers
 URGE: Unite for Reproductive and Gender Equity
 Voices for Progress
 Women of Reform Judaism
 The Women's Caucus of the American Psychiatric Association
 Women's Media Center
 Workplace Fairness
 Young Invincibles
 YWCA USA
 ZERO TO THREE

Alabama

AIDS Alabama

California

2020 Mom

Asset Building Strategies

Business and Professional Women

BreastfeedLA

CA Work and Family Coalition

California Breastfeeding Coalition
 Center for WorkLife Law, University of California, Hastings College of Law
 ChangeLab Solutions
 Child Care Law Center
 EMC Strategies
 Equal Rights Advocates
 Family Voices of California
 Food Chain Workers Alliance
 Futures Without Violence
 Legal Aid at Work
 Maternal Mental Health NOW
 National Council of Jewish Women, Los Angeles Section
 YWCA Berkeley/Oakland
 YWCA San Francisco and Marin

Colorado

13th Moon Midwifery
 9to5 Colorado
 All Families Deserve a Chance Coalition
 Colorado Coalition for the Homeless
 Colorado Consumer Health Initiative
 Colorado Fiscal Institute
 Colorado Lactation Consultant Association
 Colorado Organization for Latina Opportunity and Reproductive Rights (COLOR)
 Movement Advancement Project
 NARAL Pro-Choice Colorado
 National Coalition Against Domestic Violence
 National Council of Jewish Women, CO. State Policy Advocate, Advocacy Chair, Advocacy Committee
 SynerGenius Telepresence
 United for a New Economy
 Women's Lobby of Colorado

Connecticut

All Our Kin
 Connecticut Women's Education and Legal Fund (CWEALF)
 Connecticut Working Families Organization
 Hispanic Federation—CT

Delaware

Breastfeeding Coalition of Delaware
 Delaware Ecumenical Council on Children and Families

District of Columbia

Herd on the Hill
 Jacobs Institute of Women's Health
 Jews United for Justice

Florida

Advocacy Chair National Council of Jewish Women Palm Beach Section
 Central Florida Jobs With Justice
 FL Alliance of Community Development Corporations, Inc.
 Hispanic Federation—FL
 National Council of Jewish Women Florida State Policy Advocate Advocacy Chair
 National Council of Jewish Women, Florida
 National Council of Jewish Women, Valencia Shores Section
 Organize Florida

Hawaii

Hawaii Children's Action Network
 Healthy Mothers Healthy Babies Coalition of Hawaii
 YWCA O'ahu

Illinois

AIDS Foundation of Chicago
 EverThrive Illinois
 HealthConnect One
 National Council of Jewish Women, South Cook Section, State Policy Advocate
 NCJW Illinois, State Policy Advocate
 Oak Park River Forest Food Pantry

Sargent Shriver National Center on Poverty Law
 Women Employed
 YWCA of the University of Illinois

Indiana

Indiana Coalition Against Domestic Violence
 Indiana Institute for Working Families

Iowa

Leadership Team of the Sisters of Charity, BVM

Kansas

Kansas Breastfeeding Coalition, Inc.

Kentucky

Kentucky Equal Justice Center
 Lactation Improvement Network of Kentucky

Louisiana

National Council of Jewish Women, Greater New Orleans Section

Maine

Maine Women's Lobby

Maryland

Jews United for Justice
 Job Opportunities Task Force
 Lactation Education Resources
 Leadership for Education Equity
 Maryland Family Network
 NARAL Pro-Choice Maryland
 National Advocacy Center of the Sisters of the Good Shepherd
 Public Justice Center
 Racial and Ethnic Health Disparities Coalition

Massachusetts

Equal Exchange
 Jewish Alliance for Law and Social Action
 Massachusetts Communities Action Network

Michigan

Sugar Law Center for Economic and Social Justice

Minnesota

Children's Defense Fund—Minnesota
 ISALAH
 Minnesota Association of Professional Employees
 TakeAction Minnesota

Missouri

NARAL Pro-Choice Missouri

Nebraska

Sisters of Mercy West Midwest Justice Team

Nevada

Advanced Breastfeeding Support of Las Vegas
 Make It Work Nevada

New Hampshire

Campaign for a Family Friendly Economy

New Jersey

Anti-Poverty Network of New Jersey
 New Jersey Citizen Action
 NJ Breastfeeding Coalition, Inc.
 NJ Time to Care Coalition
 SPAN Parent Advocacy Network
 Union of Rutgers Administrators, AFT Local 1766

New Mexico

Southwest Women's Law Center

New York

AAUW of Rockland County
 Arrangements Abroad Inc.
 Center for Children's Initiatives
 Center for Frontline Retail
 The Children's Agenda
 Citizen Action of New York
 Early Care and Learning Council
 Fearless Talent Development Inc.
 Gender Equality Law Center
 Greater New York Labor-Religion Coalition
 Hope's Door
 Indivisible Westchester
 Labor-Religion Coalition of NYS
 League of Women Voters of St. Lawrence County, NY
 Legal Momentum
 Masten Block Club Coalition and the Board of Block Clubs of Buffalo and Erie
 County
 National Federation of Business and Professional Women's Clubs-NYC (NFBPWC-
 NYC)
 New York Paid Leave Coalition
 New York Union Child Care Coalition
 PowHer New York
 Rios de Agua Viva United Church of Christ
 Westchester National Organization for Women
 Women's Research and Education Fund
 The YMCA of Greater Rochester
 YWCA of Binghamton and Broome County

North Carolina

Action NC
 NARAL Pro-Choice North Carolina
 National Coalition of 100 Black Women Inc.—Queen City Metropolitan Chapter
 NC AFL—CIO
 NC Alliance for Retired Americans
 NC Child
 North Carolina Council of Churches
 North Carolina Justice Center
 North Carolina Women United
 Women AdvaNce
 Working America North Carolina
 YWCA Asheville

North Dakota

Family Voices of ND
 North Dakota Women's Network

Ohio

Appalachian Breastfeeding Network
 Innovation Ohio
 NARAL Pro-Choice Ohio
 National Coalition of 100 Black Women Central Ohio
 National Council of Jewish Women, Ohio State Policy Advocate
 Ohio Domestic Violence Network
 The Ohio Women's Public Policy Network

Oregon

Asian Pacific American Network of Oregon (APANO)
 Cascade AIDS Project
 Center for Parental Leave Leadership
 Children First for Oregon
 Family Forward Oregon
 NARAL Pro-Choice Oregon

Pennsylvania

Maternity Care Coalition
 One PA
 PathWays PA
 Southwest PA National Organization for Women

Women and Girls Foundation of Southwest Pennsylvania
 Women's Law Project
 YWCA Titusville

Rhode Island

Rhode Island KIDS COUNT

South Dakota

Brookings Supports Breastfeeding

Tennessee

Black Children's Institute of Tennessee
 State Policy Advocate National Council of Jewish Women—Tennessee

Vermont

Hunger Free Vermont
 Main Street Alliance of VT
 Peace and Justice Center
 Vermont Family Network
 Voices for Vermont's Children

Virginia

Division for Early Childhood of the Council for Exceptional Children (DEC)
 NARAL Pro-Choice Virginia
 National Military Family Association
 Virginia Organizing

Washington

Economic Opportunities Institute
 Legal Voice
 PAVE Family to Family Health Information Center
 YWCA Clark County

West Virginia

WV Citizen Action Group

Wisconsin

9to5 Wisconsin
 Keep Families First Coalition
 Marathon County Democratic Party
 Mid-Day Women's Alliance of Appleton, WI
 Unitarian Universalist Women's Federation
 Wisconsin Alliance for Women's Health
 Wisconsin Breastfeeding Coalition
 Wisconsin Early Childhood Association

PAID LEAVE FOR THE UNITED STATES (PL+US)
 P.O. Box 411075
 San Francisco, CA 94141

July 11, 2018

Chairman Cassidy and Ranking Member Brown, as you examine the importance of paid family leave for American working families, we urge you to take into consideration the voices of workers and employers.

Below are quotes from some of the statements PL+US has collected from across the country. Full statements will be shared with Members of the Committee individually.

NATIONAL

Listed alphabetically by organization

Brian Rosenberg—Founder Gays With Kids

As a gay dad, I didn't get any paid leave when my kids were born. So after I used all my vacation, I worked from home, holding our baby while I worked, grateful my colleagues excused the screaming infant in the background. It was hard, but it would have been awful not to be there at all. Our country and our families are changing, and as the founder of Gays With Kids, the world's leading community for gay dads and dads-to-be, I know this more than most. We gay dads are responsible

not only for creating our families, but for raising our kids, too. And many of us spend our entire savings, or even have to take out loans, to create our families. Without paid family leave, these dads find it impossible to take unpaid leave.

Andy Katz-Mayfield—CEO of Harry’s

I’m neither a politician nor an expert on social security. But I am a dad. Personally, I feel incredibly lucky to have had the resources, infrastructure, and flexibility to have had the opportunity to spend time with my family after my daughter was born. Moreover, as the founder and CEO of Harry’s, I’m in a unique position to ensure that all parents on our team have access to parental leave. I’m proud that our policy offers 16 paid weeks for all new parents—mothers, fathers, adoptive parents, and birthing parents—because spending time with a newborn shouldn’t have to be a privilege or a financial burden.

Jennifer Y. Hyman—CEO and Co-Founder of Rent the Runway

As the CEO and Co-Founder of Rent the Runway, I equalized benefits for all 1,300 hourly and salaried employees across my company several months ago. While it is important for business leaders to create social change, it is incumbent upon our government to ensure that every worker across the U.S. is given adequate paid leave to care for their family. . . . History has shown that we cannot rely on business leaders alone on the issue of paid leave; lack of government policy means that most American employers do not grant any, enough or equal paid leave to all employees. . . . To deny America’s workers time to celebrate the birth of a newborn, to grieve the death of a loved one or to care for a sick family member is to rob them of their humanity. We already distinguish between one’s value to a company’s bottom line via compensation; however, one’s value as a human being is equal. Lack of paid parental leave is a widespread business practice, but that precedent does not make it right—it is time to change paid leave legislation to provide every American with the humanity they deserve.

John Foraker—CEO of OFARM

I am a father of four and CEO of Once Upon A Farm (OFARM) . . . one of our core values at OFARM is to fight for and support efforts to drive positive social change and food justice for the benefit of parents, kids and families. We believe Paid Family Leave (PFL) is an issue with clear benefits to society that are worth fighting for. We strongly support the implementation of comprehensive national PFL legislation and are hopeful elected leaders will see the significant positive benefits to our society and economy from implementation of such policy.

At OFARM, we are doing our part. . . . We have 35 people in our company and 15 kids ages 6 and under. As we grow, there will be many more OFARM babies in the coming years and we know that our success over the long term will depend on the quality, happiness, and productivity of our employees so we want to make the transition into parenthood easier for our employees. . . . The U.S. can do better, and we are encouraged there’s potential movement in Washington to address this important societal issue. We stand ready to help in any way we can.

Pat Miguel Tomaino—Director of Socially Responsible Investing Zevin Asset Management, LLC

Zevin Asset Management wishes to encourage the efforts of this subcommittee on paid family leave and to underscore the importance of improving paid family leave policy—not only for workers, but for the companies and investors which rely on their long-term health and human capital. As a testament to the investment community’s keen interest in improving paid family leave policy, I refer the subcommittee to [an] investor statement on paid family leave published last month. Please review the statement in its entirety. Very clearly, investors are seeking greater equality, adequacy and accessibility in companies’ paid family leave policies. . . . [S]uitable paid family leave positions workers and companies to seize long-term opportunities and guard against human capital risk. However, more support from government is needed. Federal policy certainty and targeted resources would promote the long-term interests of U.S. employers. [An investor statement endorsed by 58 investment companies and asset owners with assets totaling \$169 billion is available at <http://www.zevin.com/documents/familyleave.pdf>.]

STATE

Listed alphabetically by state then last name

Marie Morgan—Birmingham, Alabama

Studies show that it's advantageous for the child's growth and development as well as maternal health and recovery and paternal bonding. Paid family leave really addresses the health of the family as a whole which obviously positively impacts individuals but also lowers healthcare costs and increases long-term productivity.

Tasha Porcello—Anchorage, Alaska

Forcing new parents to choose between their income and/or jobs and their family is bad for families, employers and the country. Parents who adopt children need time. Adult children who are caregivers for elderly/disabled parents need time without fear of losing their jobs. Employees who are not torn between work duties and families are better more productive employees. Good for businesses as well.

Brenda Hall Martin—North Pole, Alaska

As a teacher, I always had family paid leave and assumed everyone else did, too! I used it when I had my two children AND when my father was dying of cancer. Life is stressful and challenging enough without having to worry about loss wages when dealing with emergencies. Please help. Thank you. This is long overdue!

Karen Schairer—Sedona, Arizona

If pro-lifers are really interested in infant well-being, then a mother should have enough money to care for her child, and enough time to give it the love it needs. Anything less is the worst kind of hypocrisy.

Sandy Whitley—Mesa, Arizona

I am a nurse and I see almost everyday the stress and strain of loved ones not being present to care for and comfort their loved one in a hospital bed. It is traumatic for everyone involved. It is the same always—I cannot afford to take time off work.

Barbara Wood—Prescott, Arizona

The foundation of a good family is to allow individuals to have time with their family without the fear of losing their jobs.

Faebyan Whittle—Fayetteville, Arkansas

Paid family leave matters because it gives parents and children a strong foundation—our human history is based on our relationships to our family. Its about time to normalize the importance of family in the workplace. Patagonia is a company I respect for giving both parents paid leave. Its about time to see both global and small businesses do the same.

Ryan Cervantes—Los Angeles, California

I am a gay man, and while I am not a father now, I hope to be someday. When I was younger I worked as a nanny and loved the day-to-day work of caring for young children. I'm not alone, studies show that the majority of Millennial men consider parenthood as central to their identity, are doing more childcare than ever before, and the rates of stay-at-home fathers are climbing. When I am a father, I want to have the same access to paid parental leave as birthing mothers, as well as time for family caregiving. When men are able and encouraged to take paid family leave, it has lasting positive effects on families and children, as well as improving gender equity. This is why I strongly support comprehensive, inclusive, federal policy on paid family leave.

Todd Chittenden—Eureka, California

I worked for a company many years ago in the State of California that allowed me to take bonding leave. I was able to do this a second time for my youngest son as well. I wish that all new parents could get the same good fortune I had, simple as that. I now have a 14-year-old, and an 11-year-old who I believe benefited much from the extra time I was able to spend with them, and for the most part, are incredible human beings. This is why I support extending paid family leave to all families in the U.S.

Meika Ellison—Sacramento, California

I'm a mother to a 3-year-old and have been struggling ever since her birth because I never received paid leave. I was living in Missouri and tried my best to hide my pregnancy at my job. They found out before my probation was over so they fired me and even had the nerve to suggest abortion. I came back home to California and couldn't pick up work because of how much I was showing. This is wrong! We need

a high quality paid family leave policy that makes people feel safe and not stressed when they're about to give life.

Girshriela Green—Los Angeles, CA

While working at Walmart I saw many of my coworkers struggle when welcoming a new baby. So many of my coworkers didn't have the time that they needed to recover from childbirth or to care for a newborn. Earlier this year, full-time Walmart associates succeeded in winning the same paid family leave policy as salaried employees—6 weeks of parental leave for all new parents in addition to 10 more weeks for birthing moms. This is a tremendous victory for 500,000 working people in the United States—but it's not enough. 550,000 part-time associates at Walmart still don't have access to any paid family leave at all. Many of these people would like to work full-time but Walmart denies them hours in order to deny them benefits. We are still fighting and organizing to win paid family leave for our part-time coworkers, but we don't know how long that could take. I support strong public policy on paid family leave so that everyone has the time to be with their family when they are needed most, and so that nobody is left out.

Rosario Luis—Orange, California

A few years ago, I was waiting to welcome my first child into this world and also saying goodbye to my father who was hospitalized due to brain trauma. It was such a challenging, beautiful, and incredibly stressful time for my husband and me. I needed paid family leave to care for my father and my new child. But the options I had were not enough. I know I'm not alone in my experience. It's unjust that working families do not have adequate paid family leave. I ended up leaving my job working for a non-profit because of the passing of my father while I was four months pregnant was an excruciatingly painful time in my life. Three months after the birth of my first baby I got a new job and went back to work and my husband became the primary caregiver. My earning were just enough to pay for our rent, food, and diapers. Now I'm in a similar position. When I give birth to my second child in a few months, I still won't have access to paid family leave.

Colin Mutchler—Oakland, California

I'm a father of a 2.5 year old, and we are now pregnant with our second. We both had good leave—were able to bond with our baby and not stress about money/living expense. . . . As someone who has benefitted from paid family leave, I want all families to have access to paid family leave because it improves bonding and helps with recovery. If we really care about families, we need to make sure a national policy includes all families.

Samantha Riegelsberger—Turlock, California

My son was diagnosed with a serious mental disorder in March of 2018. I needed to go on paid family leave for 6 weeks. I worried about my son and got him where he needed to go. As it was ending, I had to start worrying about income. Although our situation didn't change I needed to work. Unfortunately my work of over 4 years has no opening for a schedule change which complicates things now having to job search for one that does fit my schedule needs. Months later, still on medical leave, I have had no income and accumulated debt which paid for our food and bills that we needed. Families shouldn't be struggling in a time of dismay.

Niko Walker—Los Angeles, California

I am a transgender male from Los Angeles, California, and support equal access to paid family leave for all new parents—including non-birthing parents. Paid family leave provides critical support for families when welcoming a new child. However, many private sector policies provide less leave to non-birthing parents or none at all. This discrimination against dads and non-birthing parents creates de-facto exclusion for the LGBTQ+ community, as same-sex couples are more likely than heterosexual couples to be raising an adopted or fostered child. The families that are receiving the least amount of paid leave may also be the ones that need it the most. According to the National Center on Adoption and Permanency, studies suggest that lesbians and gay men may be more likely than heterosexual adults to adopt older children and those with special needs. . . . Offering less paid family leave to dads and adoptive parents leaves these families, and children, less than adequate time to address the important issues in their lives.

Karen Tucker—Denver, Colorado

I am a full time career professional with a toddler and baby #2 due in 3 weeks. This policy is crucial for my financial independence and success for my family.

Ocean Pellet—Waterford, Connecticut

One needs a way to care for ones family members without loosing the ability to pay the rent and feed the family. Paid family leave would go a long way to keep families healthy and in their homes.

Darla Wilson—Wilmington, Delaware

As a single mother, I was fortunate to be able to utilize the paid family leave provided by my employer. I believe ALL working Americans deserve the same benefit, so I support a national paid family leave policy and applaud the Senate for finally taking the initial step toward that end.

Carol Cox—Fort Meyers, Florida

I had to quit a full-time job to take care of my aging mother. If I had been able to take some paid family leave, I might not have had to retire from a job I loved.

Andrea Keller—Ketchum, Idaho

I am a mother to be in November and don't need the added stress of finances when me and my newborn are trying to bond within the 1st year of his life. Any and all leave would help so significantly words cannot describe.

Sarah Kiely—Chicago, Illinois

This should be the end of my first week back to work, instead, it's the end of my 4th week back to work. When I was pregnant and reviewing my company (a hospital) policy on maternity leave I was distraught. I would need to save and use all my vacation days to help me get paid during my maternity leave. I stressed about how long I would have with my baby during those early weeks of life when everyone says how important it is for a child to be with their mother. I got paid for 7 weeks but used all my vacation hours (123 hours). I was fortunate to receive one week paid, and 4 weeks paid at 75 percent (other women aren't as lucky) from our company. I went an additional two weeks unpaid and had to repay my health care premiums. We couldn't afford for me to take more time away, so after nine weeks I went back to work . . . after major surgery (C-section). My daughter and I were just getting into our natural rhythm and I could no longer be with her. It broke my heart but it's what we had to do. My husband stays home with her during the day and works nights and weekends. . . . Politicians talk about how important family is, yet we currently do not have much time together as a family unit because we can't afford the outrageous cost of childcare.

Paige Boesen—Chicago Heights, Illinois

I'm currently 7 months pregnant and will have unpaid maternity leave from my employer. This would make a world of difference for my husband and I. It's slightly scary to think of living on one income for 12 weeks.

Adriana House—Avon, Illinois

It is important for the health of every family, it is civil in a civil country, and nobody should have to choose between their family and the ability to arrive at the end of the month! For many people that means food on the table!

Colleen Wilkerson—Indianapolis, Indiana

If you have ever had a serious health issue, or take care of a seriously ill family member (I do), or want/need to bond with your newborn or newly adopted child, then Paid Family Leave (PFL) is essential. In a modern, progressive society ALL working citizens in the U.S. deserve it.

Margaret Runaas—Ainsworth, Iowa

Our children are our future, and paid maternity and paternity leave are vital for providing the care that infants need in their critical first weeks of life. I am one of the lucky few who was able to have paid leave for myself and my husband when my son was born. With all of the difficulties we faced in my son's first weeks of life, it would have been almost impossible to establish breastfeeding without both of us at home. All parents should have this opportunity, not just a privileged few.

Cassandra Lyons—Lexington, Kentucky

Include the voices of workers in the hearing on paid family leave. DC insiders should not be playing politics with our livelihood without our input.

Bobbiejo Winfrey—Louisville, Kentucky

Because of family leave, my parents were able to come down from Kentucky and visit me while I was in another state, Florida, recovering from a six organ transplant which involved a six month hospital stay. Being able to see one of them during

that hard and long recovery helped me to survive, especially as I was in a strange environment and far from my home and my community. I have already been blessed with more than 12 more years of life because of the transplant, so I am ever grateful that my parents had the family leave that they did and want others to benefit from the same if needed.

Felicia Adams—New Orleans, Louisiana

When my mother was diagnosed with Parkinson's disease in 2013, it changed the course of not just her life, but our whole family. . . . My mother raised five children, worked her whole life, and now is a grandmother to thirteen. It wasn't easy for her to admit she needed help, but that was the reality we faced. . . . We realized that the only way we could make sure Mom had the care she needed and deserved was for me to care for her. I moved in with my parents, quit my job, and delayed finishing nursing school. . . . We know that too many families dealing with Parkinson's or other chronic medical issues are not nearly as lucky. Not everyone has a relative who can drop out of school or take the financial hit to quit their job. . . . Far from being a welfare handout, family leave allows workers to take care of their families without jeopardizing their employment. Even a short-term job loss can be devastating for a family living paycheck-to-paycheck, and maintaining job continuity is a key factor in allowing workers to earn raises and other career advancements. . . . I have no regrets about the time I took to care for my mother. Throughout this whole process, we have trusted in God and in each other, as we always have. But a little help to ease the way could do a lot of good for a lot of Louisiana families, and we sincerely hope Congress will engage in a serious debate and consideration of a paid family leave policy.

Amy Pulliam—Baton Rouge, Louisiana

When my daughter, Virginia, was only 3 months old, she needed surgery to repair her heart. Virginia's surgery was at a hospital in Houston, and she stayed there for 3 months to recover, which meant that my fiancé and I had to drive 5 hours back and forth from where we live near Baton Rouge so that we could be with her. I used all of my vacation time to make sure that I could be there for my daughter and it was not nearly enough. I've had to cut down to part-time hours and my fiancée is working nights. . . . This is no way to treat families. . . . My family struggled with all of the expenses related to traveling to and from Houston, and on top of that we had to pay for the insurance my company offers so that we could keep it during this time. Virginia is now 18 months old, and she's amazing to me. At some point down the line, she will need another surgery, and I'll need to take more time off, but I still don't have any paid family caregiving leave that would mean so much for my family.

Eric Poulin—South Portland, Maine

I'm a millennial, prime age for starting a family and settling down. But the cost of buying a house and having a child is so prohibitively expensive in this country that my wife and I are holding off. And based on our salaries and jobs, we're better off than many in our generation. It's insane and inhumane that paid family leave is not required of all employers.

Bre Ono—Maryland

I am a mom to an almost 3-year old daughter and I'm pregnant with my second child due October 2018. When my daughter was born in 2015, I was covered by some short term disability for childbirth recovery, but like so many people in this country, it was not enough time, and I had to rely on piecing together my PTO and FMLA to ensure that I had the time needed with my newborn. Additionally, when my daughter was 2 months old, I had a health diagnosis that would cause me to go beyond the available weeks of FMLA. This was a time of true uncertainty for me and my husband. Because I work in the healthcare field, I know the importance of paid family leave. All newborns need time to bond with their parents and adequate moms need time to recover from childbirth. But we don't all have equal access to high-quality paid family leave. Some employers offer substantial paid family leave policies, while others simply comply with FMLA, and the majority of working people are faced with the difficult choice of going without a paycheck or leaving a newly arrived child before they are ready.

Linda Cades—Kennedyville, Maryland

When my first baby was born, I was teaching at a university. He was born July 31; the semester began in mid-August, and I went back to work. I could have taken the semester off, but it would have been unpaid. I later worked for another college. Faculty could take a paid semester off. Staff, much lower paid employees, could take

paid time off but only by using any accumulated sick or vacation time. That might be as little as 2 weeks, forcing them back to work and saddling them with high childcare bills they could ill afford. People also need help caring for ill family members. When my Dad was diagnosed with lung cancer, my Mom was already well into a 15 year battle with Alzheimer's disease. She was too ill to care for him, so I took a leave of absence to see him through his treatment. I was lucky: I had about 4 months of accumulated sick/vacation leave and used all of it. After that, it would have been unpaid. Most of my colleagues would have had to take unpaid leave to help their families.

Sarah Richardson—Windsor Mill, Maryland

Even before I became a mother 2 months ago, I have seen the struggles of my friends and family as they tried to balance having a child, having the time to bond and take care of their children, and being able to make ends meet. I am a federal employee, with one of the best leave plans in the country, and I was only able to take two months of leave before I had to go back to work. Some of that is unpaid Family Medical Leave (FMLA) because even I did not have enough time in my leave bank to cover my doctors' appointments (I had a high risk pregnancy that required extra monitoring and recovery time), as well as time to spend with my child. The first few months of a child's life are critical for bonding with their parents. But we as a nation are making profits and money more important than families. Many of my friends who wanted to have children are putting it off or not having them because they can't afford the time to take off work. The cost to our wallets and our careers is making children a luxury item that many cannot afford. If we could get 6 months of paid leave for both mothers and fathers, it is making a sound investment in our families and our country's future.

Peter Cox—Boston, Massachusetts

This is a parents' issue, not a women's issue or a men's issue. In a modern America where equal rights and gender equity in the workplace count, paid parental leave is a huge, foundational policy choice. As working parents, we support paid parental leave for Moms and Dads!

Carrie Latourette—Grand Ledge, Michigan

At the time my children were born, I was fortunate to be employed by a company that offered paid family leave. All of us benefited from that arrangement. As a mom, I was able to focus on bonding with my babies. For many weeks, my children had their mother's undivided attention. When I returned to the workforce, my employer had my appreciation and loyalty. This should be everyone's story.

Mary Suagee-Beauduy—Cass Lake, Minnesota

I was able to stay home with my two children when they were born. I breastfed them both to give them a lifetime of good health. Bonding between parents and their infants is well documented and sets the stage for well-adjusted and productive human beings. Every citizen should be able to start life with these benefits. I support family leave for everyone. This needs to be a national policy.

Cecelia Mackenzie—Myrtle, Mississippi

One thing the United States of America has seemed to lost is the focus on and importance of families. I believe in families with all my heart and that they should be made a priority if we are to ever become "great again." I hope Congress will consider hearing real people to know that this is a real problem for many of them. You have been tasked with making choices that are best for our country, and the best way to do that is to have all the facts and see exactly how it affects people, for both good and bad.

Natasha Hopkins—Missouri

For decades, American workers have sustained a record of increased productivity in spite of decreased benefits; scant, stagnant or reduced wages; and, insufficient appreciation for their contributions to the operational success, repute and prosperity of respective enterprises. At the very least, a comprehensive paid family leave policy would ensure the provision of quality, dignified care for the infirm when needed; preserve strong familial bonds, peace of mind and a measure of financial stability; and, secure a more robust work force with shared affinities.

J. Esposito—Sparks, Nevada

My daughter had to move back in with my husband and I because there wasn't paid family leave available to her after the birth of her son. My daughter-in-law had to return to work five weeks after the birth of her baby because she couldn't afford to take even one more day off of work or she would lose her home. It shouldn't have

to be a choice between keeping a roof over your head (your own roof, not your parents' roof) and having a child. It should not cause food insecurity or homelessness, but unfortunately in this country it causes both. We are the only first-world country which doesn't offer paid family leave, and it's absurd.

Taryn Clayton—Phillipsburg, New Jersey

It's heartbreaking to leave a 6 week old baby and go back to work because you can't afford to go without a paycheck.

Carol Carlson—Summerfield, North Carolina

We need to value families in the work force and their need to care for children and older members of their families.

Yulia Mikhailove—Socorro, New Mexico

This is one of the few non-partisan, common-sense issues. How can one NOT support family leave? I cannot think of single possible argument against it. I was fortunate enough to be able to stay home when my kids were babies, because my husband earned enough to support us all and had an insurance through his work, but for many new parents this is not an option.

Linda McCoy—Edmond, Oklahoma

I have spent several years taking care of my elderly parents. Every time I had to leave work or miss work all together, my pay was docked. They didn't need me at home all the time, but when they did need me I had to leave. This put a severe financial hardship on me. After my dad passed, Mom was fine, until she started falling. It finally got to the point I had to stop working outside the home so I could care for her. She now pays me what I was making working an intermediate hours job to care for her 24/7. There isn't enough money to hire help. . . . Had I had paid family leave, I wouldn't be in the bind we're in now.

Laura Bahar—Cincinnati, Ohio

[Paid Family Leave] matters to me because I'm expecting twins at the end of the year and I need time to bond with my babies.

Carol Nowlin—Columbus, Ohio

I had an emergency C-section and was in no condition to return to work. I had to fight to get 8 weeks of absence and financial necessity was a driving factor in my quick return. Paid family leave would tell parents they are valued workers too.

Ashley Thurston—Galion, Ohio

In America today, a family NEEDS two incomes to survive. I'm a working mother that has had to struggle though what should be one of the happiest times in our lives. Then struggle after returning to work, just to catch up.

Ann Cleaver—Easton, Pennsylvania

I am pregnant with my second child. My husband and I have crushing school debt and I am unable to take a single sick or vacation day during my pregnancy to save them all to be able to afford to even take 6 weeks off to be with my newborn. I went to school to be a speech therapist and help others and don't even deserve paid leave? It outrages me I have to use vacation and holidays and god forbid not get sick while pregnant not to go into credit card debt and borrow money to afford bills while recovering from giving birth. We need to learn from other developed nations and provide this basic right!

Sherri D'Orio—Pittsburgh, Pennsylvania

Anyone who has gone through the first weeks of a baby's life would understand how important it is.

James Langenhahn—Pittsburgh, Pennsylvania

Family leave is crucial to families in crisis.

Theo Giesy—Gloucester, Virginia

Just as every worker should have paid sick leave to take care of his/her illnesses, every worker should have paid time off to care for a dependent who is ill. Every new parent should have paid time off to bond with the new addition to the family. Caring for loved ones is an important part of being human. No one should have to choose between caring for loved ones and supporting them.

Tiara Leonard—Alexandria, Virginia

Paid family leave provides time for parents to bond with their new children. This bonding time during early childhood translates to strong sense of self for all those

involved. A life with purpose translates to positive impacts in communities. Positive impacts yield a fruitful nation.

Christa Sharpe—Alexandria, Virginia

Giving mothers protected time home with their newborns leads to fewer cases of SIDS, higher levels of child attachment and security (which gives long term social and personal health benefits as the child ages!) and creates a culture that values children, breastfeeding, and the biological, neurological and social benefits that are gained from mother-child time together. This would 100% set every child in the US on the right path of health, safety, attachment and security . . . and allow new mothers the time to heal, connect with their child, and reduce their rates of depression, anxiety and isolation post-birth! This WILL lead to a healthier and more productive, peaceful nation. Don't just let wealthy, privileged moms who work at the most progressive companies have this benefit. ALL children and ALL moms deserve this, and it's what's best for our nation. Please get on board with research and preventative care—and protect the need for ALL mothers to recover from birth and nurture

Jess Svabernik—Gig Harbor, Washington

Paid family leave is not about providing money for parents, but about providing parents in their first and most fragile moments. I'm a mom, and I think its so important to think about our kids, and what they need. I support strong federal policy on paid family leave because when we leave it up to employers to provide this critical benefit, so many lower-wage working people get less leave, or none at all. Just because your parent makes a lower wage, you shouldn't get less time with your parents when you're at your most fragile.

KATHRYN ZEANAH, PH.D., LP, NCSP AND
SUSAN BORCHERS ZEANAH, M.ED.

July 11, 2018

U.S. Senate
Committee on Finance
Dirksen Senate Office Bldg.
Washington, DC 20510–6200

Chairman Cassidy, Ranking Member Brown, and Members of the Subcommittee:

In October 2017, our family was blessed with the addition of our second child. We were overjoyed and wanted nothing more than to immerse ourselves in getting to know this new little being who filled us all with so much love. And while we did do that, we also had to field phone calls from the HR department at my work so that they could know exactly what day my daughter was born and could calculate exactly how much unpaid time I was going to be taking. I work as a school psychologist, and in the district where I work, there is an incredibly complicated matrix with all kinds of stipulations and caveats about how much time a person can take off after they have a child, but you only get paid time if you have enough sick time saved up to cover it. And even then, you're only allowed to take 6 (!) weeks, even if you have more time saved.

My wife and I carefully calculated, planned, and budgeted for the amount of time that we anticipated I would have to take as unpaid. Then, shortly after my daughter was born, we learned that we had misinterpreted the guideline and miscalculated the amount of time. Now, instead of taking 2 weeks unpaid, I would be forced to take an entire month unpaid or return to work when my daughter was only 6 weeks old and my body was not fully healed. We were forced to use some of our savings to cover the unanticipated unpaid time. Fortunately, we had a little bit of money in our savings to be able to do this so that my body could heal and my daughter could stay home for a few extra weeks. But not without sacrifice, as we had to use money that otherwise would have been put toward our children's future college tuition or perhaps our own retirement fund.

It is unacceptable that our country has yet to recognize the importance of providing families with paid time off to care for their loved ones. And now, some of your colleagues have introduced a bill that would force families to take from Social Security now in order to take paid time off, but leaving them in dire straits when they actually get to the point that they will need to use social security. Speaking as someone

who has already had to dip into savings in order to cover expenses now, this is incredibly short sighted and unacceptable.

I hope you will continue to fight for what is truly best for our families, by supporting and co-sponsoring the FAMILY Act (S. 337), which would create a strong, inclusive paid family and medical leave program that does not raid Social Security.

Thank you for your time.

Sincerely,
Kathryn Zeanah, Ph.D., LP, NCSP, and
Susan Borchers Zeanah, M.Ed.

LEVI STRAUSS & COMPANY

July 20, 2018

The Honorable Orrin Hatch
Chairman
U.S. Senate
Committee on Finance
Washington, DC 20510

The Honorable Bill Cassidy
Chairman
U.S. Senate
Subcommittee on Social Security,
Pensions, and Family Policy
Washington, DC 20510

The Honorable Ron Wyden
Ranking Member
U.S. Senate
Committee on Finance
Washington, DC 20510

The Honorable Sherrod Brown
Ranking Member
U.S. Senate
Subcommittee on Social Security,
Pensions, and Family Policy
Washington, DC 20510

Dear Senators Hatch, Wyden, Cassidy, and Brown:

On July 11, 2018, the Senate Finance Subcommittee on Social Security, Pensions, and Family Policy held a valuable hearing titled “Examining the Importance of Paid Family Leave for American Working Families” that reviewed the merits of different proposals to expand access to paid family leave in America. I am writing to you today on behalf of Levi Strauss & Co. to express our support for S. 337, the Family and Medical Insurance Leave Act (“FAMILY Act”).

Founded over 160 years ago, Levi Strauss & Co. is today an iconic American company known the world over as the market-leader in denim jeans and casual pants. Our products are sold under the Levi’s®, Dockers®, Signature by Levi Strauss & Co.™, and Denizen™ brands. Headquartered in San Francisco, Levi Strauss & Co. employs a workforce of roughly 7,500 individuals in 41 states in a variety of roles including distribution, design, logistics, and retail.

At Levi Strauss & Co., our people make us who we are. This means creating an environment that enables our employees to be healthy, happy, and successful at home and at work. To further that mission, last year, Levi Strauss & Co. expanded our parental leave policy. We offer all LS&Co. hourly and salaried U.S. employees with 8 weeks of paid parental leave. Our policy covers mothers and fathers at the time of a child’s birth or adoption as well as the placement of a foster child in an employee’s care. This paid leave is in addition to existing short-term disability benefits for birth mothers. We know first-hand the importance of paid leave in our employees’ lives. Unfortunately, only 15 percent of workers in the United States have access to paid family leave through their employers, and fewer than 40 percent have access to personal medical leave through employer-provided short-term disability insurance. It is time for all workers in the United States to have the same support that we offer our employees.

The FAMILY Act will create an affordable, sustainable, and national paid family and medical leave program. Under the bill, two-thirds of an employee’s wages are guaranteed up to a cap for 60 work days in a year in order to care for a new child, an employee’s own serious health issues, including pregnancy, or for a family member’s serious health issues. The program is responsibly funded through a small payroll contribution from employers and employees—just two tenths of 1 percent each. With this structure, the FAMILY Act can provide critical support to all of America’s families just when they need it most.

Levi Strauss & Co. supports the FAMILY Act¹ because access to paid family and medical leave is both the right and the smart thing to do for businesses, workers, and families. Research from companies and states that already offer paid leave shows that it reduces employee turnover and improves employee loyalty, lowering re-training costs for private companies. Studies also demonstrate that paid leave provides income stability for workers, improves newborn health outcomes, and ensures parents have quality bonding time with a new child. And, for companies like us, the FAMILY Act would help level the playing field by ensuring that all workers have a baseline of paid leave. It is time for the U.S. to adopt a comprehensive national paid family and medical leave policy like the FAMILY Act.

Thank you for holding this important hearing, and I look forward to working with you to expand access to paid family leave in the United States.

Thank you,

Anna Walker
Senior Director, Global Policy and Advocacy

Cc: Senator Kirsten Gillibrand
Senator Joni Ernst

PREPARED STATEMENT OF HON. BILL CASSIDY,
A U.S. SENATOR FROM LOUISIANA

Working families are at the core of our social fabric and economic success. American workers increasingly feel good about their prospects—a recent poll shows economic optimism at a 13-year high. Yet some families have been left behind. For nearly a decade, wages and growth were stagnant. Health care and education costs skyrocketed. American families expect more.

Over the past 2 years, I have worked to help families get more money in their pocketbooks and better benefits to navigate the ebbs and flows of life. Many families in my home State of Louisiana are seeing last year's tax cut reflected in their paychecks, and I continue to work on lowering health care costs for families. To consider another thing which may help, today we will examine a paid leave benefit for working families.

A 2017 Pew poll shows overwhelming majorities of Americans support paid sick leave and paid maternity leave. Paternity leave and family leave also have strong public support. Yet views on the structure and funding of a paid leave program vary.

By way of background, the Family and Medical Leave Act of 1993 provides most U.S. workers with up to 12 weeks of job-protected leave to care for a new child or to address an illness. However, it does not cover all workers—such as some small business and part-time employees. And, the guarantee is for *unpaid leave*. Many workers can't afford to take time off.

Most employees receive some type of paid time off—for holidays, vacation, or illness. Yet the Pew study indicates fewer workers have access to defined paid family leave versus other types of leave. And paid family leave is rare in low-income households.

There are several reasons to support paid leave for workers. I will mention three:

1. *Improving health outcomes.* As a doctor, I am concerned about infant and maternal health. At 6 per 1,000 live births, infant mortality is higher in the United States than in 25 of 28 other developed countries. A recent study reports that if a new mother takes paid leave, readmittance rates for her and her infant decrease by 50 percent. (February 2018, *Maternal and Child Health Journal*.)
2. *Helping families manage work and home responsibilities,* particularly for lower-income workers. Pew reports, among individuals taking family or medical leave, only 38 percent in families with income less than \$30,000 received any pay. For families with higher incomes, the figure is 74 percent.

¹ <https://www.levistrauss.com/2016/12/12/levi-strauss-co-expands-parental-leave-for-u-s-employees/>.

3. *Creating incentives to stay in the workforce, which supports productivity and economic growth.* Long-run economic growth is a function of workforce participation and labor productivity. With an aging population, it is essential that our workforce remains strong.

2012 Rutgers study—women who work 20+ hours per week before childbirth and who take paid leave afterward—they are 93 percent more likely to be working 9 months postpartum, versus a woman who doesn't take leave.

AEI-Brookings study—work hours for mothers who took paid leave were 10–17 percent higher than before paid leave was instituted.

With last year's tax cuts bill, we see workers getting some help. First, the bill included a 2-year pilot program authored by Senators Fischer and King: a tax credit to employers who offer low- and moderate-income employees at least 2 weeks of paid leave. Numerous companies announced new or expanded paid leave programs after the tax bill—including Starbucks, Walmart, and Lowe's.

As we will see today, there is bipartisan interest in expanding paid maternal, family, and medical leave. I am pleased to convene this initial conversation—to consider policy options and trade-offs.

Preserving the retirement benefits promised to American workers is paramount. Any proposal that relies on Social Security cannot weaken Social Security. The 2018 Trustees Report projects that Social Security will go bankrupt by 2034, and that in order to close the shortfall, benefits *today* would have to be cut by 17 percent for all beneficiaries, *including those already collecting*. I am committed to addressing this looming crisis, because we cannot let that happen. Doing nothing is not an option.

Another Social Security priority is the Windfall Elimination Provision, which impacts many civil servants. Although not directly related to today's topic, WEP must be included in the discussion of preserving Social Security benefits.

Again, I'm pleased to convene these panels of experts to consider policies that help working families, and create incentives for Americans to stay in the workforce and help build the greatest economy in the world.

PREPARED STATEMENT OF HON. JONI ERNST,
A U.S. SENATOR FROM IOWA

Chairman Cassidy, Ranking Member Brown, and members of the subcommittee, thank you for inviting me to testify before you today. I also want to thank my dear friend and colleague, Senator Gillibrand, for being an important voice in this discussion.

The issue of paid leave is incredibly important. Millions of mothers, fathers, grandparents, and families across the country struggle with the realities of childbirth and infant care while also working hard to put food on the table and raise strong and healthy families. It is long overdue that Congress not just have a conversation on these matters but get serious about a path forward.

As a mother myself, I know that being a parent is never an easy task. Additionally, throughout my career, I have worked with and heard from numerous working parents, including those on my own staff, who have struggled to navigate the challenges of balancing work with the need to provide safe and supportive care for their new babies. Some are fortunate enough to have paid benefits provided by their employers. However, many families in America do not have this luxury.

To illustrate just how difficult it is for working moms and dads, I want to share the story of a constituent named Jessica. Jessica is the epitome of what it means to be an Iowan. She's been working since she was sixteen and done everything from working at a call center, to waitressing, which is her current position.

Jessica is also married and she and her husband are the proud parents of two young boys. They work day in and day out to provide for their growing family. Along the way it hasn't been easy. Money, at times, has been tight and both Jessica and her husband had to decide between working and meeting rent and taking time to care for their newborn.

Common sense tells us that it's important for parents to spend time with their newborn. The bond that is formed when parents first lay eyes on their child only becomes stronger the longer they spend together.

A recent study by the *International Journal of Child Care and Education Policy* found the amount of time that new parents spend around their newborn has a direct influence on the quality of mother-child interactions as well as childhood and adolescent outcomes.¹

Paid family leave policies have been shown to increase breastfeeding rates² and are associated with better infant health outcomes as well as decreased rates of low birth weight and infant mortality.³

When Jessica had her son Karter, she was only able to take two weeks off before returning to work. This is despite the fact that she had a C-section which made it difficult and painful for her to work in the first few weeks after delivery.

She would go to work in the morning but when her lunch break came she would go to the bathroom, pump milk, and then run home to give it to her husband. All within an hour. Her husband works nights so when Jessica returned home at the end of the day she only had a few precious hours to spend with Karter and her husband before he had to go to work. Jessica is expecting her third child and is due in December. She is unsure how much time she and her husband will be able to take off. Jessica's experience is a similar story in households around the country. As a Nation, we can do better for our families.

President Trump highlighted paid leave during his State of the Union address and his administration was the first to budget for a national paid leave program. Through the leadership of Ivanka Trump, the administration has worked closely to develop a dialogue with Congress. I'm glad to see that members of the House and Senate and from both sides of the aisle are paying attention to this issue, recognizing that moms and dads across the country are trying to figure out how to ensure their babies are well cared for and nurtured in those precious first few weeks of life.

By paying attention to these needs, we are also recognizing the important economic contribution of these families who give so much to our communities. Our policies should reflect the evolving needs of this workforce and reduce barriers that pose challenges to parents balancing families and work.

As a conservative, I want to craft paid leave policy that can not only attract consensus, but is viable for families, employers, and the economy, recognizing that working parents by definition are an essential part of many businesses. Few businesses can afford more taxes or more cuts to their bottom line. So we have to find a solution that doesn't make our economy worse off or decrease the jobs available to working parents.

I feel it is important to target a paid leave benefit to individuals who don't have access to these benefits such as the two-thirds of low-income families that don't have paid leave. These families are also more likely to work on an hourly basis where if they do not work, they do not get paid—they don't enjoy sick leave or vacation or other forms of leave that can help bridge the gap.

For the past few months, I have been working with Senators Marco Rubio and Mike Lee on the issue of paid leave. We have been exploring how new parents could elect to receive a paid leave benefit through Social Security. In return for receiving these benefits, participants would defer the collection of their Social Security benefits upon retirement. We are still working through the complexities but I am hopeful we can craft a policy that will benefit families who need paid leave the most.

Thank you again, Chairman Cassidy and Ranking Member Brown, for holding this hearing today. I look forward to working with you on the important issue of paid leave.

Helping families is an issue we can all agree on and I hope that we can have a productive dialogue on how Congress can best help them.

PREPARED STATEMENT OF HON. KIRSTEN E. GILLIBRAND,
A U.S. SENATOR FROM NEW YORK

Thank you, Chairman Cassidy and Ranking Member Brown, for holding this very important hearing today.

¹ <https://link.springer.com/article/10.1186/s40723-018-0041-6#Sec19>.

² <https://www.ncbi.nlm.nih.gov/pubmed/26991788>.

³ <http://www.mdpi.com/2227-9032/4/2/30/html>.

Here's the truth: at some point, every one of us is going to have a situation where we just need to take some time to be with our families and take care of them.

It might be a medical emergency—maybe your spouse is diagnosed with cancer—or maybe you suddenly need to care for an aging parent who's been diagnosed with Alzheimer's, or maybe you're starting a new family and just had a baby.

Whatever the case, no working American should ever have to choose between their family and their paycheck.

But if you don't have paid leave, then that's exactly the choice you have to make. And this is especially true if you are working a low-wage job.

And that's unfortunately what millions of Americans have to deal with every time there's a family emergency.

Right now, 85 percent of all American workers don't have access to paid family and medical leave.

And lower-income workers are even less likely to have it.

We are the only industrialized country in the world that doesn't guarantee some form of paid leave to workers.

Recent reports have shown that this costs families \$20 billion a year.

And it also creates a sticky floor, where too many women get stuck in low-wage jobs with no way to advance, every time they come back from taking paid leave.

So Congress desperately needs to catch up. We need a national paid leave program now.

The good news is that both parties recognize this problem.

Individual States are taking the lead, all over the country, with many bipartisan State laws.

And I'm grateful that my Republican colleagues are committed to supporting a national paid leave program that's based on a social insurance model.

But I urge them to support the comprehensive and fiscally responsible FAMILY Act.

Here's why. First, the FAMILY Act is an earned benefit. It stays with you throughout your life, wherever you work, wherever you live.

Second, the FAMILY Act is affordable, especially compared to the cost of inaction. It only costs as much as a cup of coffee per week, and it provides 66 percent of your wages, which is very important for low-wage workers.

Third, the FAMILY Act covers all workers, including part-time workers, for any event a family might face. Three out of four people who take unpaid FMLA leave, take it for reasons other than the birth of a new child. The FAMILY Act covers birth and adoption, taking care of an older family member, or addressing one's own personal medical needs.

Fourth, the FAMILY Act levels the playing field for small businesses, so they can actually compete for talent with the Googles and Facebooks of the world. That's why it has been endorsed by small business groups.

It has also been endorsed by many larger business, many of which provide leave. They know that paid leave is good for profit, it's good for employee retention, it's good for productivity, and it's good for morale.

And finally, the FAMILY Act does not create the false choice between covering someone during a medical emergency today and cutting their social security retirement benefits later.

It doesn't take money from the social security trust fund, which would harm the current and future financial security of our seniors.

People can and should be able to have paid leave while they're working and a safe and secure retirement later on.

This is a good bill that's been endorsed by a coalition that includes Fortune 500 companies and small business. It's good for workers, it's good for businesses, and it's good for the country.

I urge my colleagues to support the FAMILY Act, and I encourage this committee to continue paying attention to this important issue.

Thank you.

PREPARED STATEMENT OF CAROLYN O'BOYLE,
MANAGING DIRECTOR, DELOITTE SERVICES LP

Chairman Cassidy, Ranking Member Brown, other members of the subcommittee, good afternoon. Thank you for inviting me to testify at this hearing on the importance of paid family leave for American families. I appreciate the subcommittee's attention to such an important issue, as well as the opportunity to share with you Deloitte's experiences with implementing our own industry-leading Paid Family Leave Program.

My name is Carolyn O'Boyle. I am a Managing Director in Deloitte's Talent organization, serving as the Chief Operating Officer and the leader of the Talent Strategy and Innovation team. I have worked at Deloitte for 17 years, in both our Consulting practice and Talent organization, and in that latter capacity have had the privilege of working to enhance employee engagement by developing innovative experiences, processes, and policies for our people. And family leave is not just an abstract program for me, since I took advantage of our program when I had my son, Jack.

To understand why we created an inclusive and flexible family leave program, let me briefly share with you more about our organization and our workforce. In the Deloitte U.S. firm, we employ over 90,000 professionals working across 20 industry sectors. Our people provide industry-leading audit & assurance, consulting, tax, risk and financial advisory services to clients.

Our people are our primary and greatest asset and, as such, their well-being is critical to our success. At Deloitte, we are committed to fostering what we call a "culture of courage"—one in which our strategy and investments best support the needs of our people. We care about them and want them to be successful in both their professional and personal lives. We do this by creating an inclusive culture where everyone can feel valued and by giving them the support to focus on their unique needs.

Recognizing that our professionals have unique needs throughout their lives and careers, we are continually scanning the market—and surveying our people—to make sure our benefits are competitive and impactful. In 2015, we conducted a marketplace pulse survey on parental leave and found that 88 percent of the respondents would value a broader paid leave policy to include family care beyond parental leave. This, in addition to our focus on innovating our well-being related offerings, prompted our CEO, Cathy Engelbert, and her leadership team to address shifting caregiving dynamics and emerging flexibility needs.

Previously, parental leave at Deloitte provided up to 8 weeks of paid leave to eligible professionals welcoming a new child through birth or adoption as a primary caregiver or 3 weeks as a non-primary caregiver. However, with a workforce spanning 5 generations and the changing nature of caregiving in the U.S. today, we recognized that both men and women of all generations face challenges in supporting the well-being of their families. These challenges can manifest themselves in multiple forms, from lost productivity, to employee disengagement, to higher turnover. At Deloitte, we had observed that turnover for employees was significantly higher in the year following a leave. We also understood the stress that our people faced from trying to manage through these situations. We recognized that if our people were able to balance their caregiving needs with their professional lives, they would be more productive and we would reduce turnover, and support the culture we aspire to have—one where our people feel supported and have the resources to manage their personal lives and work, while building a meaningful career.

As a result, in September 2016, we introduced our expanded and holistic Paid Family Leave Program, the first of its kind in professional services, distinguished by several characteristics.

First, the program recognizes that caregiving goes beyond that of welcoming a new child. The program provides up to 16 weeks of paid leave to eligible U.S. employees—male and female—to support a broader range of life events—from the arrival of a new child, to caring for a spouse or domestic partner, parent, child, or sibling with a serious health condition. Second, the expanded program recognizes

that both parents play an important role in caregiving and eliminates any disparity between primary and non-primary designations.

Our Paid Family Leave Program also provides our people with the flexibility to schedule the leave to meet the needs of their family. The 16 weeks can be taken all together or in any increments beyond the minimum of three days a week. Offering this kind of inclusive and flexible leave empowers our people to manage their work and personal lives to meet unique needs.

Before implementing the policy, we took an important step in our decision-making process by calculating and analyzing the costs and benefits of the new policy to our firm. First, we estimated the cost of replacement labor during a projected number of weeks needed to fill gaps for those on leave. Additionally, we considered the significant amount of benefits from leave programs that are qualitative in nature. We concluded the expanded Paid Family Leave Program would benefit our business and our future growth by helping us retain talent, reduce absenteeism, and positively impact employee engagement and productivity. What we did not expect, was the overwhelming response of gratefulness from our employees who simply appreciated the peace of mind in knowing they had the opportunity to take the time needed during life's challenging situations.

Since the policy's implementation, more than 5,000 Deloitte professionals have accessed the program, providing even greater insight into its benefits. We found our businesses were able to temporarily backfill many of the roles with other team members and our projected costs were significantly lower than we originally anticipated.

Our culture and team-based service delivery model allows us to flex when one of our professionals takes leave. We acknowledge, however, that there is no one-size-fits-all model that will work for all organizations. That said, we do believe caregiving programs like Deloitte's positively impact the broader economy. Statistics show that:

- Workers miss an average of 6.6 days of work per year tending to caregiving demands, costing the US economy approximately \$25 billion in lost productivity annually. (Gallup)
- And, when workers are forced to exit the labor force to address caregiving needs, they lose income (an average of \$324,000 in lifetime wages) and Social Security benefits. (Metlife)

The impact that this program had on our people was evident immediately, as seen in some of the responses that our CEO Cathy Engelbert received to the announcement:

- I don't have children but have aging parents and am very happy to see that included as an option for the future for me if needed. It means a lot.
- Specifically for me, as a gay man who anticipates growing a family through adoption, I am sincerely grateful to have the opportunity to have significant paid time off to bond with my child/children regardless of my gender, relationship status, birth/adoption of a child, etc.
- I actually cried when I read this. Thank you so very much for this new benefit. My siblings and I had to put our dad in assisted living last February. Prior to his admission, many hours were spent in emergency rooms, going to doctor's appointments and comforting my mom, who was also unwell.

Since its inception, Deloitte's Paid Family Leave Program has impacted the lives of thousands of professionals and their families. Like many of our professionals, Marcia falls into the "sandwich generation," providing care for her aging mother and her son. Marcia requested paid family leave when her 17-year-old son Noah needed more intensive treatment for symptoms arising from his Asperger's syndrome and her elderly mother fell and broke her pelvis at the same time. As Marcia noted, "I was grateful to Deloitte for giving me the opportunity to support Noah through this program. Honestly, I don't know what I would have done if I didn't have access to the Paid Family Leave Program. It would have been incredibly stressful. If I'd tried to keep working through all that was going on, my clients wouldn't have had the best of me, that's for sure."

We also are seeing greater participation from men in the program. Our CEO received a thank you note from an employee, who wanted Cathy to know that because he was able to stay home for 16 weeks with their child, his wife was able to return to her medical practice:

- My wife is currently pregnant, and has a demanding medical career. Asia will only be able to take a few weeks off after our baby girl is born, and we were worried about having enough time at home with our new baby before having to send her to daycare. The new Paid Family Leave Program is going to give me the opportunity to spend a great amount of quality time at home with our new baby. We are all so happy that we have been afforded this opportunity and it is going to make a meaningful impact in our family life.

Similarly, one of our professionals told Cathy about his son who has autism. This dad was challenged with managing his demanding work schedule:

- [When] I told you the story of my son who has autism and the challenges of balancing my commitment to client service with the need to take the time to fully implement his learning program at a critical time in his development, your recommendation was to be bold and lead by example to take the time to use the program if it suited me. I wanted to inform you that I have taken your advice. I have had good, supportive conversations with my leaders . . . and good conversations with the client leads who were equally supportive of my needs. The Deloitte team has rallied around me to make sure I can truly disconnect for the short time I am going to be taking. I wanted to specifically thank you for your guidance, because I am sure I would not have had the courage to do this on my own.

About a month before Deloitte announced the expanded Paid Family Leave Program, managing director David's wife Theresa was diagnosed with Stage 4 lung cancer. David and Theresa realized their time was limited. David doesn't know what they would have done without the leave. Theresa needed full-time care, but they had just moved 1,200 miles away from home—the diagnosis came through the day after they sold their home in Washington State and moved to San Diego. "We had no one nearby," he says. "Having the leave gave me more time to investigate and arrange support options available through the community and hospitals. And it gave me the freedom to be there for my wife, take her to appointments, and when she was in the hospital, to stay by her side the entire time."

As these stories illustrate, this expanded leave program has had a profound impact on our people, and the realized benefits have far outstripped concerns about operational disruption from expanded leave. We have observed several interesting outcomes. First, for professionals taking advantage of the program for parental leave, women are taking slightly longer leaves than previously. For men, we are seeing both an uptick in participation and an increase in leave duration, but we have received feedback that our program positively contributes to the careers of women who don't work for us because we offer it for men as well. This reinforces the research on changing societal/generational norms that suggested men were looking for more partnership in early childcare. This outcome also supports broader inclusion goals that we have as an organization—since making it more acceptable and conducive for men to take time off removes a hurdle to women advancing into leadership roles. Second, the participation rate for caregiver leave has remained relatively stable since this program was introduced, suggesting there is a stable group of employees facing these challenges at any point. Having the program in place allows us to more effectively plan and manage our workforce. Finally, as the participation numbers—and personal stories—suggest, implementing the new program was only one component of our success. Equally important has been a culture that empowers our people to take advantage of this benefit. Through strong leadership support, frequent public storytelling and role modeling behavior, our people have felt comfortable taking leave, secure in the belief that they would be supported and not face negative repercussions.

Every day our professionals are helping our clients solve their greatest challenges and making a positive impact in their communities. Our leaders understand that if we want our people to grow and develop in their careers, and provide our clients with exceptional service, we need to support them in all facets of their lives. To put it simply, we do not want our people to leave the workforce due to caregiving needs at home. It's our responsibility and commitment as an organization to our people to ensure that they don't have to make that choice between family and career.

Thank you again, Chairman Cassidy and Ranking Member Brown, for providing me with this opportunity to share information with the subcommittee about Deloitte's Paid Family Leave Program. I look forward to answering any questions you or the other members may have about it at this time.

QUESTIONS SUBMITTED FOR THE RECORD TO CAROLYN O'BOYLE

QUESTIONS SUBMITTED BY HON. MICHAEL F. BENNET

Question. From your testimony, it seems your new Paid Leave Program has had remarkable benefits for employees, but you've also cited several benefits for the firm: increased retention, reduced absenteeism, and improved engagement and productivity.

Ms. O'Boyle, what do you think the impact of a national paid leave program would be on our economy and economic growth, from the company's point of view?

Answer. In our experience, Deloitte's Paid Family Leave Program has been extremely beneficial—reducing turnover and increasing employee engagement. We acknowledge that there is no one-size-fits-all model that will work for all organizations. That said, we do believe caregiving programs like Deloitte's could positively impact the broader economy in these same ways.

Question. You've mentioned that culture was equally important in empowering people to take advantage of your program. Could a national paid leave program be successful if it depends so much on each company's individual culture?

Answer. Culture has been important in helping our professionals feel comfortable and empowered to take advantage of this program. Making a national paid leave program a benefit for all could provide a sense of that empowerment outside of any one company's culture.

Question. Deloitte has operations in several States that have their own paid family leave programs, including recent legislation that was just passed in Massachusetts.

Answer. To the extent a Deloitte employee may be eligible for both Deloitte's Paid Family Leave Program and a State family leave or wage replacement program, the employee would apply for both programs and the benefits would be coordinated. Specifically, Deloitte would offset any Paid Family Leave benefits it pays to the employee by the amount of the State benefit for which the employee is eligible so that the employee receives no more than 100 percent of his/her salary.

Question. In your testimony, you mentioned that men are now participating more and taking longer leaves. You said that making it more acceptable and conducive for men to take time off was removing a hurdle for women to advance into leadership roles. You even mentioned that higher participation by men was positively contributing to the careers of women who don't work at the firm.

Could you describe how paid family leave can lead to better gender parity in the workplace?

Answer. Well-intended, traditional leave programs that provide a disproportionate amount of time off for women versus men may unintentionally be perpetuating or reinforcing stereotypes around "traditional" gender and family roles. However, today's workforce is dramatically different, with an increasingly wide range of non-traditional family structures in place, including single-parent households, dual-income parents, female breadwinners, and a multi-generational workforce—each of whom face their own set of unique challenges in supporting the well-being needs of their families. As such, by acknowledging that caregiving needs are ultimately gender-neutral, paid family leave could break down some of the historical gender barriers and reduce gender-based biases, leading to greater parity in the workplace.

Question. How important is it for men and women to receive the same amount of time off for things like a new baby?

Answer. Given the changing nature of caregiving in the U.S. today, we believe that both men and women of all generations face challenges in supporting the well-being needs of their families. We do not believe these needs are gender-specific—rather, they are unique to each individual and family—and, as such, it's important that the amount of time off is also consistent.

Question. In addition to parental leave, your policy also allows paid leave for things like caring for a spouse or parent. Some proponents argue this improves the gender parity of paid leave and the workplace. What have you seen at Deloitte?

Answer. At Deloitte, we realized that our people—both men and women, across generations—face challenges in supporting the unique well-being needs of their families, brought on by a number of factors including the presence of many generations in the workforce, the changing nature of caregiving in the U.S., and shifting societal

norms. Our Paid Family Leave Program “levels the playing field” in the eyes of our people by acknowledging that the role of caregiver wears no gender or generational label, thereby reducing stereotypes and promoting parity across gender and generations.

QUESTION SUBMITTED BY HON. TIM SCOTT

Question. There is a growing consensus on Capitol Hill that recognizes the need to promote a Federal paid leave policy that empowers employees who are also new parents, caregivers, and even chronically ill. There is also an increasingly large number of employers who have instituted their own paid leave policies, indicating that job creators are recognizing the need and desire for such a benefit. Just like individuals confront a host of life events that are unique to themselves and their families, not all employers or industries are the same. A mandatory Federal paid leave policy applied to all industries may be detrimental to definite-term, project-specific industries due to their different work conditions and performance demands. Construction jobsites, for example, employ multiple contractors who work consecutively on time-sensitive projects where both employers and employees have agreed to contracts that cover pay and benefits, including family leave.

As we continue to consider various national paid leave program proposals, what considerations should be made to accommodate and complement the unique needs of various and distinct industries? Specifically, could you provide a more detailed description of the provisions for effective, productive coverage for workers and employers in definite-term, multi-employer performance settings?

Answer. We acknowledge that there is no one-size-fits-all model that will work for all organizations. Our experiences have been influenced by the fact that we’re a professional services firm and our team-based service delivery model allows us to flex when one of our professionals takes leave. Any national legislative proposals would need to consider the diversity of business models in the economy.

PREPARED STATEMENT OF VICKI SHABO, VICE PRESIDENT FOR WORKPLACE POLICIES AND STRATEGIES, NATIONAL PARTNERSHIP FOR WOMEN AND FAMILIES

Good afternoon, Chairman Cassidy, Ranking Member Brown, and members of the committee. I am pleased to be here to discuss how the United States can adopt a paid family and medical leave program that addresses the needs of working people, families and businesses across the country.

My name is Vicki Shabo, and I am vice president for workplace policies and strategies at the National Partnership for Women and Families. The National Partnership is a nonprofit, nonpartisan advocacy organization based in Washington, DC. 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.

It is encouraging that our conversation today is premised on the notion that there is national economic value and a human investment imperative in creating a national paid leave program, and that using a social insurance model is the best way to go. I’m very hopeful that this general agreement signifies that national paid family and medical leave is now no longer a question of “if” or “why” but rather “when,” “what” and “how.” The details matter tremendously. Fortunately, research, experience and public opinion demonstrate clearly that the United States needs a comprehensive, inclusive, affordable, and sustainable national paid leave plan that does not leave anyone behind.

At the National Partnership, we have been working on this issue for decades. Since our founding in 1971 as the Women’s Legal Defense Fund, the National Partnership has fought for every major Federal policy advance that has helped women and families, including our leadership in passing the Nation’s unpaid leave law, the Family and Medical Leave Act (FMLA), 25 years ago. Today, we convene the National Work and Family Coalition, which includes hundreds of organizations nationwide fighting for a national paid family and medical leave plan and other policies to create a more family friendly and equitable economy and country.

A key part of our work to advance paid leave has involved helping to test policy solutions, and we have been honored and humbled to work with advocates and legislators in dozens of States and cities that have adopted paid family and medical leave and paid sick days laws that now cover approximately 41 million people. Just last month, we celebrated Massachusetts becoming the sixth State plus the District of Columbia to enact a comprehensive paid family and medical leave insurance program, and it did so with bipartisan support and the signature of a Republican governor. Massachusetts joins Washington State in demonstrating that strong, sustainable policies are achievable through real bipartisan partnerships and the engagement of large and small businesses, consumer groups, children’s advocates, medical professionals, and others.

These States set important examples as Congress considers how to make paid leave available for the more than 100 million working people—85 percent of the workforce—who do not have paid family leave at their jobs right now.¹ These are sons and daughters, mothers and fathers, husbands and wives who too often are forced to make heartbreaking choices involving work and financial stability, family responsibilities, and providing or receiving care. Lack of access to paid leave is particularly challenging for people who work in industries and occupations that pay low wages, for workers of color and for women, who continue to handle most caregiving for their families and suffer direct and indirect economic penalties that last into retirement. And it is not just these individuals and families who feel the effects of the country’s paid leave gaps, but businesses, social service providers, health systems, and our economy too.

America’s need for paid leave is well-established and clear—and need doesn’t distinguish by political party, or family type, or care need. No one should be kept from seeing their baby’s first smile, whether at home or in the NICU, and no one should be forced to miss the opportunity to help a parent—or God forbid, a child—get to cancer treatments, or hold the hand of a spouse as she recovers from a stroke or an injury sustained in military service.

Too often, conversations about paid leave focus exclusively on new moms and babies and—to be sure—the critical importance of parental leave for moms, dads, and kids is well-supported by health and economic research. But parental leave is not even half of what’s needed, and a poorly designed program that results in a cut in Social Security retirement benefits and siphons much-needed resources from existing Social Security obligations without providing new revenue for benefits and administration would grave harm.

In my testimony today, I will first talk about why the United States needs a comprehensive paid leave plan and present research and evidence that supports our vision of what a national paid leave plan should include. Right now, the only pending legislation that reflects that vision is the Family And Medical Insurance Leave (FAMILY) Act (S. 337/H.R. 947). I will also discuss our deep concerns about a plan proposed by the Independent Women’s Forum in which Senators Rubio, Ernst, and Lee have expressed interest. This plan has includes elements that are gravely concerning and would do more harm than good, including: (1) forcing unnecessary tradeoffs between paid leave and Social Security benefits, which will have devastating effects on the retirement security of women, low-wage workers, and people of color; (2) limiting guaranteed access to paid leave to parents of new children while excluding millions of others who need paid family or medical leave, which will lead to a double-hit for many older workers; and (3) setting benefits too low to make paid leave affordable for most people and, in the process, reinforcing rather than reducing gender bias. I look forward to this hearing today as the beginning of what I hope will be a robust bipartisan conversation that soon leads to a national paid leave solution.

I. A SHIFTING LANDSCAPE FOR FAMILIES: DEMOGRAPHIC AND LABOR FORCE TRENDS REQUIRE A COMPREHENSIVE NATIONAL PAID FAMILY AND MEDICAL LEAVE SOLUTION

Discussions about paid leave—here in Congress, at the State and local levels, in the private sector, among researchers, and in the media—are more vibrant than ever. The economic imperative for a national policy on paid leave is now part of conversations in both the Democratic and Republican parties and in boardrooms and breakrooms in unprecedented and very welcome ways. Conservative and progressive

¹U.S. Bureau of Labor Statistics. (2017, September). *National Compensation Survey: Employee Benefits in the United States, March 2017* (Table 32 and Appendix 2). Retrieved 2 July 2018, from <https://www.bls.gov/ncs/ews/benefits/2017/ebb10061.pdf>.

economists and politicians warn that the country is missing out on substantial economic activity—estimated at \$500 billion dollars by the U.S. Department of Labor—because women, in particular, are held back from participating in the workforce in equal shares as their peers in other high-wealth countries.² Families lose an estimated \$20.6 billion in wages each year due to inadequate or no paid leave.³ Employers bear high costs of turnover, ranging between 16 percent and more than 200 percent of a worker’s annual wages, when people leave their jobs⁴—which employees are about four times more likely to do when they do not have paid leave.⁵ And the human and fiscal costs of America’s paid leave crisis—measured in child and maternal health effects, nursing home utilization, long-term health costs and more—are vast. This is why child development experts,⁶ business and management experts,⁷ medical providers and experts in social work and gerontology⁸ have joined advocacy and small business organizations⁹ in telling Congress that it is past time to address America’s paid leave crisis with a comprehensive, national paid family and medical leave program.

A. *The Indisputable Need for Leave So Parents Can Care for Children—Not Just at Birth or Adoption But for the Long Haul*

Much of the national conversation about, and attention to, paid leave has focused on the needs of mothers and, increasingly, fathers to care for their newborn children. We absolutely know that parental leave—for all parents of new children, whether newborn, newly adopted or newly placed in a foster home—is important for families’ economic security, women’s workforce participation and earnings over time, child and maternal health, shared division of care within two-parent households, and family well-being.¹⁰ Parental leave also helps families maintain financial independence and reduce their use of public programs, such as Supplemental Nutrition

²U.S. Department of Labor. (2015, September). *The Cost of Doing Nothing: The Price We All Pay Without Paid Leave Policies to Support America’s 21st Century Working Families*. Retrieved 2 July 2018, from <https://www.dol.gov/wb/resources/cost-of-doing-nothing.pdf>; see also American Enterprise Institute and Brookings Institution. (2017, May). *Paid Family and Medical Leave: An Issue Whose Time Has Come*. Retrieved 2 July 2018, from https://www.brookings.edu/wp-content/uploads/2017/06/es_20170606_paidfamilyleave.pdf.

³Glynn, S.J., and Corley, D. (2016, September). *The Cost of Work-Family Policy Inaction: Quantifying the Costs Families Currently Face as a Result of Lacking U.S. Work-Family Policies*. Center for American Progress publication. Retrieved 2 July 2018, from <https://cdn.americanprogress.org/wp-content/uploads/2016/09/22060013/CostOfWorkFamilyPolicyInaction-report.pdf>.

⁴Boushey, H., and Glynn, S.J. (2012, November 16). *There Are Significant Business Costs to Replacing Employees*. Center for American Progress publication. Retrieved 2 July 2018, from <https://cdn.americanprogress.org/wp-content/uploads/2012/11/16084443/CostofTurnover0815.pdf>.

⁵Menasce Horowitz, J., Parker, K., and Graf, N. (2017, March 23). *Americans Widely Support Paid Family and Medical Leave, but Differ Over Specific Policies*. Pew Research Center publication. Retrieved 2 July 2018, from <http://www.pewsocialtrends.org/2017/03/23/americans-widely-support-paid-family-and-medical-leave-but-differ-over-specific-policies/> (unpublished calculation).

⁶Divecha, D., and Stern, R. (2015, February 10). “Give our children a strong start.” *The Hill*. Retrieved 2 July 2018, from <http://thehill.com/blogs/congress-blog/healthcare/232214-give-our-children-a-strong-start>.

⁷*Letter From Business School Faculty to Congress in Support of National Paid Leave and the FAMILY Act*. (2015, September 15). Retrieved 2 July 2018, from <http://worklife.wharton.upenn.edu/wp-content/uploads/2012/11/Final-Business-School-Professors-Letter-to-Congress-in-Support-of-the-FAMILY-Act-September-15-2015.pdf>.

⁸*Ageing and Social Work Experts’ Letter to Congress in Support of Strong National Paid Family and Medical Leave*. (2017, November 1). Retrieved 2 July 2018, from http://www.bc.edu/content/dam/files/research_sites/agingandwork/pdf/documents/Caregiving_letter_10_30_2017.pdf.

⁹*FAMILY Act Coalition Letter to Congress*. (2016, June 29). Retrieved 2 July 2018, from <http://www.nationalpartnership.org/research-library/work-family/coalition/family-act-coalition-letter.pdf>; National Partnership for Women and Families. (2017, February). *Organizations Endorsing the Family And Medical Insurance Leave (FAMILY) Act*. Retrieved 2 July 2018, from <http://www.nationalpartnership.org/research-library/work-family/coalition/family-act-reintroduction-coalition-quote-sheet.pdf>.

¹⁰ZERO TO THREE and National Partnership for Women and Families. (2017, January). *The Child Development Case for a National Paid Family and Medical Leave Program*. Retrieved 2 July 2018, from <http://www.nationalpartnership.org/research-library/work-family/paid-leave/the-child-development-case-for-a-national-paid-family-and-medical-leave-insurance-program.pdf>; American Academy of Pediatrics (2015, March 20). *Major Pediatric Associations Call for Congressional Action on Paid Leave*. Retrieved 3 July 2018, from <https://www.aap.org/en-us/about-the-aap/aap-press-room/pages/familyleaveact.aspx>.

Assistance Program (SNAP) or other public assistance.¹¹ Rather than pursuing draconian SNAP and Medicaid work requirements that punish people for experiencing poverty, we should look to paid leave as a policy that truly promotes a connection to work. With paid leave, women are more likely to return to work and to earn higher wages within the year after a child's birth, and both women and men are significantly less likely to use SNAP or other public programs in the year after a child's birth.¹² A national commitment to paid leave is a national commitment to increasing workforce attachment, labor force participation and financial independence.

Indeed, it is very encouraging that a growing number of lawmakers on both sides of the political aisle agree, at least in principle, that the United States needs a national approach to paid parental leave. But details matter tremendously—and a program that undermines social insurance protections without new revenue, fails to replace wages at rates that allow both lower-income and middle-income families to afford leave, and fails to provide employment security is not the approach we support or the country needs. I'll come back to those points in Section III below—but first I would like to address the evidence that demonstrates that a plan that provides leave only in connection with a child's birth or adoption isn't nearly enough.

Children's health needs do not end after the first few months of their lives. Children, especially those with disabilities and chronic health issues, may need care for months or years. When a child is critically ill—whether at birth or later—the presence of a parent shortens her or his hospital stay by 31 percent.¹³ Active parental involvement in a child's hospital care may head off future health care needs and reduce costs.¹⁴ But parents without paid leave risk their economic security and their child's well-being by providing care. And sometimes it's the *parent* of a young child who needs care themselves or must provide care for another family member—and the lack of paid leave in those situations can have serious, long term effects on household financial stability too.

A more comprehensive approach would best serve parents and kids. A 12-week unpaid leave sends millions of working families down deep financial rabbit holes, whereas a paid leave plan that provides even two-thirds' wage replacement for any FMLA reason during that time is estimated to reduce the percentage of families that face significant economic insecurity by a whopping 81 percent nationwide and by 82 percent in the States represented by the chair and ranking member of this subcommittee.¹⁵

B. The Urgent and Growing Need for Family Care Leave and Personal Medical Leave

Put simply, paid leave for new parents is necessary, but it is not a sufficient or complete response to the needs of working people and families. In fact, according to the most recent data commissioned by the U.S. Department of Labor, leaves taken for the birth or placement of a child account for about one-fifth (21 percent)

¹¹Houser, L., and Vartanian, T.P. (2012, January). *Pay Matters: The Positive Impacts of Paid Family Leave for Families, Businesses and the Public*. Rutgers, the State University of New Jersey Center for Women and Work publication. Retrieved 2 July 2018, from <http://www.nationalpartnership.org/research-library/work-family/other/pay-matters.pdf>; Houser, L., and Vartanian, T.P. (2012, April). *Policy Matters: Public Policy, Paid Leave for New Parents, and Economic Security for U.S. Workers*. Rutgers, the State University of New Jersey Center for Women and Work publication. Retrieved 2 July 2018, from http://go.nationalpartnership.org/site/DocServer/RutgersCWW_Policy_Matters_April2012.pdf; see also note 5.

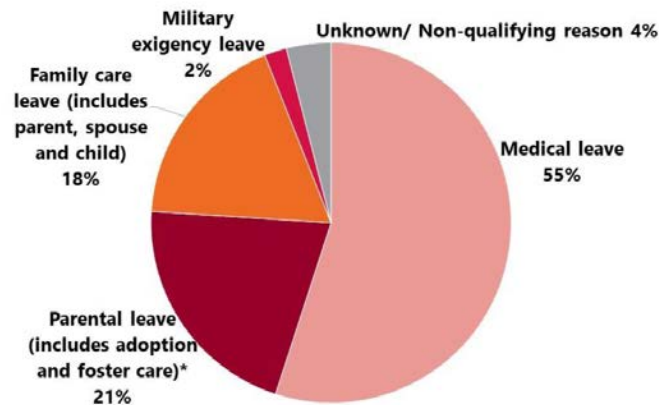
¹²Houser, L., and Vartanian, T.P. (2012, January). *Pay Matters: The Positive Impacts of Paid Family Leave for Families, Businesses and the Public*. Rutgers, the State University of New Jersey Center for Women and Work publication. Retrieved 2 July 2018, from <http://www.nationalpartnership.org/research-library/work-family/other/pay-matters.pdf>; Houser, L., and Vartanian, T.P. (2012, April). *Policy Matters: Public Policy, Paid Leave for New Parents, and Economic Security for U.S. Workers*. Rutgers, the State University of New Jersey Center for Women and Work publication. Retrieved 2 July 2018, from http://go.nationalpartnership.org/site/DocServer/RutgersCWW_Policy_Matters_April2012.pdf.

¹³Heymann, 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.

¹⁴Heymann, J., and 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.

¹⁵www.diversitydatakids.org. (2018). *Full-Year Working Adults Ages 21–64 Living in Families Estimated to be Below 200 Percent of the Federal Poverty Line After Wage Loss Due to 12 Weeks of Paid/Unpaid Family or Medical Leave (Share)*. Brandeis University, The Heller School, Institute for Child, Youth, and Family Policy publication. Retrieved 2 July 2018, from <http://www.diversitydatakids.org/data/ranking/670/full-year-working-adults-ages-21-64-living-in-families-estimated-to-be-below-200/#loct=2&cat=54,25&tf=21&ch=132,133,134> (unpublished calculation by the National Partnership for Women and Families).

of the 20 million leaves taken for FMLA purposes each year.¹⁶ In contrast, as shown in the pie chart below, approximately 75 percent of people take leave to care for a seriously ill, injured, elderly or disabled loved one, a serious personal injury, illness or disability, or to address the deployment or injury of a military service member in their family.¹⁷



Source: U.S. Department of Labor. (2012). *Family and Medical Leave in 2012: Technical Report*.
 *This survey includes pregnancy-related disability leave within the parental leave category, rather than in medical leave.

In States that have had temporary disability insurance (TDI) and paid family leave programs in place the longest, people who take paid medical leave through the States' TDI programs also account for a much larger share of claims than parental leave or family care leave.¹⁸

Health emergencies should not trigger financial emergencies—but too often they do because workers who cannot access paid leave either forgo leave altogether or face substantial financial challenges, leading them to dip into savings earmarked for

¹⁶ Klerman, J.A., Daley, K., and Pozniak, A. (2012, September 7). *Family and Medical Leave in 2012: Technical Report*. Abt Associates publication. Retrieved 2 July 2018, from <http://www.dol.gov/asp/evaluation/fmla/fmla2012.htm>.

¹⁷ *Ibid.*

¹⁸ Analysis of State temporary disability insurance and paid family leave insurance programs in California, New Jersey, and Rhode Island conducted by Dr. Sarah Jane Glynn for the National Partnership for Women and Families, January 2018, based on: State of California Employment Development Department. (2018, June 12). *Disability Insurance (DI)—Monthly Data*. Retrieved 2 July 2018, from <https://data.edd.ca.gov/Disability-Insurance/Disability-Insurance-DI-Monthly-Data/29jg-ip7e/data>; State of California Employment Development Department. (2018, June 12). *Paid Family Leave (PFL)—Monthly Data*. Retrieved 2 July 2018, from <https://data.edd.ca.gov/Disability-Insurance/Paid-Family-Leave-PFL-Monthly-Data/r95e-fvkm>; New Jersey Department of Labor and Workforce Development. (2016, October). *Temporary Disability Insurance Workload in 2015: Summary Report*. Retrieved 6 July 2018, from https://www.nj.gov/labor/forms_pdfs/tdi/TDI%20Report%20for%202015.pdf; New Jersey Department of Labor and Workforce Development. (2016, October). *Family Leave Insurance Workload in 2015: Summary Report*. Retrieved 6 July 2018, from https://www.nj.gov/labor/forms_pdfs/tdi/FLI%20Summary%20Report%20for%202015.pdf; Rhode Island Department of Labor and Training. (2017). *TDI Annual Update: January–December 2016*. Retrieved 6 July 2018, from <http://www.dlt.ri.gov/lmi/pdf/tdi/2016.pdf>; Silver, B., Mederer, H., and Djurdjevic, E. (2016, April). *Launching the Rhode Island Temporary Caregiver Insurance Program (TCI): Employee Experiences One Year Later*. Retrieved 6 July 2018, from <http://www.dlt.ri.gov/tdi/pdf/RIPaidLeaveFinalRpt0416URI.pdf>.

another purpose, take on debt, put off paying bills or use public assistance programs.¹⁹

A white paper the National Partnership will release soon, co-authored by Dr. Sarah Jane Glynn, who is a fellow with the National Academy of Social Insurance and a member of the bipartisan Brookings–AEI Working Group on Paid Leave, shows that demand for family caregiving and personal medical leave will only continue to grow. This white paper builds on a report we released last year, *Our Aging, Caring Nation*, which shows that a parents-only paid leave plan would leave behind too many people in every State.²⁰ Louisiana’s population, for example, has one of the highest shares of family caregivers, with one-fifth of adults caring for family members with an illness or disability; a parental leave-only plan would do nothing to support them, enhance their families’ economic stability or address their care needs.²¹

Family caregiving is a major part of life for millions of working people. Today, 43.5 million people provide unpaid care to family members, and most family caregivers also have full-time, paying jobs.²² An estimated 36 million working age adults live with a family member with a disability.²³ And there is increasing stress on members of the sandwich generation, the portion of the workforce that is caring for both children and older adults.²⁴ Millennials (18- to 34-year-olds), whom policy-makers may incorrectly assume only need leave to care for a new child, actually need a much more comprehensive leave plan: Among the Nation’s 40+ million caregivers, one in four is a millennial, who is typically providing 20 or more hours of care to a family member with a serious health issue and working full-time.²⁵ In addition, the majority of military caregivers—and more than three-quarters of caregivers for post-9/11 wounded warriors—are also in the labor force.²⁶

Demographic trends point squarely to even more strain on people caring for elderly relatives in coming decades. In 2000, the median age in the United States was 35.3,²⁷ but as the Baby Boom generation continues to age, the median age is projected to rise to 41 by 2060; the size of the population 65 years or older is projected to be larger than the population under 18 by then.²⁸ These lopsided generational numbers don’t add up when it comes to care. The mismatch between the Baby Boom generation and the generations that have followed means that the number of potential family caregivers for each person age 80 and older will fall from about one in

¹⁹ Stepler, R. (2017, March 23). *Key takeaways on Americans’ views of and experiences with family and medical leave*. Pew Research Center publication. Retrieved 6 July 2018, from http://www.pewresearch.org/fact-tank/2017/03/23/key-takeaways-on-americans-views-of-and-experiences-with-family-and-medical-leave/ft_17-03-23_familyleave_takeaways_2/.

²⁰ National Partnership for Women and Families. (2017, June). *Our Aging, Caring Nation: Why a U.S. Paid Leave Plan Must Provide More Than Time to Care for New Children*. Retrieved 2 July 2018, from <http://www.nationalpartnership.org/research-library/work-family/paid-leave/our-aging-caring-nation-why-a-us-paid-leave-plan-must-provide-more-than-time-to-care-for-new-children.pdf>.

²¹ *Ibid.*

²² National Alliance for Caregiving. (2015, June). *Caregiving in the U.S. 2015*. National Alliance for Caregiving and AARP Public Policy Institute publication. Retrieved 2 July 2018, from <http://www.aarp.org/content/dam/aarp/ppi/2015/caregiving-in-the-united-states-2015-report-revised.pdf>.

²³ Grant, K., Sutcliffe, T.J., Dutta-Gupta, I., and Goldvale, C. (2017, October 1). *Security and Stability: Paid Family and Medical Leave and its Importance to People With Disabilities and Their Families*. Georgetown Center on Poverty and Inequality publication. Retrieved 2 July 2018, from http://www.georgetownpoverty.org/wp-content/uploads/2017/10/Georgetown_PFML-report-hi-res.pdf.

²⁴ Parker, K., and Patten, E. (2013, January). *The Sandwich Generation: Rising Financial Burdens for Middle-Aged Americans*. Pew Research Center Publication. Retrieved 9 July 2018, from <http://www.pewsocialtrends.org/2013/01/30/the-sandwich-generation/>; Institute for Women’s Policy Research, and IMPAQ International. (2017, January 19). *Family and Medical Leave-Taking Among Older Workers*. Retrieved 2 July 2018, from <https://iwpr.org/publications/family-medical-leave-taking-among-older-workers/>.

²⁵ Flinn, B. (2018, May). *Millennials: The Emerging Generation of Family Caregivers*. AARP Public Policy Institute Publication. Retrieved 2 July 2018, from <https://www.aarp.org/content/dam/aarp/ppi/2018/05/millennial-family-caregivers.pdf>.

²⁶ Ramchand, R., Tanielian, T., Fisher, M.P., Vaughan, C.A., Trail, T.E., Epley, C., Voorhies, P., Robbins, M.W., Robinson, E., and Ghosh-Dastidar, B. (2014). *Hidden Heroes: America’s Military Caregivers* (see Figure 3.8). RAND Corporation publication. Retrieved 9 July 2018, from <http://www.rand.org/health/projects/military-caregivers.html>.

²⁷ U.S. Census Bureau. (2017, June 22). *The Nation’s Older Population Is Still Growing, Census Bureau Reports* [press release]. Retrieved 7 July 2018, from <https://www.census.gov/newsroom/press-releases/2017/cb17-100.html>.

²⁸ Ortman, J. (2012, December 14). *A Look at the U.S. Population in 2060*. Retrieved 7 July 2018, from https://www.census.gov/newsroom/cspan/pop_proj/20121214_cspan_popproj.pdf.

seven in 2010 to one in four by 2030, and then to less than one in three by 2050.²⁹ Each family member available to provide care will be called on to do more, for more aging loved ones, while likely also needing to hold a paying job. A plan that covers only new parents utterly fails to address their needs or those realities.

This is a care issue, a personal economic security issue for the growing legions of caregivers and a budget issue for the United States. The interactions between caregiving and retirement security are especially germane as this committee considers whether to force tradeoffs between Social Security retirement benefits and paid parental leave. AARP and MetLife Mature Market Institute estimate that a woman who is 50 years of age or older who leaves the workforce to care for an aging parent will lose more than \$324,000 in wages and retirement.³⁰ For men, the figure is substantial as well—close to \$284,000 in lost wages and retirement.³¹ It would be a cruel double hit to adopt a paid leave plan that fails to cover family caregivers while simultaneously forcing trade-offs between parental leave and Social Security retirement benefits: Older workers caring for loved ones would not have paid leave when they need it—and those who took parental leave decades earlier would face delayed retirement and lower Social Security benefits from a plan that carves parental leave benefits out of Social Security retirement funds. Both a paid leave plan and Social Security must honor the value of caregiving.

In addition, most working people will themselves need medical leave at some point in their lives and millions of people do not have it—a compelling national problem that any national paid family and medical leave program should solve. Less than 40 percent of the workforce has personal medical leave through an employer's TDI plan and access varies dramatically by job type and wage level.³² There are increasing numbers of mothers-to-be who face life-threatening complications during or after childbirth;³³ a growing number of Americans with chronic health conditions;³⁴ and a growing share of older people who remain in the workforce well past the traditional retirement age either because they want to continue working or because they have no other financial option but may also have chronic or acute health issues.³⁵ Ensuring working people can have paid leave to take time away from their jobs with access to some wage replacement and then go back to work is far preferable to the alternatives, which include no leave, delayed care that jeopardizes their health and increases costs, or an exit from the workforce altogether.

Evidence of the value of paid leave to working people, their families, health systems and government is clear. Paid family leave can support working people who are helping older family members recover from serious health issues, fulfill treatment plans, and avoid complications and hospital readmissions—all of which boost health and reduce costs.³⁶ Among cancer patients and survivors, access to paid leave

²⁹ Redfoot, D., Feinberg, L., and Houser, A. (2013, August). *The Aging of the Baby Boom and the Growing Care Gap: A Look at Future Declines in the Availability of Family Caregivers*. AARP Public Policy Institute publication. Retrieved 2 July 2018, from http://www.aarp.org/content/dam/aarp/research/public_policy_institute/ltc/2013/baby-boom-and-the-growing-care-gap-insight-AARP-ppi-ltc.pdf.

³⁰ 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 2 July 2018, from <https://www.caregiving.org/wp-content/uploads/2011/06/mmi-caregiving-costs-working-caregivers.pdf>.

³¹ *Ibid.*

³² See note 1, table 16.

³³ Norton, A. (2012, October). "Birth Complications on the Rise in the U.S., Study Finds." *Huffington Post*. Retrieved 2 July 2018, from <http://www.huffingtonpost.com/2012/10/24/us-birth-complications-n-2008771.html>.

³⁴ See note 23; see also Bodenheimer, T., Chen, E., and Bennett, H.D. (2009, January 1). "Confronting the Growing Burden of Chronic Disease: Can the U.S. Health Care Workforce Do the Job?" *Health Affairs*, 28(1), <https://doi.org/10.1377/hlthaff.28.1.64>.

³⁵ U.S. Bureau of Labor Statistics. (2017, October 24). *Civilian labor force participation rate, by age, sex, race, and ethnicity, Table 3.3 Civilian labor force participation rate, by age, sex, race, and ethnicity, 1996, 2006, 2016, and projected 2026*. Retrieved 7 July 2018, from https://www.bls.gov/emp/ep_table_303.htm; Lester, G. (2009). *The Aging Workforce and Paid Time Off*. University of California, Berkeley Institute for Research on Labor and Employment publication. Retrieved 7 July 2018, from <http://www.irlle.berkeley.edu/files/2009/The-Aging-Workforce-and-Paid-Time-Off.pdf>; see also note 20.

³⁶ See e.g., Institute of Medicine. (2008, April 11). *Retooling for an Aging America: Building the Health Care Workforce* (p. 254). Retrieved 2 July 2018, from <http://www.nationalacademies.org/hmd/reports/2008/retooling-for-an-aging-america-building-the-health-care-workforce.aspx>; Arbaje, A.I., Wolff, J.L., Yu, Q., Powe, N.R., Anderson, G.F., and Boulton, C. (2008). "Postdischarge Environmental and Socioeconomic Factors and the Likelihood of Early

Continued

is significantly related to completing treatment, managing symptoms and side effects, and being able to afford treatments—yet only half of cancer patients and survivors report having access to paid leave that extends beyond a few paid sick days.³⁷ Among family members caring for a loved one with cancer, access to paid leave is significantly related to helping loved ones get to treatment, caring for them and caring for their own health, but only 4 in 10 caregivers say they are able to take paid leave.³⁸ Family caregiving can also support aging in place, which can reduce costs on public programs, but this is more practical when paid leave is available. A California study found that implementation of the State’s paid leave program accounted for an 11-percent relative decline in elderly nursing home usage.³⁹ And, for the millions of families in communities that are struggling with opioid and other substance use disorders, paid leave supports family caregivers, who play a key role in care and recovery by helping loved ones with health care arrangements and treatment.⁴⁰

C. *The Future of Work*

In addition to the demographic imperatives that intensify the need for paid leave, we must also look at the future of work and labor market trends. Of the 30 occupations with the most job growth anticipated between 2016 and 2026, two-thirds are occupations that typically pay wages below the current national median wage.⁴¹ These are also jobs that, today, are unlikely to offer paid family leave benefits.⁴² In addition, 10 of these 30 occupations pay low wages and are disproportionately held by women—which underscores the need for change because women continue to shoulder the bulk of caregiving for children and older adults in their families.⁴³ Unless the private sector substantially enhances leave benefits for lower-wage workers—which even conservative economists admit is extremely unlikely to happen⁴⁴—public policy interventions that create a national baseline are required. Without them, the country will continue to suffer from unrealized economic growth and cost-savings—and working people across the country will continue to be unable to live their dearly-held values related to families and care.

Accounting for the future of work also means grappling with the impact of the contingent workforce and the “gig” economy, which is at least 10 percent of the workforce.⁴⁵ It is important to adopt a national paid leave plan that includes people who are entrepreneurs, freelancers, contract workers, and others who have what today are considered “nontraditional” employment relationships that, in the future,

Hospital Readmission Among Community-Dwelling Medicare Beneficiaries.” *The Gerontologist* 48(4), 495–504. Summary retrieved 9 July 2018, from <https://www.ncbi.nlm.nih.gov/pubmed/18728299>.

³⁷ American Cancer Society Action Network. (2017, December 8). *Key Findings—National Surveys of Cancer Patients, Survivors, and Caregivers*. Retrieved 2 July 2018, from <https://www.aacsan.org/sites/default/files/ACS%20CAN%20Paid%20Leave%20Surveys%20Key%20Findings%20Press%20Memo%20FINAL.pdf>.

³⁸ *Ibid.*

³⁹ Arora, K., and Wolf, D.A. (2017, November 3). “Does Paid Family Leave Reduce Nursing Home Use? The California Experience.” *Journal of Policy Analysis and Management*, 37(1), 38–62. Retrieved 2 July 2018, from <http://onlinelibrary.wiley.com/doi/10.1002/pam.22038/full>.

⁴⁰ Biegel, D.E., Katz-Saltzman, S., Meeks, D., Brown, S., and Tracy, E.M. (2010). “Predictors of Depressive Symptomatology in Family Caregivers of Women With Substance Use Disorders or Co-Occurring Substance Use and Mental Disorders.” *Journal of Family Social Work*, 13(1), 25–44. Retrieved 7 July 2018, from <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2834204/>.

⁴¹ U.S. Bureau of Labor Statistics. (2018, April 11). *Occupations with the most job growth, Table 1.4 Occupations with the most job growth, 2016 and projected 2026*. Retrieved 7 July 2018, from https://www.bls.gov/emp/ep_table_104.htm.

⁴² See note 1, tables 16 and 32; see also DeSilver, D. (2017, March 23). *Access to paid family leave varies widely across employers, industries*. Pew Research Center publication. Retrieved 7 July 2018, from <http://www.pewresearch.org/fact-tank/2017/03/23/access-to-paid-family-leave-varies-widely-across-employers-industries/>.

⁴³ See notes 22 and 41; see also U.S. Bureau of Labor Statistics. (n.d.). *Household Data, Annual Averages, 11. Employed persons by detailed occupation, sex, race, and Hispanic or Latino ethnicity*. Retrieved 7 July 2018, from <https://www.bls.gov/cps/cpsaat11.pdf>.

⁴⁴ Mathur, A., McCloskey, A.M., and Rachidi, A. (2017, January 9). “Child-Care and Paid-Leave Policies That Work for Working Parents.” *National Review*. Retrieved 5 July 2018, from <http://www.nationalreview.com/article/443654/child-care-paid-leave-reforms-trump-administration-congress>; Gitis, B. (2016, August 15). *The Earned Income Leave Benefit: Rethinking Paid Family Leave for Low-Income Workers*. American Action Forum publication. Retrieved 5 July 2018, from <https://www.americanactionforum.org/solution/earnedincome-leave-benefit-rethinking-paid-family-leave-low-income-workers/>.

⁴⁵ Mishel, L. (2018, June 7). *Contingent Worker Survey is further evidence that we are not becoming a nation of freelancers*. Economic Policy Institute publication. Retrieved 3 July 2018, from <https://www.epi.org/press/contingent-worker-survey-is-further-evidence-that-we-are-not-becoming-a-nation-of-freelancers/>.

may be commonplace. People should have access to paid leave, no matter their employers or their jobs.

D. *Benefits to Business*

Paid leave not only benefits working families; it also benefits employers both directly and indirectly. This recognition, propelled by the growing body of evidence quantifying business value and experiences, is a new and welcome part of the growing bipartisan discussion on paid leave. Business value occurs whether paid leave is adopted as an internal policy or through legislation creating a paid family leave and medical leave insurance program.

Businesses that choose to implement paid leave policies find they help attract talent. A 2016 survey by Deloitte found that 77 percent of workers with access to benefits reported that the amount of paid parental leave employers offer had some influence on their choice of one employer over another.⁴⁶ And EY reports that nearly 40 percent of millennials say they would move to another country for better paid leave.⁴⁷

Paid leave also positively affects employee retention. According to Pew Research Center data, a larger share of workers with paid leave return to their same employer,⁴⁸ and the experiences of high-end companies like Google, Accenture and Aetna bear this out, with each reporting lower turnover rates among affected employees after improving their paid leave policies.⁴⁹ Retaining workers is important because of the high costs that employers bear as a result of employee turnover. For high-wage, high-skilled workers, including in fields like technology, accounting and law, turnover costs can amount to 213 percent of workers' salaries.⁵⁰ 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 more than 20 percent of workers' annual wages.⁵¹ 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.⁵² Indirect costs can arise from lost productivity leading to and following employee separations, diminished output as new workers ramp up, reduced morale and lost institutional knowledge.⁵³

Finally, paid leave improves employees' overall well-being: A 2016 EY study found that more than 80 percent of companies that offer paid leave reported a positive impact on employee morale, and more than 70 percent reported an increase in employee productivity.⁵⁴ After Nestlé improved its parental leave policy, health care costs for infants whose parents took paid leave under the policy went down and mothers who used the policy reported lower rates of anxiety and filed fewer mental health claims.⁵⁵

This data is compelling, but the reality is that—even faced with the most persuasive evidence possible—private-sector initiatives will never cover all, or even most, working people. That is why a public policy standard that recognizes the shared value of leave for employees, employers and the economy is needed.

⁴⁶ Deloitte. (2016, June 15). *Parental leave survey: Less than half of people surveyed feel their organization helps men feel comfortable taking parental leave* [press release]. Retrieved 2 July 2018, from <https://www.prnewswire.com/news-releases/deloitte-survey-less-than-half-of-people-surveyed-feel-their-organization-helps-men-feel-comfortable-taking-parental-leave-300284822.html>.

⁴⁷ EY. (2015, May 5). *Global generations: A global study on work-life challenges across generations*. Retrieved 2 July 2018, from [https://www.ey.com/Publication/vwLUAssets/EY-global-generations-a-global-study-on-work-life-challenges-across-generations/\\$FILE/EY-global-generations-a-global-study-on-work-life-challenges-across-generations.pdf](https://www.ey.com/Publication/vwLUAssets/EY-global-generations-a-global-study-on-work-life-challenges-across-generations/$FILE/EY-global-generations-a-global-study-on-work-life-challenges-across-generations.pdf).

⁴⁸ See note 5.

⁴⁹ Stroman, T., Woods, W., Fitzgerald, G., Unnikrishnan, S., and Bird, L. (2017, February). *Why Paid Family Leave Is Good for Business*. Boston Consulting Group publication. Retrieved 2 July 2018, from <http://media-publications.bcg.com/BCG-Why-Paid-Family-Leave-Is-Good-Business-Feb-2017.pdf>.

⁵⁰ See note 4.

⁵¹ *Ibid.*

⁵² Allen, D.G., Bryant, P.C., and Vardaman, J.M. (2010). "Retaining talent: Replacing misconceptions with evidence-based strategies." *The Academy of Management Perspectives*, 24(2), 48–64.

⁵³ Hausknecht, J.P., and 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 30.

⁵⁴ See note 49.

⁵⁵ The Paid Leave Project. (2017, December). *Case Study: Nestlé USA*. Retrieved 2 July 2018, from <http://www.paidleaveproject.org/wp-content/uploads/2017/12/Nestle-Case-Study-layout-12-1-17.pdf>.

Businesses need not fear paid leave insurance programs. Research consistently shows that employers have not been unduly challenged by the public policies adopted in States, have not encountered negative effects of the policies, and, if anything, that companies have found these policies helpful. Businesses in California, New Jersey, and Rhode Island are supportive of those States' laws. In California, researchers found that the vast majority of employers see a positive effect or no effect on employee productivity, profitability, and performance related to the paid leave law that has been in place since 2004—and smaller businesses saw even more positive or neutral effects than larger businesses.⁵⁶ Many may even have experienced cost-savings by coordinating their benefits with the State plan.⁵⁷

Even the Society for Human Resource Management (SHRM), one of the chief opponents of paid family leave before it was passed in California, issued a report finding that employers' concerns about the program had "not been realized" and that the law created "relatively few" new burdens for employers.⁵⁸ A report prepared on behalf of the New Jersey Business and Industry Association finds that the majority of both small and large New Jersey businesses adjusted easily to the State's law and experienced no effects on business profitability, performance, or employee productivity.⁵⁹ This finding is consistent with qualitative research conducted among a cross-section of New Jersey employers.⁶⁰

In Rhode Island, business supporters were important allies in passing the paid leave law, and early research suggests that businesses in key industries have adjusted easily. A study of small and medium-sized food service and manufacturing employers in Rhode Island by researchers at Columbia Business School reports no negative effects on employee workflow, productivity, or attendance, and finds that 61 percent of employers report supporting the law.⁶¹ Larger and smaller businesses were actively engaged in crafting an extremely strong paid leave policy in Washington State, praised by the Washington Hospitality Association, the Northwest Grocery Association and the Washington Retail Association, and in Massachusetts as well.⁶²

II. A COMPREHENSIVE, INCLUSIVE, AFFORDABLE, AND SUSTAINABLE NATIONAL PAID LEAVE PLAN IS WHAT PEOPLE WANT AND THE COUNTRY NEEDS

The National Partnership and our partners in the advocacy, research, and business communities urge Congress to pass a national paid family and medical leave plan that addresses working people's need for leave for well-established FMLA reasons, offers meaningful benefits and is affordable and sustainable for workers, employers and the government. At this time, the Family And Medical Insurance Leave (FAMILY) Act (S. 337/H.R. 947) is the only Federal proposal that meets these essential requirements.

⁵⁶ Milkman, R., and Appelbaum, E. (2013). *Unfinished Business: Paid Family Leave in California and the Future of U.S. Work-Family Policy* (pp. 67–68). Ithaca, NY: Cornell University Press; Bartel, A., et al. (2014, June 23). *California's Paid Family Leave Law: Lessons From the First Decade*. U.S. Department of Labor publication. Retrieved 2 July 2018, from <http://www.dol.gov/asp/evaluation/reports/paidleavedeliverable.pdf>.

⁵⁷ *Ibid.*

⁵⁸ Redmond, J., and Fkiaras, E. (2010, January). *Legal Report: California's Paid Family Leave Act Is Less Onerous Than Predicted*. Society for Human Resource Management publication. Retrieved 9 July 2018, from https://www.sheppardmullin.com/media/article/809_CA%20Paid%20Family%20Leave%20Act%20Is%20Less%20Onerous%20Than%20Predicted.pdf.

⁵⁹ Ramirez, M. (2012). *The Impact of Paid Family Leave on New Jersey Businesses*. New Jersey Business and Industry Association and Rutgers University, The State University of New Jersey presentation. Retrieved 9 July 2018, from <http://bloustein.rutgers.edu/wp-content/uploads/2012/03/Ramirez.pdf>.

⁶⁰ Lerner, S., and Appelbaum, E. (2014, June). *Business as Usual: New Jersey Employers' Experiences With Family Leave Insurance*. Center for Economic and Policy Research publication. Retrieved 2 July 2018, from <http://www.demos.org/sites/default/files/publications/nj-flt-2014-06.pdf>.

⁶¹ Bartel, A., et al. (2016, January). *Assessing Rhode Island's Temporary Caregiver Insurance Act: Insights From a Survey of Employers*. U.S. Department of Labor publication. Retrieved 9 July 2018, from http://www.dol.gov/asp/evaluation/completed-studies/AssessingRhodeIslandTemporaryCaregiverInsuranceAct_InsightsFromSurveyOfEmployers.pdf.

⁶² Washington Hospitality Association. (2017, June 30). *Businesses support bipartisan law creating statewide paid family and medical leave*. Retrieved 2 July 2018, from <https://washingtonhospitality.org/blog/businesses-support-bipartisan-law-creating-statewide-paid-family-and-medical-leave/>; Leung, S. (2018, June 28). "How progressives and businesses made an unlikely deal on family leave." *The Boston Globe*. Retrieved 2 July 2018, from <https://www.bostonglobe.com/business/other/2018/06/28/how-progressives-and-businesses-made-unlikely-deal-family-leave/7fRz5Fv0VCy8WDbG32VeP/story.html?event=event25?event=event25>.

The FAMILY Act would create a strong, inclusive national paid family and medical leave insurance program and set a nationwide paid leave baseline. It would cover eligible individuals across the country, no matter where they live, their employer or their job; and it would apply whether they are caring for a new child, a seriously ill or injured loved one, their own serious health condition or dealing with a family member's call to military duty or a service member's health issue. It would do so by creating a new, self-sustaining fund from which working people would receive paid leave for up to 12 weeks. Workers who typically earn low and even mid-level wages would receive two-thirds of their typical wages for that time. And people who need to take time away from their jobs would be protected from retaliation when they do.

The FAMILY Act fund would be self-sustaining and deficit-neutral, just like the State programs that have paved the way. Payroll deductions from both employees and employers and contributions from self-employed workers would fund both the benefits and the administrative costs of the program. The program would be administered through a new Office of Paid Family and Medical Leave within the Social Security Administration (SSA) to help create an efficient, uniform standard. Program integrity measures would help ensure appropriate use, as has worked in the States. And employers that seek competitive advantages over competitors or have a particular desire to attract talent could add to FAMILY Act benefits.

The FAMILY Act would provide the comprehensiveness and affordability that voters want in a paid leave plan, the help that small businesses need to ensure their workers have access to leave, and the consistency and certainty larger multi-State businesses want. It also reflects core values on which people of all ideologies and parties agree: connecting people to work, valuing care, honoring commitment to family, encouraging health and the responsible use of health care services, supporting employment and business innovation, and strengthening our economy.

Each component in the FAMILY Act is grounded in economic, health, business, and user-centered research, including research based on the experiences of workers and employers with State paid leave programs.

A. State Paid Leave Plans Show Us How to Design a Program Built to Last—the FAMILY Act in Perspective

Six States plus the District of Columbia now have or will soon have paid family and medical leave policies in place to guarantee private-sector workers access to a portion of their wages when they need to take time away from their jobs to care for themselves, a seriously ill or injured loved one or a new child. California's program has been in place since 2004, New Jersey's since 2009, Rhode Island's since 2014 and New York's launched this year. Each of these four States' programs build on decades-old TDI programs, which have provided wage replacement to workers with serious injuries or illnesses that required time away from work. Strong new programs, built from scratch, will begin collecting revenues within the next 2 years and begin offering paid leave benefits in Washington State and the District of Columbia in 2020, and in Massachusetts in 2021.⁶³

Evidence from the longest-standing State programs in California, New Jersey, and Rhode Island shows that these programs benefit parents and children, people with serious health issues, employers, and taxpayers. Key data and findings are included in the attached National Partnership for Women and Families fact sheet, *Paid Leave Works in California, New Jersey and Rhode Island*. Researchers have also identified areas for improvement in existing programs to better meet people's needs. California has expanded its law multiple times and newer State programs have innovated on the older programs, including by offering higher rates of wage replacement for lower-wage workers, longer leave durations, a wider range of family members to whom a leave-taker can provide care and job protection guarantees that go beyond Federal or State FMLA laws. An attachment to this testimony includes a chart detailing the key parameters of each State's law.

State policy designs offer lessons about what a workable national paid leave program should look like, and comparisons to more generous State plans show that the FAMILY Act is a reasonable, common-sense approach to guaranteeing paid leave to America's workforce. I'll touch briefly on key elements that must be embedded in any paid leave plan in order for it to meet the country's needs:

⁶³ National Partnership for Women and Families. (2018, July). *State Paid Family and Medical Leave Insurance Laws*. Retrieved 2 July 2018, from <http://www.nationalpartnership.org/research-library/work-family/paid-leave/state-paid-family-leave-laws.pdf>.

- **Comprehensive of all FMLA-covered events and gender-equal.** The FAMILY Act would provide paid leave to people equally, no matter their gender, for each FMLA-covered event—caring for a family member with a serious health condition, one’s own serious health condition, military family care needs and care for a new child. In every State that has adopted a paid leave plan so far—and in the vast majority of the bills introduced in more than 30 States in the most recent legislative sessions—paid leave would be available for new parents, people caring for seriously ill or injured family members and people’s own serious illnesses. To create consistency and to meet the needs of the workforce and employers now and in the future, any Federal plan must include all of the FMLA-covered reasons that working people need leave and must offer gender-equal benefits.
- **Adequate wage replacement.** The FAMILY Act offers a 66-percent wage replacement rate, up to a \$4,000 monthly cap. Early research on California indicated that California’s original wage replacement rate of 55 percent was too low for low-wage workers to be able to make maximum use of leave, even as its weekly cap (\$1,216 in 2018, around \$1,000 in 2013) was high enough for middle-income workers;⁶⁴ As a result of early studies and a market research report conducted by the California Employment Development Department,⁶⁵ the California legislature updated the State’s paid family leave program in 2016 to increase the wage replacement rate up to 70 percent for lower-wage workers and 60 percent for others. Rhode Island’s plan offers approximately 60 percent of a worker’s wages (up to just over \$800 per week); New York’s plan will offer a two-thirds wage replacement rate when the program is fully phased in in 2021 (with a maximum weekly benefit capped at \$1,000); and Washington, the District of Columbia, and Massachusetts have each included higher wage replacement rates of 80 to 90 percent for lower-wage workers so they can afford to take leave, with reduced wage replacement rates for higher-income workers (still averaging around two-thirds wage replacement for median-wage workers, with weekly caps of \$850–1,000 per week).⁶⁶

Any Federal plan must replace at least two-thirds of a worker’s wages, as the FAMILY Act does, and offer a meaningful capped benefit so that middle-wage workers can afford to take leave. As Congress considers paid leave policy options, it could also consider progressive wage replacement as the three newest State programs have done, so that lower-wage workers receive a higher share of their wages.

- **Meaningful duration of leave.** The FAMILY Act offers a combined 12 weeks of leave annually for all FMLA purposes to create consistency with the FMLA, reflect the minimum amount of leave needed for maternal and child health and to provide adequate paid time off for people dealing with personal or family care needs.⁶⁷ States’ TDI and paid family leave programs go further, and analysis shows that people only use the leave they need, rather than the maximum amount available;⁶⁸ after all, with replacement of only a portion of

⁶⁴ Bana, S., Bedard, K., and Rossin-Slater, M. (2018, May). “Trends and Disparities in Leave Use Under California’s Paid Family Leave Program: New Evidence From Administrative Data.” *AEA Papers and Proceedings*, 108, 388–391. Retrieved 3 July 2018, from <https://www.aeaweb.org/articles?id=10.1257/pandp.20181113>; State of California Employment Development Department. (2015, December 14). *Paid Family Leave Market Research*. Retrieved 2 July 2018, from https://www.edd.ca.gov/Disability/pdf/Paid_Family_Leave_Market_Research_Report_2015.pdf; Milkman, R., and Appelbaum, E. (2013). *Unfinished Business: Paid Family Leave in California and the Future of U.S. Work-Family Policy* (pp. 67–68). Ithaca, NY: Cornell University Press.

⁶⁵ State of California Employment Development Department. (2015, December 14). *Paid Family Leave Market Research*. Retrieved 2 July 2018, from https://www.edd.ca.gov/Disability/pdf/Paid_Family_Leave_Market_Research_Report_2015.pdf.

⁶⁶ See note 63.

⁶⁷ WORLD Policy Analysis Center. (2018, February). *A Review of the Evidence on the Length of Paid Family and Medical Leave*. Retrieved 3 July 2018, from <https://www.worldpolicycenter.org/sites/default/files/WORLD%20Brief%20-%20Length%20Paid%20Family%20and%20Medical%20Leave.pdf>.

⁶⁸ Analysis of State temporary disability insurance and paid family leave insurance programs in California, New Jersey, and Rhode Island conducted by Dr. Sarah Jane Glynn for the National Partnership for Women and Families, January 2018; see also Bana, S., Bedard, K., and Rossin-Slater, M. (2018, May). “Trends and Disparities in Leave Use Under California’s Paid Family Leave Program: New Evidence From Administrative Data.” *AEA Papers and Proceedings*, 108, 388–391. Retrieved 3 July 2018, from <https://www.aeaweb.org/articles?id=10.1257/pandp.20181113>.

one's typical wages, people have an incentive to get back to work when their need to provide or receive care is over.

The duration of leave in the FAMILY Act is modest compared to many State plans. California provides six weeks of paid leave for family caregiving, including caring for a new child, and 52 weeks of leave to recover from a temporary disability;⁶⁹ average utilization is 16 weeks for TDI and 5.4 weeks for paid family leave (women who give birth typically take 12 weeks).⁷⁰ New Jersey allows 6 weeks for family leave and 26 weeks for temporary disability;⁷¹ average program utilization is 71 days for TDI and 5.2 weeks for paid family leave (again, women who give birth combine the two types of leave).⁷² Rhode Island provides 4 weeks of family leave and 30 weeks of leave for temporary disability, up to a combined total of 30 weeks per year;⁷³ average utilization is 10.4 weeks for TDI and 3.6 weeks for paid family leave.⁷⁴ New York will eventually offer 12 weeks of family leave when the law is fully phased in in 2021, and has long provided 26 weeks of temporary disability leave.⁷⁵ Washington State will soon offer 12 weeks of family leave and 12 to 14 weeks of personal medical leave, up to a combined total of 16 to 18 weeks per year.⁷⁶ And Massachusetts has just enacted a law that will provide 12 weeks of family leave and 20 weeks of medical leave, up to a combined total of 26 weeks annually.⁷⁷

- **Inclusive family definitions.** The FAMILY Act incorporates the FMLA's definition of family members (parents, children under 18, adult children incapable of self-care, spouses) and domestic partners. Each State paid leave law includes those covered in this definition and all but one (New Jersey) is substantially more expansive, recognizing that families come in many forms. For example, in 2013, California amended its law to allow family caregiving for grandparents, grandchildren, siblings, and parents-in-law, and now every State paid leave program except New Jersey's includes caring for a grandparent in addition to a parent, spouse, partner, or child. Four States permit family care leave to be used for siblings; three recognize grandchildren; two recognize parents-in-law.⁷⁸ Families in the United States are diverse, and Federal law should recognize different ways that families manage the care needs of their loved ones.
- **Affordable, sustainable funding.** The FAMILY Act would be funded through small payroll deductions shared equally by employers and employees, or paid in full by independent contractors who receive 1099 forms. This is consistent with State financing of paid leave: each State plan is funded through payroll deductions that are either paid by employers, employees, or shared in some proportion by each. In no State are payroll deductions onerous, ranging from 0.09 percent in New Jersey (taxed on only the first \$33,700 in wages) for 6 weeks of family and parental leave⁷⁹ and 0.126 percent in

⁶⁹ Cal. Unemp. Ins. Code §§ 3301(c), 2653.

⁷⁰ State of California Employment Development Department. (2018, June 12). *Disability Insurance (DI)—Monthly Data*. Retrieved 2 July 2018, from <https://data.edd.ca.gov/Disability-Insurance/Disability-Insurance-DI-Monthly-Data/29jg-ip7e/data>; State of California Employment Development Department. (2018, June 12). *Paid Family Leave (PFL)—Monthly Data*. Retrieved 2 July 2018, from <https://data.edd.ca.gov/Disability-Insurance/Paid-Family-Leave-PFL-Monthly-Data/r95e-fvkm>.

⁷¹ N.J. Stat. § 43:21–39(b).

⁷² New Jersey Department of Labor and Workforce Development. (2017, August). *Temporary Disability Insurance Workload in 2016: Summary Report*. Retrieved 2 July 2018, from https://www.nj.gov/labor/forms_pdfs/tdi/TDI%20Report%20for%202016.pdf; New Jersey Department of Labor and Workforce Development. (2017, August). *Family Leave Insurance Workload in 2016: Summary Report*. Retrieved 2 July 2018, from https://www.nj.gov/labor/forms_pdfs/tdi/FLI%20Summary%20Report%20for%202016.pdf.

⁷³ R.I. Gen. Laws §§ 28–41–7, 28–41–35(d)(1), (f).

⁷⁴ Rhode Island Department of Labor and Training. (2017). *2016 Annual Report*. Retrieved 3 July 2018, from <http://www.dlt.ri.gov/pdf/2016AnnualRpt.pdf>.

⁷⁵ N.Y. Workers' Comp. Law §§ 204(2)(A), 205(1).

⁷⁶ S.B. 5975, 65th Leg., 3rd Special Sess. (Wash. 2017).

⁷⁷ H. 4640, 190th Gen. Court, Reg. Sess. (Mass. 2018).

⁷⁸ See note 63.

⁷⁹ State of New Jersey Employment Development Department. (n.d.). *FLI—Cost to the Worker*. Retrieved 6 July 2018, from <https://www.nj.gov/labor/fli/content/cost.html>; temporary disability insurance is shared in New Jersey—0.19 percent of the first \$33,700 for workers and an amount ranging from 0.1 to 0.75 for employers on the first \$33,700 of a workers' wages to fund the State's 26-week temporary disability insurance program. State of New Jersey Employment

Continued

New York for 8 weeks of family leave (taxed on the first \$67,908 in wages), to up to 1 percent of wages in California (taxed on employees' first \$114,967 in wages), which funds a statewide program offering 52 weeks of TDI and 6 weeks of family care and parental leave, and 1.1 percent in Rhode Island (taxed on employees' first \$69,300 in wages), which funds a State program offering 30 weeks of disability and 4 weeks of family care and parental leave.⁸⁰

To my knowledge, there has not been any backlash in States on these payroll deduction rates nor does the literature reflect any indication of pushback on these rates as too high or too onerous for either low-wage workers or, where applicable, employers. Researchers have modeled the costs of paid leave programs in States across the country and at the Federal level and routinely estimate payroll deductions at or below 1 percent—most within the 0.35 to 0.6 range—depending on the duration of leave and the wage replacement rate.⁸¹

- **Employment protections.** The FAMILY Act would offer anti-retaliation protections to the 41 percent of workers who are not covered by the Federal FMLA.⁸² This is critical because research on California's program and New Jersey's has shown that workers without FMLA job protection, particularly low-income workers, often fear repercussions for taking leave and therefore forgo the paid leave that the State plan makes available.⁸³ Newer State laws address this critical need for employment security, with Massachusetts offering full job protection—reinstatement to the same or an equivalent job after returning from leave—for family and medical leave, and New York and Rhode Island offering job protection for family leave. The State FMLA law in California was just amended to offer job protection to new parents in smaller businesses so that these paid leave-takers are protected; FMLA and anti-discrimination laws are also more expansive in Washington, DC and Washington State and will protect some paid-leave takers that are not covered by the Federal FMLA.⁸⁴

B. Public Support for the FAMILY Act Approach

Not only is the FAMILY Act informed by research and successful State experience, it is the type of plan voters support. Survey after survey confirms that people in the United States want and need paid family and medical leave and that a plan like the FAMILY Act fits their needs and desires. At the end of 2016, 71 percent of voters said they or their families would face substantial financial hardship if a serious family or medical need arose.⁸⁵ Eight in 10 (82 percent) said it was important for Congress and the president to consider creating a national paid leave plan. More than three-quarters (78 percent) expressed support for a comprehensive, 12-

Development Department. (n.d.). *TDI—Cost to the Worker—State Plan*. Retrieved 6 July 2018, from https://www.nj.gov/labor/tdi/state/sp_cost.html.

⁸⁰ See note 63.

⁸¹ Hayes, J., and Hartmann, H. (2018, February 2). *Paid Family and Medical Leave Insurance: Modest Costs Are a Good Investment in America's Economy*. Institute for Women's Policy Research publication. Retrieved 5 July 2018, from <https://iwpr.org/wp-content/uploads/2018/02/B368-Paid-Leave-Fact-Sheet-1.pdf>; Pennsylvania Department of Labor and Industry. (2017, November 14). *Paid Family and Medical Leave in Pennsylvania: Research Findings Report* (p. 16). Retrieved 3 July 2018, from https://www.dol.gov/wb/media/Pennsylvania_Final_Report.pdf; Montana Budget and Policy Center. (2016, May). *Helping People Balance Work and Family: It's Within Montana's Reach* (Table 2). Retrieved 3 July 2018, from <http://www.mbadm.jaunt.cloud/wp-content/uploads/2016/07/Paid-Leave-Updated-Report-3.pdf>; Glynn, S.J., Goldin, G., and Hayes, J. (2016). *Implementing Paid Family and Medical Leave Insurance Connecticut* (pp. 17–21). Institute for Women's Policy Research publication. Retrieved 3 July 2018, from <https://www.ctdol.state.ct.us/FMLI%20report%20for%20CT.pdf>; University of Minnesota (2016, February). *Paid Family and Medical Leave Insurance: Options for Designing and Implementing a Minnesota Program* (Table 63). Retrieved 3 July 2018, from https://mn.gov/deed/assets/paid-family-medical_tcm1045-300604.pdf; Albelda, R., and Clayton-Matthews, A. (2016, July 18). *Cost, Leave and Length Estimates Using Eight Different Leave Program Schemes for Washington* (Table 2). Retrieved 3 July 2018, from http://governor.wa.gov/sites/default/files/documents/2016-11-22_WAPaidLeave_modeling_final_report.pdf; see also *ibid*.

⁸² See note 16.

⁸³ See note 65; see also Setty, S., Skinner, C., and Wilson-Simmons, R. (2016, March). *Protecting Workers, Nurturing Families: Building an Inclusive Family Leave Insurance Program Findings and Recommendations From the New Jersey Parenting Project*. National Center for Children in Poverty publication. Retrieved 3 July 2018, from http://www.nccp.org/publications/pub_1152.html.

⁸⁴ See note 63.

⁸⁵ Lake Research Partners and the Tarrance Group. (2016, November). *Polling commissioned by the National Partnership for Women and Families*. Retrieved 2 July 2018, from <http://www.nationalpartnership.org/research-library/work-family/lake-research-partners-2016-election-eve-omnibus-toplines-for-national-partnership-for-women-and-families.pdf>.

week national paid family and medical leave law, including 66 percent of Republicans, 77 percent of independents and 93 percent of Democrats; nearly two-thirds of voters (64 percent) said they would “strongly favor” such a law.⁸⁶ Research in 15 States conducted earlier in 2016 confirmed voters’ willingness to pay for a paid leave plan, and most indicated they were willing to pay much more than the FAMILY Act would cost.⁸⁷

To follow up on national polling, the National Partnership commissioned a bipartisan research team to conduct focus groups with conservative and independent voters in September 2017 in Missouri, Nevada, Texas, and Virginia. These voters, most of whom had voted for the President Trump, preferred the FAMILY Act model to an employer tax credit, a tax-free savings account or a limited parents-only leave program; they found the shared contribution system used in the FAMILY Act to be fair, its cost to be reasonable and its comprehensive coverage of family care, personal medical leave, and parental leave to be essential to meeting their current or anticipated needs.⁸⁸ Additional qualitative research commissioned around the same time by the national grassroots group, MomsRising, also concluded that voters see the need for paid leave that covers all family care needs and stress the importance of protecting leave-takers against adverse consequences at work.⁸⁹

C. Business Support for the FAMILY Act Approach

More than 75 companies and business leaders across the country have endorsed the FAMILY Act.⁹⁰ They represent a cross-section of industries, including apparel manufacturing and sales, food and hospitality, technology, and financial services. The reasons they give echo those offered by more than 200 business and management school experts who, in 2015, reached out to Congress asking for your support in passing the FAMILY Act⁹¹—gender equity, workforce and talent development, and U.S. competitiveness, among others.

Over the past 2 years, in individual discussions with company leaders and in meetings with employer coalitions and benefits consultants, we have seen a growing interest in establishing a national paid leave baseline. Some businesses want the certainty and stability that a Federal standard would provide; they believe paid leave is coming, either at the State level or nationally, and would prefer to level-set on a national basis. Others focus on the value that their own strong paid leave policies have had on their employees’ lives and believe that all working people and families should have the same. For example, a senior leader at Environmental Science Associates (ESA), a mid-size company with several hundred employees at offices in California and several other States, has spoken publicly about the positive effects that California’s law has had on employees there and indicated that ESA would like their employees in other States to have those benefits through public policy too.⁹²

It is not just larger businesses that support the FAMILY Act approach. Smaller businesses across the country see value in a shared-cost model like the ones that have benefited small companies in California, New Jersey, and Rhode Island. These small business owners say the FAMILY Act model would help level the playing field with large corporations, improve worker retention, productivity and morale, and help protect their own economic security if an accident or medical emergency oc-

⁸⁶ *Ibid.*

⁸⁷ National Partnership for Women and Families. (2016, September 29). *Voters’ Willingness to Pay for a National Paid Leave Fund*. Retrieved 3 July 2018, from <http://www.nationalpartnership.org/research-library/work-family/paid-leave/memo-voters-willingness-to-pay-for-a-national-paid-leave-fund.pdf>.

⁸⁸ Perry Udem Research and Bellwether Consulting. (2018, January). *Highlights From Focus Groups With Conservative Voters on Paid Family and Medical Leave* (on file with the National Partnership for Women and Families).

⁸⁹ Lake Research Partners and MomsRising.org (2018, February). *Interested Parties Memo on Key Findings From Recent Qualitative Research*. Retrieved 2 July 2018, from https://s3.amazonaws.com/s3.momsrising.org/images/MomsRising_LPR_Interested_Parties_memo_on_paid_leave.pdf.

⁹⁰ Better Workplaces, Better Businesses. (n.d.). *Testimonials From Business Leaders Who Support the FAMILY Act*. Retrieved 2 July 2018, from <http://betterwbb.org/testimonials-from-business-leaders-who-support-the-family-act/>.

⁹¹ See note 7.

⁹² Bonilla, A. (2017, March 29). “Making the Business Case for a More Family Friendly and Prosperous America” [video stream of Silicon Valley Community Foundation event]. Retrieved 6 July 2018, from <https://www.facebook.com/LeaveLogic/videos/1455624167795091/>.

curs.⁹³ This is part of the reason that 70 percent of small businesses with 100 or fewer employees surveyed nationwide support the FAMILY Act model of shared payroll deductions.⁹⁴

III. PAID LEAVE AND RETIREMENT SECURITY ARE BOTH IMPORTANT—
ONE CANNOT COME AT THE EXPENSE OF THE OTHER

The developing consensus that a social insurance model is the right way to design a national paid leave program is encouraging—and we agree that, with new resources for start-up and technology improvements, benefits and administration, the SSA is the agency that is best positioned to administer this benefit. But it is reckless and unnecessary to jeopardize Social Security’s core functions and workers’ retirement savings in order to provide paid leave. Social Security represents a promise to U.S. workers and their families that has been built up and honored for more than 80 years; Social Security has a history of updates to better reflect people’s needs, but those updates have always been additive. Social Security should not be limited, cut, or privatized.

No one should face delayed retirement and a benefit cut in the future because they access paid leave today. We are deeply concerned that, under a plan proposed by the Independent Women’s Forum (IWF), working people would face exactly that Hobson’s choice.⁹⁵ The IWF proposal would fundamentally alter the operating principle of Social Security by contemplating that people who use the program early in life would later face a penalty for doing so. No paid leave program should ever penalize those who use it.

There are five key problems with the IWF approach, based on the research and evidence presented above, the realities of retirement for millions of women, low-income workers, and people of color, and the current circumstances of the SSA itself.

A. *Parental Leave Only Is Insufficient*

First, as discussed in Section I, any plan that applies only to parents caring for new children and excludes 75 percent of people who take family and medical leave is unacceptable, short-sighted, and would very likely be detrimental to the income and retirement security of a growing share of the population caring for aging and ill loved ones or their own serious health issue. Parental-only leave would also lead to stark inequities within the workplace, even for people with young children: a parent of a newborn would have access to paid time away from work for bonding, but a coworker whose six-month-old is critically ill or whose spouse needs postpartum care would have no guarantee of time or income support.

B. *Wage Replacement Rates and Benefit Caps Are Too Low to Be Meaningful for Most People*

Second, although Social Security Disability Insurance (SSDI) rates do provide very high wage replacement to the very lowest income workers, its wage replacement rates drop sharply. The parental leave benefit proposed by IWF would provide inadequate levels of wage replacement to most workers (an estimated 45 percent of usual wages, according to IWF, or 54 percent, according to the Urban Institute). Moreover, the average SSDI monthly benefits (approximately \$1,200 in 2018) are much lower than what State plans offer.⁹⁶ As noted above, researchers studying California’s paid family leave program concluded that its original 55-percent wage replacement rate was too low for many workers to use, precipitating a change in California’s law. Newer State programs have responded as well, by creating progressive wage replacement rates that provide more wage replacement to low-income

⁹³Main Street Alliance. (2017). *National Paid Family and Medical Leave: A Proposal for Small Business Success*. Retrieved 2 July 2018, from https://d3n8a8spro7vhmx.cloudfront.net/mainstreetalliance/pages/10/attachments/original/1486411533/PFML_2017_Report.pdf?1486411533.

⁹⁴Lake Research Partners. (2017, February). Polling commissioned by Small Business Majority and Center for American Progress. Retrieved 2 July 2018, from <http://www.smallbusinessmajority.org/sites/default/files/research-reports/033017-paid-leave-poll.pdf>.

⁹⁵We are responding here to the January 2018 “policy focus” paper published by the Independent Women’s Forum, which proposes allowing people to use existing Social Security resources, at Social Security Disability Insurance wage replacement rates, to fund 12 weeks of paid parental leave. See Shapiro, K.A. (2018, Jan.), *A Budget Neutral Approach to Parental Leave*. Independent Women’s Forum publication. Retrieved 9 July 2018 from <http://iuf.org/publications/2805496/Policy-Focus-A-Budget-Neutral-Approach-to-Parental-Leave>.

⁹⁶Social Security Administration. (2018). *Annual Statistical Supplement, 2018* (Table 5.E1). Retrieved 3 July 2018, from <https://www.ssa.gov/policy/docs/statcomps/supplement/2018/5e.html#table5.e2>.

workers during their leaves and meaningful wage replacement for all people who take leave. Researchers who have studied examples abroad conclude that wage replacement should be at least 67 percent of a worker's usual wages, and that an optimal wage replacement rate for both affordability and gender equity is 80 percent.⁹⁷

C. The IWF Policy Design Could Promote Gender Bias and Reinforce Gendered Caregiving Norms

The first and second problems together create a third: the risk of exacerbating gender-based bias and reinforcing, rather than breaking down, gender stereotypes. A program that only covers new parents and offers low wage replacement rates will be used primarily by lower-wage women who have given birth and have no other option and a significant need. Indeed, one reason the FMLA was designed to cover family caregiving leave and personal medical leave was to minimize the potential for employment discrimination.⁹⁸ While fathers increasingly want to, and do, provide care for their families,⁹⁹ norms and stereotypes about gender, work, and caregiving mean that some employers perceive mothers and young women as less committed workers. A paid leave program that is only accessible to parents, especially one with low wage replacement and low maximum benefits, could exacerbate implicit bias and discrimination, undermining the potential of gender-equal leave to help create workplace equity and foster women's employment opportunities.

D. Retirement Penalties Would Average Tens of Thousands of Dollars—With Especially Harsh Effects in Retirement for Women, People of Color, and Lower-Wage Workers

Fourth, and of intense concern, is the penalty at retirement that workers who have used parental leave benefits will be forced to absorb. The IWF paper incorrectly assumes that people can make an unconstrained choice to work longer, and it also frames delayed retirement as a trade-off between working longer and a benefit cut, when in fact, delaying retirement itself means lower lifetime benefits. Urban Institute researchers estimate that a 12-week leave would require a 20–25 week increase in the age at which a retiree can receive full benefits, which is equivalent to a 3-percent benefit cut.¹⁰⁰ Two 12-week leaves—the duration that a mother with two children might take—would require a 6-percent benefit cut. The lifetime loss of benefits would average more than \$12,500 for a mother of two, whether she delays her retirement date or retires on time with a reduced monthly benefit. A family that has four children would see a 10 percent reduction in Social Security benefits—essentially penalizing parents who choose to have larger families.¹⁰¹

The IWF proposal would be particularly detrimental to women's retirement security, as well as to people of color and low-wage workers, who are less likely to have employer-provided paid parental leave¹⁰² and therefore would be more likely to use parental leave benefits that will cost them retirement income they will need later. Social Security benefits comprise a larger total share of retirement income for these

⁹⁷ WORLD Policy Analysis Center. (2018, February). *A Review of the Evidence on Payment and Financing of Family and Medical Leave*. Retrieved 3 July 2018, from https://www.worldpolicycenter.org/sites/default/files/WORLD%20Brief%20-%20Payment%20and%20Financing%20of%20Paid%20Family%20and%20Medical%20Leave_0.pdf.

⁹⁸ Family and Medical Leave Act of 1993, Pub. L. No. 103–3, §2, 107 Stat. 6, 6–7 (1993), available at https://www.dol.gov/whd/fmla/fmlaAmended.htm#SEC_2_FINDINGS_AND_PURPOSES.

⁹⁹ Harrington, B., Van Deusen, F., Sabatini Fraone, J., Eddy, S., and Haas, L. (2014). *The New Dad: Take Your Leave. Perspectives on paternity leave from fathers, leading organizations, and global policies*. Boston College Center for Work and Family publication. Retrieved 2 July 2018, from http://www.thenewdad.org/yahoo_site_admin/assets/docs/BCCWF_The_New_Dad_2014_FINAL.157170735.pdf; Heilman, B., Cole, G., Matos, K., Hassink, A., Mincy, R., and Barker, G. (2016). *State of America's Fathers*. A MenCare Advocacy Publication. Retrieved 2 July 2018, from http://men-care.org/soaf/download/PRO16001_Americas_Father_web.pdf.

¹⁰⁰ Favreault, M.M., and Johnson, R.W. (2018, April). *Paying for Parental Leave With Future Social Security Benefits*. Urban Institute publication. Retrieved 3 July 2018, from https://www.urban.org/sites/default/files/publication/98101/paying_for_parental_leave_with_future_social_security_benefits_0.pdf.

¹⁰¹ *Ibid.*

¹⁰² See note 1, table 32; Analysis of demographic data from several U.S. Government surveys conducted for the National Partnership for Women and Families by E. Del Morone, E. Hamilton, E. Krevsky, A. Sproveri, and C. Viall, The George Washington University Trachtenberg School of Public Policy and Public Administration, May 2018 (on file with the National Partnership for Women and Families).

workers in retirement,¹⁰³ so the IWF proposal is especially concerning. Women would be substantially harmed because they spend more time out of the workforce or reduce their working hours to care for children and older adults and also have lower average wages for full-time, year-round work relative to men. These factors contribute to a gender gap in Social Security retirement benefits, which are an average of 20 percent lower for women—\$1,244 for women compared to \$1,565 per month for men, as of December 2017.¹⁰⁴ For women of color, the double bind of the wage gap and the racial wealth gap is even more punishing at retirement.¹⁰⁵ The fundamental goal of a national paid leave program should be to strengthen and support women and working families; the IWF proposal instead promises to take the most from those who can afford it the least.

E. The Social Security Administration Needs Enhanced Resources and Not a Diversion of Existing Resources to Administer a New Benefit

Fifth, the IWF proposal does not contemplate any new resources for the SSA to create or administer this new benefit. SSA is already underfunded, has backlogs and is unable to provide the high-level of customer service that people need.¹⁰⁶ Congress should provide the SSA more funds to help retirees and people with disabilities live with greater financial security and to shore up SSA technology and infrastructure—not repurpose limited resources and further stretch already-overburdened SSA staff to implement a new program and add new benefits from existing funds.

F. Additional Concerns About Setting a Harmful Precedent

Beyond the four corners of the IWF proposal itself, the concept creates a dangerous precedent of diverting existing, dedicated Social Security funds for non-retirement purposes and encouraging an individualized, pro-privatization mindset about this bedrock social insurance program. The president of the IWF has said as much.¹⁰⁷ Social Security works because everyone pays in; a national paid leave program would work because everyone would pay in. This would keep costs low and benefits meaningful and available when people need them.

Finally, while the IWF proposal purports to be budget-neutral, the Urban Institute analysis found that such a program would in fact run a cash deficit every year of its operation because the costs of one cohort's leave-taking would not be recouped until their retirement benefit offsets had been fully realized—generally decades later. Furthermore, it would raise the net costs of the Social Security program by an estimated 1 percent per year and would slightly accelerate the projected date at which Social Security would no longer be able to pay full scheduled retirement benefits.¹⁰⁸

We at the National Partnership for Women and Families are eager to engage in a bipartisan process that results in a strong, comprehensive, sustainable and affordable national paid family and medical leave social insurance program. We look forward to working with you and your colleagues to help ensure that people who work

¹⁰³Dushi, I., Iams, H.M., and Trenkamp, B. (2017, May). “The Importance of Social Security Benefits to the Income of the Aged Population.” *Social Security Bulletin*, 77(2), 1–12. Retrieved 3 July 2018, from <https://www.ssa.gov/policy/docs/ssb/v77n2/v77n2p1.html>.

¹⁰⁴Social Security Administration. (2018). *Annual Statistical Supplement, 2018* (Table 5.A6). Retrieved 3 July 2018, from <https://www.ssa.gov/policy/docs/statcomps/supplement/2018/5a.html#table5.a6>.

¹⁰⁵McCulloch, H. (2017, January). *Closing the Women's Wealth Gap: What it Is, Why it Matters, and What Can Be Done About it*. Closing the Women's Wealth Gap Initiative publication. Retrieved 3 July 2018, from <https://womenswealthgap.org/wp-content/uploads/2017/06/Closing-the-Womens-Wealth-Gap-Report-Jan2017.pdf>; see also Richard, K. (2014, October). *The Wealth Gap for Women of Color*. Center for Global Policy Solutions publication. Retrieved 3 July 2018, from <http://www.globalpolicysolutions.org/wp-content/uploads/2014/10/Wealth-Gap-for-Women-of-Color.pdf>; National Academy of Social Insurance. (n.d.). *Social Security and People of Color*. Retrieved 3 July 2018, from <https://www.nasi.org/learn/socialsecurity/people-of-color>.

¹⁰⁶Romig, K. (2017, October 6). *More Cuts to Social Security Administration Funding Would Further Degrade Service*. Center on Budget and Policy Priorities publication. Retrieved 3 July 2018, from <https://www.cbpp.org/research/social-security/more-cuts-to-social-security-administration-funding-would-further-degrade>.

¹⁰⁷Lukas, C. (2018, February 2). *Why Running Parent Leave Through Social Security Is The Smartest Live Option*. The Federalist publication. Retrieved 3 July 2018, from <https://thefederalist.com/2018/02/02/running-parent-leave-social-security-smartest-live-option/> (IWF president Carrie Lukas writes that “encouraging people to think about Social Security’s assets as if those benefits are their property for use now or at retirement could even encourage people to want to move more in that direction [of privatization and individual control of Social Security assets] and transform the current pay-as-you-go system into one that pre-funds future benefits and with assets that belong to individuals.”)

¹⁰⁸See note 99.

have the security and stability they need to 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.

Research and evidence show what a workable plan should include and how it can be designed efficiently and effectively to provide baseline paid leave coverage to every working person in the country, no matter where they live or work or the job they hold. I urge you not to be tempted by a half-measure that would do more harm than good. The FAMILY Act is the paid leave plan the country needs to strengthen families, businesses and our economy and promote many of the core values we collectively hold most dear.

Thank you. I look forward to answering your questions.

State Paid Family and Medical Leave Insurance Laws—July 2018

	California	New Jersey	Rhode Island	New York	District of Columbia	Washington	Massachusetts
Status	Enacted 2002, effective 2004; expanded 2016, effective 2018; expanded 2017, effective 2020 (A.B. 908, 2015–2016 Leg., Reg. Sess. (Cal., 2016) (enacted); S.B. 63, 2017–2018 Leg., Reg. Sess. (Cal., 2017) (enacted))	Enacted 2008, effective 2009 (N.J. Stat. Ann. § 43:21–38)	Enacted 2013, effective January 2014 (R.I. Gen. Laws §§28–41–35(h))	Enacted 2016, effective January 2018 (S. 6406C, Part SS, 239th Leg., Reg. Sess. (N.Y. 2016) (enacted))	Enacted 2017, effective July 2020 (D.C. Law 21–264 (D.C. 2016))	Enacted 2017, effective January 2019 (premiums) and January 2020 (benefits) (S.B. 5975, 65th Leg., 3rd Special Sess. (Wash. 2017) (enacted))	Enacted 2018, effective July 2019, January 2020, January 2021 (H. 4640 § 29, 190th Gen. Court, Reg. Sess. (Mass. 2018) (enacted))
Reasons for paid leave	<ol style="list-style-type: none"> Bonding with new child (birth, adoption, foster) Care for family member with serious health condition Care for own disability (must be unable to perform regular or customary work), includes pregnancy 	<ol style="list-style-type: none"> Care for new child (birth, adoption, foster) Care for family member with serious health condition Care for own disability (must be continuously and totally unable to perform customary work), includes pregnancy 	<ol style="list-style-type: none"> Bonding with new child (birth, adoption, foster) Care for family member with serious health condition Care for own disability (must be unable to perform regular or customary work; partially unemployed workers may be able to claim benefits) 	<ol style="list-style-type: none"> Bonding with new child (birth, adoption, foster) Care for family member with serious health condition Qualifying exigency arising out of spouse, domestic partner, child, or parent being on active duty (or having been notified of an impending call or order to active duty) 	<ol style="list-style-type: none"> Bonding with new child (birth, adoption, foster) Care for family member with serious health condition Care for own serious health condition 	<ol style="list-style-type: none"> Bonding with new child (birth, adoption, foster) Care for family member with serious health condition Care for own serious health condition 	<ol style="list-style-type: none"> Bonding with new child (birth, adoption, foster) Care for family member with serious health condition Care for own serious health condition

<p>(Cal. Unemp. Ins. Code §§ 2626, 3302(e))</p>	<p>(N.J. Stat. Ann. §§ 43:21-27(g), (o))</p>	<p>(R.I. Gen. Laws §§ 28-39-2, 28-41-5(d), 28-41-35(a))</p>	<p>4. Care for own disability (must be unable to perform work)</p> <p>(N.Y. Workers' Comp. Law § 201(14) (as amended by S. 6406C))</p>	<p>(D.C. Law 21-264 §§ 101(12)-(17), 104(a)-(b) (D.C. 2016))</p>	<p>4. Qualifying exigency arising out of family member being on active duty (or having been notified of an impending call or order to active duty)</p> <p>5. Care for family member who is a covered servicemember</p> <p>(H. 4640 § 29(2)(a), 190th Gen. Court, Reg. Sess. (Mass. 2018) (enacted))</p>
<p>Child, parent, spouse, domestic partner</p>	<p>Child, parent, spouse, domestic partner, civil union partner</p>	<p>Child, parent, spouse, domestic partner, grandparent</p>	<p>Child, parent, spouse, domestic partner, grandparent, grandchild</p>	<p>Child, parent, spouse, domestic partner, grandparent, sibling</p>	<p>Child, parent, or parent of a spouse or domestic partner, spouse, domestic partner, grandchild, grandparent, sibling</p>
<p>Amended in 2013 (effective 2014) to add grandparent, grandchild, sibling, and parent-in-law</p> <p>(Cal. Stat. §§ 3302(f)-(i))</p>	<p>(N.J. Stat. Ann. § 43:21-27(n))</p>	<p>(R.I. Gen. Laws § 28-41-35(a))</p>	<p>(N.Y. Workers' Comp. Law § 201(16), (17), (19)-(21) (as amended by S. 6406C))</p>	<p>(D.C. Law 21-264 § 101(7) (D.C. 2016))</p>	<p>(S.B. 5975 § 2, 65th Leg., 3rd Special Sess. (Wash. 2017) (enacted))</p>
<p>6 weeks for family leave</p>	<p>6 weeks for family leave</p>	<p>4 weeks for family leave</p>	<p>For family leave, 8 weeks in 2018; increasing to 10 weeks in 2019 and to 12 weeks in 2021 (increases subject to delay)</p>	<p>8 weeks for parental leave, 6 weeks for family care, 2 weeks for own serious health condition</p>	<p>12 weeks for family leave</p>
<p>Definition of family member</p>	<p>Maximum length of paid leave</p>				

State Paid Family and Medical Leave Insurance Laws—July 2018—Continued

California	New Jersey	Rhode Island	New York	District of Columbia	Washington	Massachusetts
(Cal. Unemp. Ins. Code § 3301(c))	26 weeks for own disability	(R.I. Gen. Laws § 28-41-35(d)(1))	26 weeks for own disability	No more than 8 weeks total/year for combined family and medical leave	12 weeks for own serious health condition (14 if employee experiences pregnancy-related serious health condition that results in incapacity); no more than 16 weeks total/year for combined own serious health condition and family leave (18 if employee experiences pregnancy-related serious health condition that results in incapacity)	26 weeks for caring for a covered service member
52 weeks for own disability	(N.J. Stat. Ann. § 43:21-38)	30 weeks for own disability; no more than 30 weeks total/year for combined own disability and family care	(N.Y. Workers' Comp. Law §§ 204(2)(A), 205(1)(A) (as amended by S. 6406C))	(D.C. Law 21-264 §§ 101(12)-(17), 104(d) (D.C. 2016))	(S.B. 5975 § 6, 65th Leg., 3rd Special Sess. (Wash. 2017) (enacted))	20 weeks for own serious health condition
(Cal. Unemp. Ins. Code § 2653)		(R.I. Gen. Laws §§ 28-41-7, 28-41-35(e))				No more than 26 weeks total/year for combined family and medical leave (H. 4640 § 29(2)(c), 190th Gen. Court, Reg. Sess. (Mass. 2018) (enacted))

<p>Minimum increment of leave time for which benefits are payable</p>	<p>Statute does not mention the minimum length of leave time, just benefits for intermittent leave (Cal. Unemp. Ins. Code § 3303)¹</p>	<p>Statute does not mention the minimum length of leave time, just benefits for intermittent leave (N.J. Stat. Ann. § 43:21-39)</p>	<p>No minimum increment of leave time: claimants must initially be out of work for at least 7 consecutive days to be eligible for benefits (11-000-002 R.I. Code R. §§ 16(G), 37(D))</p>	<p>For family care, benefits can be paid in increments of 1 full day or one-fifth of the weekly benefit (N.Y. Workers' Comp. Law § 204(2)(A) (as amended by S. 6406C))</p>	<p>Leave can be taken in one-day increments (D.C. Law 21-264 § 101(9) (D.C. 2016))</p>	<p>8 consecutive hours (S.B. 5975 § 6, 65th Leg., 3rd Special Sess. (Wash. 2017) (enacted))</p>	<p>Statute does not mention the minimum length of leave time, just benefits for intermittent leave (H. 4640 § 29(2)(c), 190th Gen. Court, Reg. Sess. (Mass. 2018) (enacted))</p>
<p>Employee eligibility requirements</p>	<p>Employee must have been paid \$300 in wages during the base period²</p>	<p>Employee must have had at least 20 calendar weeks of covered New Jersey employment, earning \$168 or more each week, or must have been paid \$8,400 or more in such employment during the base period³</p>	<p>Employee must have been paid wages in Rhode Island and paid into the TD/TCI fund and must have been paid at least \$12,120 in the base period</p>	<p>For family care, employee must be currently employed by a covered employer and must have been employed by a covered employer for 26 weeks (or 175 days of employment for part-time employees)</p>	<p>Employee must spend more than 50 percent of work time in the District of Columbia for a covered employer or be based in the District of Columbia and regularly spend a substantial amount of work time for the covered employer in the District of Columbia and not more than 50 percent of work time for that covered employer in another jurisdiction; and must have been a covered employee for some or all of the 52 calendar weeks preceding the covered event</p>	<p>Must have worked for at least 820 hours in 4 out of the 5 quarters prior to leave application</p>	<p>Must meet the financial eligibility requirements of the state unemployment insurance law (currently, one must have earned at least \$4,700 in the last 4 completed calendar quarters and at least 30 times the weekly unemployment benefit amount that person would be eligible to collect)</p>

State Paid Family and Medical Leave Insurance Laws—July 2018—Continued

	California	New Jersey	Rhode Island	New York	District of Columbia	Washington	Massachusetts
			Alternately, employees qualify if they earned at least \$2,020 in a quarter of their base period, their total base period taxable wages were at least 150 percent of their highest quarter of earnings, and their taxable wages during their base period are \$4,040 or more ⁴	For own disability, employee must have been employed by a covered employer for 4 or more consecutive weeks (or 25 days of employment for part-time employees)	Self-employed individual must have earned self-employment income for work performed more than 50 percent of the time in the District of Columbia during some or all of the 52 calendar weeks preceding the covered event, and must have opted into the paid leave program	(S.B. 5975 §§ 2–3, 65th Leg., 3rd Special Sess. (Wash. 2017) (enacted))	(H. 4640 § 29(1), 190th Gen. Court, Reg. Sess. (Mass. 2018) (enacted)) ⁵
				(N.Y. Workers' Comp. Law § 203 (as amended by S. 6406C))	(D.C. Law 21–264 §§ 101(3)–(4), (6) (D.C. 2016))	Yes	Yes
Discrimination prohibited	Not more than Federal Family and Medical Leave Act (FMLA) and California Family Rights Act (CFRA)	Not more than Federal FMLA and New Jersey Family Leave Act (NJ FLA)	Not more than Federal FMLA and RI Parental and Family Medical Leave Act (PFMLA)	Yes	Yes	Yes	Yes
				(N.Y. Workers' Comp. Law § 120 (as amended by S. 6406C))	(D.C. Law 21–264 §§ 101(18), 110 (D.C. 2016))	(S.B. 5975 § 72, 65th Leg., 3rd Special Sess. (Wash. 2017) (enacted))	(H. 4640 § 29(9), 190th Gen. Court, Reg. Sess. (Mass. 2018) (enacted))

Method to fund insurance system

<p>Own disability and family care are funded by the employee only (currently at 1 percent of worker's first \$114,967 in wages)⁶</p>	<p>State's temporary disability insurance program is financed jointly by employee and employer payroll contributions. As of January 1, 2018, each worker contributes 0.19 percent of the taxable wage base (the first \$33,700 in covered wages paid during the calendar year), up to \$64.03 per year. The contribution rate for employers varies from 0.10 to 0.75 percent. For 2018, employers contribute between \$33.70 and \$252.75 on the first \$33,700 paid to each employee during the calendar year.⁷</p>	<p>Own disability is funded jointly by employee and employer payroll contributions. Each worker contributes one half of 1 percent of the worker's wages, up to 60 cents per week. The employer contributes the balance of the plan costs not covered by the employee.⁹</p>	<p>Funded by employer only. The current rate is 0.62 percent of wages or of annual self-employment income.</p>	<p>For the program's first year, the total premium rate is 0.4 percent of an individual's taxable wage base; employers can deduct from the wages of each employee the full amount of the premium for family leave and 45 percent of the premium for medical leave.</p>
<p>Own disability and family care are funded by the employee only (currently at 1 percent of worker's first \$114,967 in wages)⁶</p>	<p>State's temporary disability insurance program is financed jointly by employee and employer payroll contributions. As of January 1, 2018, each worker contributes 0.19 percent of the taxable wage base (the first \$33,700 in covered wages paid during the calendar year), up to \$64.03 per year. The contribution rate for employers varies from 0.10 to 0.75 percent. For 2018, employers contribute between \$33.70 and \$252.75 on the first \$33,700 paid to each employee during the calendar year.⁷</p>	<p>Own disability is funded jointly by employee and employer payroll contributions. Each worker contributes one half of 1 percent of the worker's wages, up to 60 cents per week. The employer contributes the balance of the plan costs not covered by the employee.⁹</p>	<p>Funded by employer only. The current rate is 0.62 percent of wages or of annual self-employment income.</p>	<p>For the program's first year, the total premium rate is 0.63 percent of an employee's wages; employers can deduct from the employee's wages the full amount of the premium for family leave and 40 percent of the premium for medical leave.</p>
<p>Own disability and family care are funded by the employee only (currently at 1 percent of worker's first \$114,967 in wages)⁶</p>	<p>State's temporary disability insurance program is financed jointly by employee and employer payroll contributions. As of January 1, 2018, each worker contributes 0.19 percent of the taxable wage base (the first \$33,700 in covered wages paid during the calendar year), up to \$64.03 per year. The contribution rate for employers varies from 0.10 to 0.75 percent. For 2018, employers contribute between \$33.70 and \$252.75 on the first \$33,700 paid to each employee during the calendar year.⁷</p>	<p>Own disability is funded jointly by employee and employer payroll contributions. Each worker contributes one half of 1 percent of the worker's wages, up to 60 cents per week. The employer contributes the balance of the plan costs not covered by the employee.⁹</p>	<p>Funded by employer only. The current rate is 0.62 percent of wages or of annual self-employment income.</p>	<p>For the program's first year, the total premium rate is adjusted annually based on the solvency of the fund.</p>

State Paid Family and Medical Leave Insurance Laws—July 2018—Continued

	California	New Jersey	Rhode Island	New York	District of Columbia	Washington	Massachusetts
		Family care is funded entirely by the employee. Currently, each worker contributes 0.09 percent of the taxable wage base (first \$33,700 in covered wages paid during the calendar year), and the maximum yearly deduction for family leave insurance is \$30.33. ¹⁰		Family care is funded by the employer only. The current rate is 0.126 percent of the worker's first \$67,907.84 in wages, up to \$85.56 per year. ¹¹		Employers with fewer than 50 employees are not required to pay their portion; if they do pay, they are eligible for State assistance. Employers with 150 or fewer employees are also eligible for State assistance with premiums	Employers with fewer than 25 employees are not required to pay their portion
						(S.B. 5975, 65th Leg., 3rd Special Sess. (Wash. 2017) (enacted))	(H. 4640 §§29(6)–(7), 30, 190th Gen. Court, Reg. Sess. (Mass. 2018) (enacted))
Size of employer covered	All private sector employers are covered	Private and public sector employers covered by the New Jersey Unemployment Compensation Law must provide paid leave for family care and temporary disability, with some exceptions for government employers. ¹³	All private sector employers are covered	Most private sector employers are covered	Private sector employers covered by the D.C. Unemployment Compensation Act are covered	All employers are covered	Private sector employers and the state government are covered

<p>(Cal. Unemp. Ins. Code §§ 3302, 2606, 675, 135)</p> <p>Self-employed individuals can opt in</p>	<p>Only some public employees are covered</p> <p>(R.I. Gen. Laws §§ 28-39-2, -3)</p>	<p>Self-employed individuals can opt in</p> <p>Certain public employees (other than the State government) can opt in to family care or own disability; the State government, certain public employers, and public employees represented by an employee organization can only opt in to family care</p> <p>(N.Y. Workers' Comp. Law §§ 201(4), 212(2), (4)(B), 212-A, 212-B (as amended by S. 6406C))</p>	<p>Self-employed individuals can opt in</p> <p>Employees of the D.C. city government and the United States Government, or of any employer the District is not authorized to tax under Federal law or treaty, are not covered</p> <p>(D.C. Law 21-264 § 101(4) (D.C. 2016))</p>	<p>(S.B. 5975, 65th Leg., 3rd Special Sess. (Wash. 2017) (enacted))</p> <p>Self-employed individuals and independent contractors can opt in</p>	<p>Self-employed individuals* and local governments can opt in</p> <p>*Some self-employed individuals may be automatically covered</p> <p>(H. 4640 §§ 29(1), 6)(e), 190th Gen. Court, Reg. Sess. (Mass. 2018) (enacted))</p>
--	--	--	--	---	--

State Paid Family and Medical Leave Insurance Laws—July 2018—Continued

	California	New Jersey	Rhode Island	New York	District of Columbia	Washington	Massachusetts
Benefit amount	Beginning on January 1, 2018, for a 4-year period:	The weekly benefit rate is 66 percent of a worker's average weekly wage, with a maximum benefit of \$637 in 2018 (maximum adjusted annually based on Statewide average weekly wage). ¹⁴	The average weekly benefit rate is 4.62 percent of wages paid during the highest quarter of worker's base period, up to \$831 per week for claims effective January 1, 2018 or later (maximum adjusted annually based on Statewide average weekly wage). ¹⁵	For family care, in 2018, the weekly benefit rate is 50 percent of a worker's average weekly wage (AWW), not to exceed 50 percent of the State AWW; benefit amounts increase in 2019 to 55 percent of the worker's weekly wage up to 55 percent of the State AWW; in 2020 to 60 percent of the worker's weekly wage up to 60 percent of the State AWW; and in 2021, to 67 percent of the worker's weekly wage up to 67 percent of the State AWW (increases subject to delay)	For workers paid wages less than or equal to 150 percent of the D.C. minimum wage multiplied by 40, the weekly benefit rate is 90 percent of the worker's average weekly wage rate.	For workers paid 50 percent or less of the Statewide average weekly wage (AWW), the weekly benefit rate is 90 percent of the worker's AWW.	For workers paid 50 percent or less of the Statewide average weekly wage (AWW), the weekly benefit rate is 80 percent of the worker's AWW.

<p>(A) For workers whose quarterly earnings are at least \$929 but less than $\frac{2}{3}$ of the State average quarterly wage, the weekly benefit will be 70 percent of the worker's weekly wage;</p>	<p>For own disability, the weekly benefit rate is 50 percent of the employee's weekly wage, with a maximum benefit of \$170; however, if the employee earns less than \$20 per week, the benefit will be their full average weekly wage</p>	<p>For workers paid more than 150 percent of the D.C. minimum wage multiplied by 40, the weekly benefit rate is 90 percent of 150 percent of the D.C. minimum wage multiplied by 40 plus 50 percent of the amount by which the worker's average weekly wage exceeds 150 percent of the D.C. minimum wage multiplied by 40, up to a maximum of \$1,000 per week (beginning in 2021, maximum will be increased annually to account for inflation)</p>	<p>For workers paid more than 50 percent of the Statewide AWW, the weekly benefit rate is 90 percent of the employee's AWW up to 50 percent of the Statewide AWW, plus 50 percent of the employee's AWW that is more than 50 percent of the Statewide AWW.</p>	<p>For workers paid more than 50 percent of the Statewide AWW, the weekly benefit rate is 80 percent of the employee's AWW up to 50 percent of the Statewide AWW, plus 50 percent of the employee's AWW that is more than 50 percent of the Statewide AWW.</p>	
<p>(B) For workers whose quarterly earnings are at least $\frac{1}{3}$ of the State average quarterly wage, the weekly benefit rate will be 23.3 percent of the State average weekly wage OR 60 percent of the worker's weekly wage, whichever is greater.</p>	<p>The average weekly benefit for family care was \$524 in 2016; benefit for own disability is not publicly available¹⁸</p>	<p>In December 2017, the average weekly benefit was \$542 for family care and the average for own disability was \$492¹⁹</p>	<p>(D.C. Law 21-264 §104(g) (D.C. 2016))</p>	<p>The maximum weekly benefit is \$1,000 in the program's first year, and will be adjusted annually to an amount equaling 90 percent of the State AWW.</p>	<p>The maximum weekly benefit is \$850 in the program's first year, and will be adjusted annually to an amount equaling 64 percent of the State AWW.</p>

State Paid Family and Medical Leave Insurance Laws—July 2018—Continued

	California	New Jersey	Rhode Island	New York	District of Columbia	Washington	Massachusetts
	<p>The maximum weekly benefit is \$1,216 in 2018 (maximum adjusted annually based on Statewide average weekly wage). Workers with quarterly earnings less than \$929 will receive a weekly benefit of \$50.¹⁶</p> <p>(A.B. 908, 2015–2016 Leg., Reg. Sess. (Cal., 2016) (enacted))</p>					<p>(S.B. 5975, 65th Leg., 3rd Special Sess. (Wash., 2017) (enacted))</p>	<p>(H. 4640 § 29(3(b)), 30, 190th Gen. Court, Reg. Sess. (Mass. 2018) (enacted))</p>

Note: The San Francisco Board of Supervisors passed an ordinance requiring covered employers to provide supplemental compensation to covered employees taking leave to care for a new child for up to 6 weeks such that the combined weekly benefit equals 100 percent of the employee's weekly wage. This requirement applies to employers with 50 or more employees starting in January 2017, expands to employers with 35 or more employees in July 2017 and to employers with 20 or more employees in January 2018.

(San Francisco, Cal. Ordinance 160065)

As of December 2017, the average weekly benefit in the State for family care was \$601 and the average for own disability was \$550.¹⁷

State Paid Family and Medical Leave Insurance Laws—July 2018—Continued

	California	New Jersey	Rhode Island	New York	District of Columbia	Washington	Massachusetts
Job protection while on leave	Not more than FMLA and CFRA	Not more than FMLA and NJ FLA	Leave for family care is job-protected but leave for own disability is no more protected than under FMLA or RI PFMLA (R.I. Gen. Laws § 28-41-35(f))	Leave for family care is job-protected but leave for own disability is no more protected than under FMLA or NY PFMLA (N.Y. Workers' Comp. Law § 203-b (as amended by S. 6406C))	Not more than FMLA and D.C. FMLA	Not more than FMLA and WA FMLA (S.B. 5975, 65th Leg., 3rd Special Sess. (Wash. 2017) (enacted))	Yes (H. 4640 §§29(2)(e), 30, 190th Gen. Court, Reg. Sess. (Mass. 2018) (enacted))
Waiting period	Beginning on January 1, 2018, none (Cal. Unemp. Ins. Code § 3303(b) (as amended by A.B. 908))	7 days, but if disability lasts 3 weeks, the worker gets paid for those 7 days; must be consecutive (N.J. Stat. Ann. § 43:21-38)	Due to a legislative approved change, claims filed effective July 1, 2012, or later no longer need to serve a non-paid waiting period Caregiver/bonding and own disability claims must be out of work for 7 consecutive days as one of the eligibility requirements (11-000-002 R.I. Code R. §§ 16(G), 37(D))	For family care, none For own disability, 7 days (N.Y. Workers' Comp. Law § 204(1) (as amended by S. 6406C))	1 week without pay from the insurance system; only one waiting period per year regardless of the number of qualifying events for which a worker takes leave (D.C. Law 21-264 § 104(b) (D.C. 2016))	For family care and own serious health condition, 7 calendar days For bonding leave, none (S.B. 5975, 65th Leg., 3rd Special Sess. (Wash. 2017) (enacted))	7 calendar days; waiting period is not required for family leave taken immediately after a period of medical leave for pregnancy or childbirth recovery (H. 4640 §§29(3)(a), 30, 190th Gen. Court, Reg. Sess. (Mass. 2018) (enacted))

The National Partnership for Women & Families is a nonprofit, nonpartisan advocacy group dedicated to promoting fairness in the workplace, access to quality health care and policies that help women and men meet the dual demands of work and family. More information is available at NationalPartnership.org.

- © 2018 National Partnership for Women and Families. All rights reserved.
- 1 http://www.edd.ca.gov/disability/Part-time_Intermittent_Reduced_Work_Schedule.htm.
 - 2 http://www.edd.ca.gov/Disability/Am_I_Eligible_for_PFL_Benefits.htm.
 - 3 http://lwd.state.nj.us/labor/fli/content/fli_faq.html#21.
 - 4 <http://www.dlt.ri.gov/tdi/tidifaqs.htm>.
 - 5 <https://www.mass.gov/service-details/check-eligibility-for-unemployment-benefits>.
 - 6 http://lwd.dol.state.nj.us/labor/tdi/state/sp_cost.htm.
 - 7 http://lwd.dol.state.nj.us/labor/tdi/state/sp_cost.htm.
 - 8 <http://www.dlt.ri.gov/lmi/news/quickref.htm>.
 - 9 <http://www.ucb.ny.gov/content/main/DisabilityBenefits/Employer/complyWithLaw.jsp>.
 - 10 <http://lwd.dol.state.nj.us/labor/fli/content/cost.html>.
 - 11 <https://paidfamilyleave.ny.gov/paid-family-leave-information-employers>.
 - 12 https://www.edd.ca.gov/disability/FAQ_PFL_Eligibility.htm.
 - 13 http://lwd.state.nj.us/labor/fli/content/fli_faq.html; http://lwd.state.nj.us/labor/tdi/employer/state/sp_emp_coverage.html.
 - 14 http://lwd.dol.state.nj.us/labor/fli/worker/state/FL_SP_calculating_benefits.html; http://lwd.dol.state.nj.us/labor/tdi/state/sp_calculating_bene_amounts.html.
 - 15 <http://www.dlt.ri.gov/tdi/tidifaqs.htm>; <http://www.dlt.ri.gov/lmi/news/quickref.htm>.
 - 16 http://www.edd.ca.gov/Disability/About_PFL.htm.
 - 17 http://www.edd.ca.gov/about_edd/Quick_Statistics.htm.
 - 18 <http://lwd.dol.state.nj.us/labor/forms/pdfs/tid/FLI%20Summary%20Report%20for%202016.pdf>.
 - 19 (<http://www.dlt.ri.gov/lmi/luadmin.htm>).

January 2018

Five U.S. States and the District of Columbia have laws guaranteeing paid family and medical leave. Evidence from the first three States to enact paid leave demonstrates how well these policies work—and this body of evidence will continue to grow as new programs take effect in New York, Washington State, and the District of Columbia. These programs provide workers with a share of their wages when they need time to care for a family member with a serious health condition, bond with a new child, or deal with their own serious medical issue.

Paid Leave Policies Have Helped Millions of Families

- **California** workers filed nearly 2.8 million paid family leave claims between the implementation of the State's paid family leave program in 2004 and November 2017. More than 2.4 million of these claims were by parents seeking time to care for new children.¹ In that same period (July 2004–November 2017), more than 9.5 million claims were filed by workers for their own disability.² California families have experienced positive economic and health effects due to the program, and the vast majority of California employers perceive a positive effect on employee productivity, profitability and performance, or no effect, which means the fears some employers articulated when the policy was being considered never materialized.³ The California program has been expanded multiple times since its adoption—to broaden the range of family members for whom caregiving leave can be taken, to increase benefit levels for lower- and middle-wage workers, and to make more workers eligible for job protection when they take parental leave.⁴
- In **New Jersey**, workers filed more than 255,000 leave claims between the family leave insurance program's implementation in 2009 and December 2016—more than 205,000 filed by parents seeking time to bond with a new child.⁵ Three out of four workers (76.4 percent) say they view the program favorably, and support crosses gender, race/ethnicity, age, marital status, union affiliation, employment status and income.⁶ The majority of both small and large businesses say they have adjusted easily.⁷
- In **Rhode Island**, workers filed nearly 34,000 claims between the State's implementation of its paid family leave program in 2014 and the end of 2017—more than three-quarters of approved claims were to bond with a new child.⁸ Research among new parents, family caregivers and businesses suggests the

¹State of California Employment Development Department. (2018). *Paid Family Leave (PFL)—Monthly Data*. Retrieved 25 January 2018, from <https://data.edd.ca.gov/Disability-Insurance/Paid-Family-Love-PFL-Monthly-Data/r95e-fvkm/data>.

²State of California Employment Development Department. (2018). *Disability Insurance (DI)—Monthly Data*. Retrieved 26 January 2018, from <https://data.edd.ca.gov/Disability-Insurance/Disability-Insurance-DI-Monthly-Data/29jg-ip7e/data>.

³Appelbaum, E., and Milkman, R. (2013). *Unfinished Business: Paid Family Leave in California and the Future of U.S. Work-Family Policy*. Ithaca, NY: Cornell University Press; see also Bartel, A., Baum, C., Rossin-Slater, M., Ruhm, C., and Waldfogel, J. (2014, June 23). *California's Paid Family Leave Law: Lessons From the First Decade*. U.S. Department of Labor Publication. Retrieved 26 January 2018, from <http://www.dol.gov/asp/evaluation/reports/PaidLeaveDeliverable.pdf>.

⁴2013 Cal. Stat. ch. 350; 2016 Cal. Stat. ch. 5; 2017 Cal. Stat. ch. 686.

⁵State of New Jersey Department of Labor and Workforce Development. (2010–2017). *Family Leave Program Statistics (2010–2016)*. Retrieved 26 January 2018, from http://lwd.dol.state.nj.us/labor/fli/content/fli_program_stats.html; State of New Jersey Department of Labor and Workforce Development. (2010). *2009 Monthly Statistics*. Retrieved 26 January 2018, from http://lwd.dol.state.nj.us/labor/fli/content/2009_monthly_report_fli.html (unpublished calculation; data are through December 2016).

⁶Houser, L., and White, K. (2012). *Awareness of New Jersey's Family Leave Insurance Program Is Low, Even as Public Support Remains High and Need Persists*. Center for Women and Work at Rutgers, The State University of New Jersey publication. Retrieved 26 January 2018, from http://njtimetocare.com/sites/default/files/03_New%20Jersey%20Family%20Leave%20Insurance-%20A%20CWW%20Issue%20Brief.pdf.

⁷Ramirez, M. (2012). *The Impact of Paid Family Leave on New Jersey Businesses*. New Jersey Business and Industry Association and Bloustein School of Planning and Public Policy at Rutgers, The State University of New Jersey presentation. Retrieved 26 January 2018, from <http://bloustein.rutgers.edu/wp-content/uploads/2012/03/Ramirez.pdf>.

⁸Rhode Island Department of Labor and Training. *Monthly TDI/TCI Claims Summary*. Retrieved 26 January 2018, from <http://www.dlt.ri.gov/lmi/uiadmin.htm> (Unpublished calculation; data are through December 2017).

law is working well.⁹ Rhode Island's program improved upon the programs in California and New Jersey by guaranteeing workers reinstatement to their jobs and offering protection from workplace retaliation for taking paid leave.

- In **New York**, legislators adopted a new paid family leave program with nearly unanimous bipartisan support.¹⁰ The program took effect in 2018 and will be fully phased in by 2021.¹¹ Eighty percent of New York voters said they supported the proposal prior to enactment.¹² When fully implemented, New York will provide 12 weeks of job-protected paid family leave.¹³
- In the **District of Columbia**, a new paid family and medical leave law is scheduled to take effect in 2020. The program will provide up to 8 weeks of leave for new parents, 6 weeks to care for a seriously ill family member and two weeks to care for one's own serious health condition. The program was the first paid leave program in the country to be enacted without an existing temporary disability insurance law.¹⁴
- Most recently, **Washington** State lawmakers enacted a paid family and medical leave law with strong bipartisan support. It will take effect in 2019 and 2020 and provide between 12 and 18 weeks of leave for workers to care for a new child, care for a family member's serious health condition or deal with their own serious health condition.¹⁵

PROVEN RESULTS FOR WORKERS AND FAMILIES

- **Paid leave improves child health outcomes.** Paid leave gives parents time to establish a strong bond with a new child during the first months of life, which results in long-term health benefits for both children and parents. Breastfeeding duration increased substantially among California women who took paid leave, with significant increases in breastfeeding initiation among mothers in lower quality jobs.¹⁶ For low-income families in New Jersey, researchers found that new mothers who use the paid leave program breastfeed, on average, one month longer than new mothers who do not use the program.¹⁷ Preliminary research in California suggests that paid leave may also help prevent child maltreatment by reducing risk factors, such as family and maternal stress and depression.¹⁸ A longitudinal study in California indicates many positive health outcomes for elementary school aged children following the implementation of paid leave, including lower probabilities of having ADHD, hearing problems or recurrent ear infections or being overweight—especially among children with lower socioeconomic status and with mothers who have lower educational attainment.¹⁹

⁹ Bartel, A., Rossin-Slater, M., Ruhm, C., and Waldfogel, J. (2016, January). *Assessing Rhode Island's Temporary Caregiver Insurance Act: Insights From a Survey of Employers*. U.S. Department of Labor publication. Retrieved 26 January 2018, from https://www.dol.gov/asp/evaluation/completed-studies/AssessingRhodeIslandTemporaryCaregiverInsuranceAct_InsightsFromSurveyOfEmployers.pdf.

¹⁰ 2016 N.Y. Laws ch. 54, §9, available at <https://www.nysenate.gov/legislation/bills/2015/s6406/amendment/c>.

¹¹ National Partnership for Women and Families. (2017, July). *State Paid Family Leave Insurance Laws*. Retrieved 26 January 2018, from <http://www.nationalpartnership.org/research-library/work-family/paid-leave/state-paid-family-leave-laws.pdf>.

¹² Siena College telephone survey of 805 registered voters in New York, conducted January 24–28, 2016, by Siena College Research Institute. Retrieved 26 January 2018, from <https://www.siena.edu/news-events/article/albany-corruption-is-serious-problem-89-of-nyers-say>.

¹³ See note 11.

¹⁴ See note 11.

¹⁵ See note 11.

¹⁶ Appelbaum, E., and Milkman, R. (2013). *Unfinished Business: Paid Family Leave in California and the Future of U.S. Work-Family Policy*. Ithaca, NY: Cornell University Press.

¹⁷ Setty, S., Skinner, C., and Wilson-Simmons, R. (2016, March). *Protecting Workers, Nurturing Families: Building an Inclusive Family Leave Insurance Program, Findings and Recommendations From the New Jersey Parenting Project*. National Center for Children in Poverty publication. Retrieved 26 January 2018, from http://nccp.org/projects/paid_leave_publications.html.

¹⁸ Klevens, J., Luo, F., Xu, L., et al. (2015, November 28). "Paid family leave's effect on hospital admissions for pediatric abusive head trauma." *Injury Prevention*. Retrieved 6 May 2016, from <http://injuryprevention.bmj.com/content/early/2016/01/05/injuryprev-2015-041702>.

¹⁹ Lichtman-Sadot, S., and Pillay Bell, N. (2017, July). "Child Health in Elementary School Following California's Paid Family Leave Program." *Journal of Policy Analysis and Management*. Retrieved 25 January 2018, from <http://www.nationalpartnership.org/research-library/work-family/paid-leave/paid-leave-works-in-california-new-jersey-and-rhode-island.pdf>.

- **Fathers and children benefit from paid leave.** Access to paid family leave encourages fathers to use leave for bonding and caregiving. And when fathers take leave after a child's birth, they are more likely to be involved in the direct care of their children long-term.²⁰ In California, the number of fathers filing leave claims increased by more than 400 percent between 2005 and 2013, as the State's program became better established.²¹ In the first year of Rhode Island's program, a greater proportion of new dads took leave to bond with a newborn or adopted child than did new dads in the first year of the California or New Jersey programs.²² As a much newer program, this suggests a broader cultural shift around fathers taking leave and, potentially, greater knowledge of its benefits.
- **Paid leave helps caregivers arrange care for their families.** Studies in California and Rhode Island found that parents who use those States' paid family leave programs are much more likely than those who do not to report that leave has a positive effect on their ability to care for their new children and arrange child care.²³ Paid leave also helps people who care for older adults: a California study found that the implementation of the State's paid leave program accounted for an 11-percent relative decline in elderly nursing home usage.²⁴
- **Paid leave helps workers provide for their families.** An analysis of California's paid leave program found that the program increases the short-term and long-term labor force participation rates of family caregivers with an 8-percent increase in the short run and a 14-percent increase in the long run. The long-term increase in labor force participation was higher among workers in lower-income households.²⁵
- **Paid leave means families are less likely to use public assistance.** An analysis of States with paid family leave or temporary disability insurance programs found that new mothers in those States are less likely than new mothers in other States to receive public assistance or food stamp income (now known as SNAP, the Supplemental Nutrition Assistance Program) following a child's birth, particularly when they use the paid leave programs.²⁶ New mothers in States without paid leave programs report participating in some type of public assistance program more than twice as often as those living in States with paid leave programs. And in the year following a child's birth, new mothers living in States with temporary disability insurance programs are 53 percent less likely than women in other States to report using SNAP.²⁷

²⁰Nepomnyaschy, L., and Waldfogel, J. (2007). "Paternity Leave and Fathers' Involvement With Their Young Children: Evidence From the American Ecls-B." *Community, Work, and Family*, 10(4), 427–453.

²¹State of California Employment Development Department. (2014, July). *Paid Family Leave: Ten Years of Assisting Californians in Need*. Retrieved 26 January 2018, from http://www.edd.ca.gov/Disability/pdf/Paid_Family_Leave_10_Year_Anniversary_Report.pdf.

²²National Partnership for Women and Families. (2015, February). *First Impressions: Comparing State Paid Family Leave Programs in Their First Years*. Retrieved 26 January 2018, from <http://www.nationalpartnership.org/research-library/work-family/paid-leave/first-impressions-comparing-state-paid-family-leave-programs-in-their-first-years.pdf>.

²³See note 16; Silver, B., Mederer, H., and Djurdjevic, E. (2015, November 16). *Launching the Rhode Island Temporary Caregiver Insurance Program (TCI): Employee Experiences One Year Later*. Rhode Island Department of Labor and Training and University of Rhode Island publication. Retrieved 26 January 2018, from <http://www.dlt.ri.gov/TDI/pdf/RIPaidLeave2015DOL.pdf>.

²⁴Arora, K., and Wolf, D.A. (2017, November 3). "Does Paid Family Leave Reduce Nursing Home Use? The California Experience." *Journal of Policy Analysis and Management*, 37(1), 38–62. Retrieved 26 January 2018, from <http://onlinelibrary.wiley.com/doi/10.1002/pam.22038/full>.

²⁵Saad-Lessler, J., and Bahn, K. (2017, September 27). *The Importance of Paid Leave for Caregivers*. Center for American Progress publication. Retrieved 26 January 2018, from <https://www.americanprogress.org/issues/women/reports/2017/09/27/439684/importance-paid-leave-caregivers/>.

²⁶Houser, L., and 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 26 January 2018, from http://go.nationalpartnership.org/site/DocServer/RutgersCWW_Policy_Matters_April2012.pdf.

²⁷*Ibid.*

DEMONSTRATED BENEFITS FOR BUSINESSES

- **Paid leave improves businesses' bottom lines.** Paid leave insurance programs are an affordable, sustainable way for businesses of all size to support their employees when serious family and medical needs arise. A recent survey conducted by the professional services firm EY found that the majority of large companies support the creation of paid family and medical leave programs on the State or Federal level that are funded through tax contributions.²⁸ In New Jersey, about six in 10 medium- and large-sized businesses report no increased administrative costs as a result of the State's paid family leave program.²⁹ A survey of California employers revealed that 87 percent confirmed that the State program had *not* resulted in any increased costs, and 60 percent report coordinating their benefits with the State's paid family leave insurance system—which likely results in ongoing cost savings.³⁰
- **Paid leave is good for small businesses.** Multiple surveys have found that the majority of small business owners support the creation of family and medical leave insurance programs at the State and Federal levels, as these programs make the benefit affordable, reduce business costs, protect small business owners themselves and increase their competitiveness.³¹ In California, although all employers report positive outcomes associated with paid leave, small businesses (those with fewer than 50 employees) report more positive or neutral outcomes than large businesses (500+ employees) in profitability, productivity, retention and employee morale.³² A survey conducted for the New Jersey Business and Industry Association found that, regardless of size, New Jersey businesses say they have had little trouble adjusting to the State's law.³³
- **Employee retention can also improve significantly with paid leave, especially among lower-wage workers.** A report from Rutgers' Center for Women and Work found that women who take paid leave are 93 percent more likely to be in the workforce nine to 12 months after a child's birth than women who take no leave.³⁴ In California, workers in lower-quality jobs who used the State paid leave program reported returning to work nearly 10 percent more than workers who did not use the program.³⁵
- **Paid leave improves employee morale.** A recent EY survey found that more than 80 percent of businesses that offer paid family leave report a positive impact on employee morale, and more than 70 percent report an increase in employee productivity.³⁶ In California, virtually all employers (99 percent) report that the State's program has positive or neutral effects on employee morale.³⁷ Several New Jersey employers interviewed as part of a small study note that the State's paid leave program helps reduce stress among employees and helps improve morale among employees who took leave and their co-workers.³⁸
- **Paid leave programs are used as intended by workers without burdening employers.** The California Society for Human Resource Manage-

²⁸EY. (2017, March). "Viewpoints on paid family and medical leave: Findings from a survey of U.S. employers and employees" (Fig. 26). Retrieved 26 January 2018, from [http://www.ey.com/Publication/vwLUAssets/EY-viewpoints-on-paid-family-and-medical-leave/\\$FILE/EY-viewpoints-on-paid-family-and-medical-leave.pdf](http://www.ey.com/Publication/vwLUAssets/EY-viewpoints-on-paid-family-and-medical-leave/$FILE/EY-viewpoints-on-paid-family-and-medical-leave.pdf).

²⁹See note 7.

³⁰See note 16.

³¹Rouzer, S. (2017, February 7). *New Report: Small Business Owners Support Paid Family Leave, FAMILY Act*. Main Street Alliance publication. Retrieved 26 January 2018, from <http://www.mainstreetalliance.org/small-business-owners-support-family-act>; Small Business Majority and Center for American Progress. (2017, March 30). *Small Businesses Support Paid Family Leave Programs*. Retrieved 26 January 2018, from <http://www.smallbusinessmajority.org/our-research/workforce/small-businesses-support-paid-family-leave-programs>.

³²See note 16.

³³See note 5.

³⁴Houser, L., and Vartanian, T.P. (2012, January). *Pay Matters: The Positive Economic Impacts 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 26 January 2018, from <http://www.nationalpartnership.org/research-library/work-family/other/pay-matters.pdf>.

³⁵See note 16.

³⁶See note 28.

³⁷See note 16.

³⁸Lerner, S., and Appelbaum, E. (2014, June). *Business as Usual: New Jersey Employers' Experiences With Family Leave Insurance*. Center for Economic and Policy Research publication. Retrieved 26 January 2018, from <http://www.cepr.net/documents/nj-fli-2014-06.pdf>.

ment, a group of human resources professionals that opposed California's paid family leave law, declared that the law is less onerous than expected,³⁹ and few businesses in their research reported challenges resulting from workers taking leave. In Rhode Island, a study of small and medium-sized employers conducted after the State's program came into effect found no negative effects on employee workflow, productivity or attendance; the majority of employers surveyed said they were in favor of the new program.⁴⁰

A CLEAR CASE FOR A NATIONAL SOLUTION

All workers in the United States need to be able to take time away from their jobs when serious family and medical needs arise, without jeopardizing their financial stability. The success of the programs in California, New Jersey, and Rhode Island demonstrates that progress is possible—and that there is an effective, affordable and proven model that works for families, businesses and economies.

People's access to paid leave shouldn't depend on where they live, whom they work for, or what job they hold. It is past time for a national solution. Gone should be the days when only 15 percent of workers in the United States have access to paid family leave, and fewer than 40 percent have paid medical leave.⁴¹ Everyone needs and deserves time to care for their health and their families. Learn more at NationalPartnership.org/PaidLeave.

The National Partnership for Women and Families is a nonprofit, nonpartisan advocacy group dedicated to promoting fairness in the workplace, access to quality health care and policies that help women and men meet the dual demands of work and family. More information is available at NationalPartnership.org.

QUESTIONS SUBMITTED FOR THE RECORD TO VICKI SHABO

QUESTIONS SUBMITTED BY HON. MICHAEL B. ENZI

Question. As a former small business owner, I am concerned that any well-intentioned policies could have unintended consequences. For example, if a small company finds a temporary worker for the position for an employee on medical leave, would that temporary worker, after the employee returns to work, then be able to claim unemployment insurance? If so, would such a claim increase the company's unemployment taxes due to an increase in claims?

Answer. This is an excellent question. For context, it may be helpful to look at the behavior of employers who navigate work coverage during employees' leaves—in general, few employers hire temporary workers, although I understand that in small businesses and in certain sectors, hiring replacement workers may be required. Overall, however, recent survey data shows that, among companies with 100 or fewer employees, just 14 percent hire an outside temporary replacement worker when employees take a family or medical leave (Small Business Majority and Center for American Progress (2017, March), *Small Businesses Support Paid Family Leave Programs*, retrieved 6 August 2018, from <http://www.smallbusinessmajority.org/our-research/workforce/small-businesses-support-paid-family-leave-programs>). This is consistent with research on the lived experiences of employers in California and New Jersey after the adoption of those States' paid family leave programs, who most often cover work by assigning other employees to cover the work temporarily or covering the work themselves (Milkman, R., and Appelbaum, E. (2013), *Unfinished Business: Paid Family Leave in California and the Future of U.S. Work-Family Policy*, Ithaca, NY: Cornell University Press; see also Lerner, S., and Appelbaum, E. (2014, June), *Business as Usual: New Jersey Employers' Experiences With Family Leave Insurance*, Center for Economic and Policy Research publication, retrieved 6 August 2018, from <http://cepr.net/documents/nj-fl-2014-06.pdf>).

As Congress proceeds with considering paid leave legislation, legislative language should address and eliminate employer experience-rating penalties so as not to af-

³⁹ Redmond, J., and Fkias, E. (2010, January). *California's Paid Family Leave Act Is Less Onerous Than Predicted*. Society for Human Resources Management publication. Retrieved 26 January 2018, from https://www.sheppardmullin.com/media/article/809_CA%20Paid%20Family%20Leave%20Act%20Is%20Less%20Onerous%20Than%20Predicted.pdf.

⁴⁰ See note 9.

⁴¹ U.S. Department of Labor, Bureau of Labor Statistics. (2017, September). *Employee Benefits in the United State National Compensation Survey, March 2017* (Tables 16 and 32). Retrieved 26 January 2018, from <https://www.bls.gov/ncs/ebs/benefits/2017/ebb10061.pdf>.

fect employers' permanent or temporary employee hiring decisions (for example, unlawfully avoiding hiring women of reproductive age or those likely to have family caregiving responsibilities or illnesses or disabilities of their own), but certainly, temporary employees with requisite work history from a temporary assignment and any prior employment history should be eligible for unemployment insurance if they are out of work after a temporary assignment ends. I would urge that any language serve three policy goals: (1) reduce barriers to smooth business operations during an employee's absence, whether by hiring a replacement or cross-training existing employees; (2) minimize the risk of discrimination or implicit bias against the workers or applicants who an employer assumes will be more likely than others to take a family or medical leave; and (3) ensure that temporary workers are eligible for unemployment insurance if they have filled in to cover for an employee on leave and are subsequently searching for future employment.

All of the above assumes that a temporary worker was hired directly by an individual employer. Employees who are placed in a temporary position through a temp agency may be eligible for unemployment through the agency rather than the through the business establishment in which he or she was placed.

Question. Under the proposed legislation and concepts being considered for paid family leave, would the temporary workers also be eligible for such leave if they have a medical or family issue occur during their temporary employment? If yes, are there any safeguards to prevent abuse or fraudulent claims, such a making a claim in the last week of one's employment?

Answer. Paid leave policies should make paid family and medical leave available to every person with recent work history and requisite earnings; best practice is to make the benefit portable so that temporary and contract workers and those who work for multiple employers are eligible without putting the full burden of paying for leave on an employer or on the worker and their family. Paid leave provides income security during periods of serious family and medical leave; eligibility criteria require a medical certification that demonstrates the workers' legitimate need for leave, and State evidence shows miniscule rates of misuse, fraud or abuse. Paid family and medical leave is not intended as a substitute for unemployment insurance or any other program and penalties would apply to anyone who misuses the program.

Under the FAMILY Act, S. 337, an individual must meet multiple criteria to be eligible for benefits: (1) enough work and earnings history to be insured for disability benefits under the Social Security Act when his or her application is filed; (2) earned income from employment during the 12 months prior to filing an application for family or medical leave; and (3) engaged in "qualified caregiving," which requires submitting FMLA-type certification from a medical provider (section 5(a)). In addition, an individual applying for benefits is subject to a 5-day waiting period (1 work week) during which benefits will not be paid (section 5(b)(3)(A)). The benefit amount an individual receives is offset by the receipt of other public benefits (section 5(b)(4)) and an applicant is ineligible if he or she receives certain other benefits through the Social Security program (section 5(e)(1)). Under the FAMILY Act, applicants who file false claims are barred from using the program for 1 year (section 5(e)(2)).

Senator Rubio's proposal, now introduced as S. 3345, would also appear to cover temporary workers with requisite Social Security earnings credits. This legislation, like the FAMILY Act, serves as a social insurance model that insures all eligible working people independent of the nature of their employment. S. 3345 is only limited to leave to care for a newborn or newly adopted child, however, which excludes about 75 percent of people who need leave in a year.

Question. Under the proposed legislation and concepts being considered for paid family leave, for States that already have paid family leave, what would happen to the funds collected should a Federal plan be put into place?

Answer. Neither S. 337 (the FAMILY Act) nor S. 3345, Senator Rubio's bill, preempt or supersede State or local laws that provide similar paid family and medical leave benefits. The FAMILY Act establishes that State paid family leave insurance and temporary disability leave insurance benefits would be coordinated with Federal family and medical leave benefits in a manner determined by regulations.

QUESTIONS SUBMITTED BY HON. MICHAEL F. BENNET

Question. The three newest State programs have all done progressive wage replacement, so that lower-wage workers receive a higher share of their wages.

Ms. Shabo, could you speak about the trade-offs around flat or progressive wage replacement rates, and how Congress should be thinking about the right level of wage replacement for each income group?

Answer. A meaningful paid family and medical leave program should provide adequate, equitable wage replacement to any eligible worker with a covered serious family or medical need. State programs have taken two general approaches to wage replacement. Older State programs provide one replacement rate up to a cap, so that all low- and middle-wage workers have a consistent share of their wages, while the benefit cap functions to limit wage replacement rates for higher-income workers. Newer State programs (Washington State, the District of Columbia and Massachusetts) and California's updated program have more finely tailored wage replacement rates, with a higher share of wage replacement available to lower-income workers and a lower wage replacement rate available for middle-income workers (again, for higher-wage workers, the maximum benefit functions to limit wage replacement to a declining share of their wages). The cut-point is based on a fraction or multiple of the State average weekly wage or minimum wage. Our chart, available at <http://www.nationalpartnership.org/research-library/work-family/paid-leave/state-paid-family-leave-laws.pdf>, provides details on each State program.

Research shows the importance of higher wage replacement rates for lower-income workers, who are the least likely to have any supplementary wages or paid time off from their employers and also the least likely to be able to meet their basic expenses on a lower fraction of their typical income. Low wage replacement rates may be a barrier to program utilization. For example, research on California's paid family leave insurance program—the first in the country—indicated that the program's original wage replacement rate of 55 percent was too low for many eligible low-wage workers to be able to make use of leave, even as its weekly cap of just above \$1,000 per week was high enough for middle-income workers to use the program (Bana, S., Bedard, K., and Rossin-Slater, M. (2018, May), *Trends and Disparities in Leave Use Under California's Paid Family Leave Program: New Evidence From Administrative Data*, AEA Papers and Proceedings, 108, 388–391, retrieved 3 July 2018, from <https://www.aeaweb.org/articles?id=10.1257/pandp.20181113>; State of California Employment Development Department (2015, December 14), *Paid Family Leave Market Research*, retrieved 30 July 2018, from https://www.edd.ca.gov/Disability/pdf/Paid_Family_Leave_Market_Research_Report_2015.pdf; Milkman, R., and Appelbaum, E. (2013), *Unfinished Business: Paid Family Leave in California and the Future of U.S. Work-Family Policy* (pp. 67–68), Ithaca, NY: Cornell University Press). Modeling based on evidence from California suggests that a higher wage replacement rate will help promote labor force attachment for women: researchers predict that a 10-percent bump in wage replacement will increase the likelihood that a new mother will be working within the 1 to 2 years following birth, beyond the increases already observed from the State's existing program (Bana, S., Bedard, K., and Rossin-Slater, M. (2018, March), *The Impacts of Paid Family Leave Benefits: Regression Kink Evidence From California Administrative Data*, Working Paper 24438, National Bureau of Economic Research, retrieved 30 July 2018, from <http://www.nber.org/papers/w24438.pdf>). Research also indicates that men's likelihood of taking leave is particularly sensitive to wage replacement rates, meaning that too-low wage replacement poses a barrier to gender equity and men's caregiving (World Policy Analysis Center (2018, February), *A Review of the Evidence on Payment and Financing of Family and Medical Leave*, retrieved 6 August 2018, from https://www.worldpolicycenter.org/sites/default/files/WORLD%20Brief%20-%20Payment%20and%20Financing%20of%20Paid%20Family%20and%20Medical%20Leave_0.pdf).

Based on research conducted into California's lower-than-expected paid leave utilization which showed the importance of higher wage replacement, the California legislature updated the State's paid family leave program in 2016 to increase the wage replacement rate to 70 percent for lower-wage workers and 60 percent for middle-wage workers, with the \$1,216 weekly benefit cap. Newer paid leave programs in Washington State and the District of Columbia will provide 90-percent wage replacement to the lowest-wage workers, while Massachusetts will provide 80 percent to the lowest-wage workers. In these newer programs with tiered wage replacement, middle-wage workers typically receive about two thirds of their wages, while higher-wage workers receive 50 percent or less.

In our view, Congress should ensure that any Federal plan replaces at least 66 percent of a worker's typical wages, as the Family And Medical Insurance Leave (FAMILY) Act (S. 337) would do, and offers a meaningful capped benefit so that middle-wage workers can afford to take leave and so that the program facilitates gender equity in leave-taking and workforce participation. As Congress considers paid leave policy options, it could also consider higher wage replacement rates for lower-wage workers, while retaining approximately two-thirds wage replacement for middle-wage workers, as the three newest State programs will do. For context, New York's program will offer a two-thirds wage replacement rate, with a maximum weekly benefit cap of \$1,000, when the program is fully phased in in 2021. As noted above, programs passed in Washington State, the District of Columbia and Massachusetts have included progressive wage replacement rates that amount to 80 to 90 percent for lower-wage workers and around two-thirds for middle-wage workers, with weekly caps of \$850 to 1,000 per week.

Question. Six States and the District of Columbia now have either active programs or are implementing programs to provide paid family leave.

Why is it important that we provide paid family leave at a national level? What benefits would this provide over a patchwork of State programs?

Answer. Every working person in the United States should have access to paid family and medical leave, no matter where they live, their employer or their job. A national paid leave plan would promote higher rates of labor force participation and higher earnings (especially among women), improved child and maternal health, greater income and retirement security for family caregivers, certainty for employers, and growth in the Nation's GDP. A national program, which sets a nationwide baseline, is the surest way to achieve these outcomes. A State patchwork will not ever ensure that every working person has access to paid leave, and might serve to magnify rather than shrink disparities: As the National Partnership found in a report we issued nearly 3 years ago, *A National Imperative: State Disparities Demonstrate Urgent Need for Federal Paid Family and Medical Leave Law*, the States whose populations have the most to gain from paid leave in terms of labor force participation, poverty reduction and population health improvements, are those without a history of innovating in the area of work-family supports.

There are also practical reasons for adopting a program at the national level:

- **A national program would provide portable coverage for working people who move across State lines or work for employers in multiple States.** This will help ensure highly mobile populations, such as military spouses, have equitable access to paid leave. It is also a way to help support people pursuing the American Dream by enhancing their ability to seek better opportunities and upward mobility without regard to a paid leave policy landscape that changes from State to State.
- **A national program would ensure that a child who lives and works in one State is able to care for an ailing parent who lives in another.** The rapid aging of the United States' population and the workforce, and the larger size of the Baby Boom population (in need of care) relative to the smaller size of the Generation X (caregivers to aging Boomers), necessitates solutions to maximize the younger generations' ability to provide care. This is especially true for aging populations in rural and Rust Belt communities, whose children may have moved away to pursue better opportunities in other States.
- **A national paid leave program would create a uniform national baseline for multi-State employers, ensuring that all employees in multi-State companies have consistent benefits.** It would also help to smooth out and offer more certainty to employers in a rapidly changing policy landscape, where States are filling the gaps by adopting their own, varied State paid leave programs.
- **A national paid leave program would assist small businesses in competing for talent with larger ones that are better able to offer paid leave benefit on their own.** Small business' desire to offer leave but concerns about bearing the full cost on an as-needed, unpredictable basis is one reason that 70 percent of smaller businesses nationwide told researchers they support a national paid leave plan funded through shared payroll deductions (Small Business Majority and Center for American Progress (2017, March), *Small Businesses Support Paid Family Leave Programs*, retrieved 6 August 2018, from <http://www.smallbusinessmajority.org/our-research/workforce/>

small-businesses-support-paid-family-leave-programs). It would also create consistency across States for multi-State small businesses.

- **A national program would be more efficient to set up and administer.** The first four States to adopt paid family leave programs were those that had long-standing State temporary disability insurance programs; it was relatively easy and inexpensive to build paid family leave benefits into these existing administrative infrastructures. Those four States were the exception, however. In order to create State paid leave programs going forward, States will need to build whole new systems from scratch or seek Federal permission to use unemployment insurance systems (which themselves require technology and data upgrades in many States (Dixon, R. (2013, November), *Federal Neglect Leaves State Unemployment Systems in a State of Disrepair*, National Employment Law Project publication, retrieved 6 August 2018, from <https://www.nelp.org/wp-content/uploads/2015/03/NELP-Report-State-of-Disrepair-Federal-Neglect-Unemployment-Systems.pdf>)), at a cost of tens of millions of dollars per State. And even after they do, people who move from State to State and multi-State businesses will have to manage dealing with different rules and procedures across State lines—and State governments will have to build and maintain their own systems. It is much better, clearer, cheaper, and simpler to create a national program.

States have always been proving grounds for policy ideas, and State paid leave programs have been no exception. Now, however, it is time for a nationwide program that sets a floor for the country upon which States can improve.

Question. In the recent tax legislation, we created a 2-year pilot program that provides tax incentives to employers that provide paid family leave, provided they meet certain requirements.

Will you speak a little about what's lost when we allow paid family leave to be determined on a company-by-company basis? What are the benefits or limitations of the tax credit approach?

Answer. It is admirable that employers and business leaders are increasingly recognizing the benefits of offering paid leave (Stroman, T., Woods, W., Fitzgerald, G., Unnikrishnan, S., Bird, L. (2017, February), *Why Paid Family Leave is Good Business*, BCG publication, retrieved 6 August 2018, from <https://www.bcg.com/publications/2017/human-resources-people-organization-why-paid-family-leave-is-good-business.aspx>), and we applaud the forward-thinking companies that have created or expanded leave offerings for their employees (National Partnership for Women and Families (2018, April), *Leading on Leave: Companies With New or Expanded Paid Leave Policies* (2015–2018), retrieved 6 August 2018, from <http://www.nationalpartnership.org/research-library/work-family/paid-leave/new-and-expanded-employer-paid-family-leave-policies.pdf>). But private-sector action is the exception and not the rule: just 13 percent of private-sector workers have access to paid family leave through their employers, and fewer than 40 percent have access to paid personal medical leave through an employer's short-term disability program (U.S. Bureau of Labor Statistics (2017, September), *National Compensation Survey: Employee Benefits in the United States, March 2017* (Table 16 and Table 32 for private industry workers), retrieved 30 July 2018, from <https://www.bls.gov/ncs/ebs/benefits/2017/ebbl0061.pdf>). Access to employer-provided paid family leave is about six times more common for the highest-wage workers (24 percent) than for the lowest-wage workers (4 percent) (*Ibid.*). Even within worksites, there are huge disparities: only 22 percent of employees work at worksites that offer paid maternity leave and 9 percent work at worksites that offer paid paternity leave to “all” workers, and about one-fifth are employed at worksites that offer paid maternity and paternity leave to “some,” but not “most” or “all,” employees within the same worksite (Klerman, J.A., Daley, K., and Pozniak, A. (2012, September), *Family and Medical Leave in 2012: Technical Report* (Exhibit 7.2.1), Abt Associates publication, retrieved 6 August 2018, from <https://www.dol.gov/asp/evaluation/fmla/FMLA-2012-Technical-Report.pdf>).

Despite headlines touting the benefits of leading employers, paid leave access rates have hardly budged in recent years, rising from 10 percent of private industry workers with paid family leave in 2010 to 13 percent in 2017—and almost all of the increase has been among the highest income workers (U.S. Bureau of Labor Statistics (2010, September), *National Compensation Survey: Employee Benefits in the United States, March 2010* (Table 32 for private industry workers), retrieved 6 August 2018, from https://www.bls.gov/ncs/ebs/benefits/2010/ownership/prvt_all.pdf; see note 8). It is little wonder that lawmakers and policymakers across the ide-

ological spectrum increasingly agree that a public policy solution is needed to solve the United States' paid leave crisis. But the details matter tremendously.

There is little reason to expect that the temporary tax credit included in the tax legislation passed last year will significantly move the needle. As far as I know, only one company has publicly said it will use the tax credit provision to pay for part of an expanded leave policy; that company—Rolls Royce—also said its policy change was “2 years in the making” suggesting that it was not the credit itself that sparked the policy change (Cebul, D. (2018, May), *Rolls-Royce uses Trump-era tax cuts to improve employee benefits*, retrieved 6 August 2018, from <https://www.defense-news.com/industry/2018/05/03/rolls-royce-uses-trump-era-tax-cuts-to-improve-employee-benefits/>; see also Marone, A. (2018, August 2), *Thanks to GOP Tax Cuts, Companies Are Providing New Benefits to Employees and Their Families*, retrieved 6 August 2018, from <https://www.atr.org/family>). This demonstrates a challenge with tax credits: they simply subsidize employers who already have policies or are already planning to take action rather than incentivizing changes in companies more broadly. This only exacerbates sharp divisions among companies and employees' experiences.

From an employee's perspective, the tax credit continues to perpetuate the “boss lottery”: whether leave is available or not still depends entirely on their employer's decisions.

Moreover, the parameters of the tax credit itself mean that employers who take the tax credit may still fail to guarantee access to paid leave of a meaningful duration, at a wage replacement rate that makes it affordable to use, or for all of the reasons people need paid Family and Medical Leave Act (FMLA) leave. Employer participation is voluntary, and employers could offer leave for as little as two weeks, at as little as 50 percent wage replacement, for as few as just one of the reasons people need leave (26 U.S. Code § 45S—Employer credit for paid family and medical leave, retrieved 6 August 2018, from <https://www.law.cornell.edu/uscode/text/26/45>). And leave would only need to be provided to employees under a certain salary threshold, potentially creating new inequities in a worksite.

From an employer's perspective, the take-up rate may be low because the tax credit does little to make providing leave affordable, particularly for small companies or low-margin businesses. Employers who offer leave in order to receive the tax credit are required to make substantial and often unpredictable out-of-pocket expenditures to provide paid leave when employees need it, in exchange for a small tax credit that is not available until year-end tax filings. For example (assuming an employer with a generous policy), for an employee with a salary of \$36,000 per year who takes 12 weeks of leave at 66 percent pay, an employer would have to pay \$5,483 out-of-pocket for the employee's salary during the leave period, and eventually receive a \$905 tax credit, for a total net annual cost of \$4,578. Ensuring paid leave coverage for the same employee under the FAMILY Act would cost just \$72 for the entire year; during a period of leave, the employee's wage replacement would be covered by the FAMILY Act's trust fund (National Partnership for Women and Families (2017, November), *Tax Credits Do Little to Make Paid Leave Affordable for Employers*, retrieved 6 August 2018, from <http://www.nationalpartnership.org/research-library/work-family/paid-leave/tax-credits-do-little-to-make-paid-leave-affordable-for-employers.pdf>).

Question. The FAMILY Act would offer anti-retaliation protections for all workers. When the Family and Medical Leave Act of 1993 was passed, it excluded employers with under 50 employees. That, along with other eligibility requirements, meant that it now only covers roughly 60 percent of all employees. However, while it may be easier for a large corporation like Deloitte to move personnel around and provide temporary replacement for workers with little cost, small businesses may have a harder time.

How do the employment protections of the FAMILY Act take small businesses into account?

Answer. The FAMILY Act would offer anti-retaliation protections to the 41 percent of workers who are not covered by the Federal FMLA (Klerman, J.A., Daley, K., and Pozniak, A. (2012, September), *Family and Medical Leave in 2012: Technical Report* (Exhibit 7.2.1), Abt Associates publication, retrieved 6 August 2018, from <https://www.dol.gov/asp/evaluation/fmla/FMLA-2012-Technical-Report.pdf>). This is critical because research on the paid leave insurance programs in California and New Jersey has shown that workers without FMLA job protection, particularly low-income workers, often fear repercussions for taking leave and therefore forgo

the paid leave that the State plan makes available (State of California Employment Development Department (2015, December 14), *Paid Family Leave Market Research*, retrieved 30 July 2018, from https://www.edd.ca.gov/Disability/pdf/Paid_Family_Leave_Market_Research_Report_2015.pdf; see also Setty, S., Skinner, C., and Wilson-Simmons, R. (2016, March), *Protecting Workers, Nurturing Families: Building an Inclusive Family Leave Insurance Program Findings and Recommendations From the New Jersey Parenting Project*, National Center for Children in Poverty publication, retrieved 30 July 2018, from http://www.nccp.org/publications/pub_1152.html). Especially when paid leave plans are funded through employee payroll deductions, it's essential to ensure that workers can actually use the program.

Newer State laws go beyond the baseline proposed under the FAMILY Act in addressing this critical need for employment security. Massachusetts will offer full job protection—reinstatement to the same or an equivalent job after returning from leave—for family and medical leave to all workers, including those in smaller businesses or with less job tenure. New York and Rhode Island offer job protection for family care and parental leave to all workers, including those who fall outside the State or Federal FMLA laws. The State FMLA law in California was just amended to offer job protection to new parents in smaller businesses so that these paid leave-takers are protected; FMLA and antidiscrimination laws are also more expansive in Washington, DC and Washington State and will protect some paid leave-takers who are not covered by the Federal FMLA.

QUESTION SUBMITTED BY HON. TIM SCOTT

Question. There is a growing consensus on Capitol Hill that recognizes the need to promote a Federal paid leave policy that empowers employees who are also new parents, caregivers, and even chronically ill. There is also an increasingly large number of employers who have instituted their own paid leave policies, indicating that job creators are recognizing the need and desire for such a benefit. Just like individuals confront a host of life events that are unique to themselves and their families, not all employers or industries are the same. A mandatory Federal paid leave policy applied to all industries may be detrimental to definite-term, project-specific industries due to their different work conditions and performance demands. Construction job sites, for example, employ multiple contractors who work consecutively on time-sensitive projects where both employers and employees have agreed to contracts that cover pay and benefits, including family leave.

As we continue to consider various national paid leave program proposals, what considerations should be made to accommodate and complement the unique needs of various and distinct industries? Specifically, could you provide a more detailed description of the provisions for effective, productive coverage for workers and employers in definite-term, multi-employer performance settings?

Answer. It's encouraging to see a growing consensus on Capitol Hill that paid leave is an issue that Congress must address, and you correctly note the importance of addressing leave not just for new parents but also for caregivers and people who themselves may have chronic health issues. Although it is true that some companies, like Deloitte, are establishing programs for their own workers, most are not. The gaps left by the private sector are enormous—whether measured in the costs to workers and families, the costs to businesses themselves in turnover and lost productivity, or to the costs and lost value to the Nation's economy. This is why public policy must set a cost-effective and efficient baseline that individual companies and industries can use as a platform for further augmentation and innovation.

A social insurance approach like the FAMILY Act can be especially beneficial for the definite-term and multi-employer performance settings raised in this question. Contract workers who need paid leave would be able to access it through the FAMILY Act fund while allowing the employer or multiple employers to hire replacement workers for those that must be out. This is likely much more beneficial than the status quo, which would either have those workers be off the job with no pay—possibly jeopardizing the economic security of themselves and their households, requiring dipping into savings, turning to public assistance programs or even filing for bankruptcy—or put the full cost of paying for leave on their employer, leaving the employer fewer resources to hire a replacement. The FAMILY Act model insures both workers and employers against these types of losses. Program integrity measures would help ensure appropriate use, as has worked in the States.

COMMUNICATIONS

AMERICAN BENEFITS COUNCIL
1501 M Street, NW, Suite 600
Washington, DC 20005
202-289-6700
Facsimile 202-289-4582
www.americanbenefitscouncil.org

Submitted by Ilyse Schuman, Senior Vice President, Health Policy

The American Benefits Council (“the Council”) commends the Senate Subcommittee on Social Security, Pensions, and Family Policy for holding a hearing focusing on the importance of paid family leave for working families.

The Council is a public policy organization representing principally Fortune 500 companies and other organizations that assist employers in providing benefits to employees. The American Benefits Council’s members are primarily very large companies with operations across the country—often in all 50 states and numerous localities. The vast majority of large employers already sponsor excellent paid leave programs that enable employees to address their own, and their family members’ health needs, as well as to have personal, holiday or vacation time. These programs foster greater productivity and contribute to the success of the business.

As more states and political subdivisions enact paid leave laws, it has become increasingly difficult for large, multistate employers to consistently offer and administer paid leave. Many state and local mandates use completely different definitions of terms and have inconsistent recordkeeping requirements and thresholds that trigger coverage or accrual of benefits. As a result, employers have had to design their leave programs to meet administrative and other requirements, rather than meet employer and employee objectives.

As the Subcommittee discusses paid family leave, we ask you to recognize the challenge presenting by the increasingly complex myriad of state and local paid leave laws. We urge you to consider an approach to paid leave that provides a federal, uniform and voluntary paid leave option that will benefit employers and employees alike. Such an approach would enable companies to design uniform programs that benefit their employees and their families wherever they may live or work.

Uniform, voluntary federal standards would be both efficient and equitable. Multistate employers need the predictability and uniformity of a national paid leave solution, so they can maintain consistent policies for their entire workforce across different states and local jurisdictions. By having the option of a single, national standard for paid leave they can treat all their employees equally, rather than on a fragmented, jurisdiction-by-jurisdiction basis. Companies need programs that fit what have become increasingly mobile workforces. A voluntary national standard could make it easier to communicate available programs so that employees get full value and would limit complexity of administration for employers.

We urge policymakers to craft a federal solution that addresses the challenge faced by working families and also the complexity of often conflicting state and local leave laws. Accordingly, a national paid leave policy must be:

- **Practical:** Paid time off is a practical workforce issue and should be a non-partisan issue. This benefit is already provided by employers across the United States. Any policy adopted should promote ease of communication and use for employees as well as ease of administration by the employer.

- **Voluntary:** A national paid leave policy needs to be voluntary on the part of the employer. Any regulation of paid leave should allow large companies to maintain uniform paid leave practices across the country by conforming to a single set of rules so long as they provide a specified level of paid leave to their workforce.
- **Uniform:** As noted, it is critical that companies have the ability, if desired, to design uniform paid leave policies that do not vary based on the state or local jurisdiction in which they operate. Uniformity allows for consistent treatment of employees and ease of mobility for workers. State and local mandates can still apply to businesses that do not provide paid leave, but those companies that choose to adopt a federal minimum standard should be deemed to satisfy all paid leave mandates.
- **Flexible:** Paid leave is distinct from the evolving world of flexible work practices whereby, for example, employees may be able to telecommute, share jobs, or work more during certain days or weeks and less during other days or weeks. A national policy on paid leave should not disrupt the evolution of flexible workplace practices.

Thank you for your consideration of our comments. Please let us know how the Council can further assist in your efforts.

AMERICAN COUNCIL OF LIFE INSURERS (ACLI)
101 Constitution Avenue, NW
Washington, DC 20001-2133
www.acli.com

The American Council of Life Insurers (ACLI) appreciates the opportunity to submit the following statement for the record for the Subcommittee on Social Security, Pensions, and Family Policy's hearing "Examining the Importance of Paid Family Leave for American Working Families" held July 11, 2018. We appreciate the Subcommittee raising the level of awareness regarding this public policy issue.

ACLI advocates on behalf of approximately 290 member companies dedicated to providing products and services that contribute to consumers' financial and retirement security. ACLI members represent 95 percent of industry assets, 93 percent of life insurance premiums, and 98 percent of annuity considerations in the United States. Seventy-five million families depend on our members' life insurance, annuities, retirement plans, long-term care insurance, disability income insurance and reinsurance products. Taking into account additional products including dental, vision and other supplemental benefits, ACLI members provide financial protection to 90 million American families.

The hearing comes at an opportune time. As referenced at the hearing, there has been a dramatic increase in the filing of proposed state legislation over the last several years that creates rights for employees for paid leave to (1) bond with new children, (2) care for family members with serious health conditions, (3) attend to a qualifying exigency created by a family member being called to active military duty and/or (4) for the employee's own medical condition. Some of the proposed legislation permits self-funded and/or insured solutions while other legislation contemplates the creation of new governmental departments that will have the exclusive responsibility for the administration of these leave programs and associated premiums.

Many private insurers are equipped to provide the aforementioned employee benefits as they have the capital, organizational structure, and professional staff with expertise to handle benefits including paid family and medical leave. Insurers have a deep reservoir of customer service, claims and administrative staff who are skilled at administering these benefits. Many insurers currently offer "absence management" services for employers that include tracking and administration of the Family and Medical Leave Act (FMLA) and hundreds of state and local unpaid leave laws. Insurers also provide insured solutions to employers who offer both short- and long-term disability benefits to their employees and also assist employers with self-insured benefits on an administrative services only (ASO) basis. There are a number of states that currently require employers to provide statutory disability and/or family leave benefits to their employees, and almost all of these states permit and encourage private insurer involvement in providing these benefits.

On January 1, 2018, New York became one of four states (the others are California, New Jersey and Rhode Island) to now offer paid family leave benefits so that em-

ployees may take paid leave to bond with a new child, to care for a family member with a serious health condition or for a qualifying military exigency caused by a covered family member being called to military duty (PFML). These leave programs, in essence, mirror rights under the FMLA but enhance those rights by providing paid benefits. The District of Columbia, Massachusetts and Washington have also passed paid family and medical leave legislation; however, those laws do not go into effect until at least 2020.

In addition to these state efforts, federal proposals are being considered as referenced by Senators Kirsten Gillibrand (D-NY) and Joni Ernst (R-IO) at the hearing. As Congress continues discussions and drafts legislation to provide for paid leave, we would recommend that it leverage the private insurance industry as you move forward. Chairman Bill Cassidy (R-LA) applauded the steps many private employers are already taking to provide these benefits to their employees. We respectfully request that you consider the role of the private insurance industry (in particular the private disability insurance carriers) providing these benefits, especially the employee medical leave portion. Currently more than 30 insurers provide disability insurance benefits that businesses and employers can voluntarily offer to their employees.

It makes sense from a number of policy perspectives for other jurisdictions that are contemplating PFML legislation to also draft the legislation in a way that permits private insurer involvement and leverages the established private market. Having insurers participate in programs to provide and to administer these benefits makes sense for the following three key reasons:

- It will reduce the financial and administrative burden on government agencies.
- Insurers already have the expertise, systems, and staff in providing and administering like benefits.
- It provides employers with a way to manage a number of leave programs and benefits in one consolidated platform thereby increasing ease of use and compliance.

ACLI believes that the following are key features that should be considered and included in PFML legislation to effectively accomplish the goal of permitting private insurer involvement:

Flexibility of design. Set minimum standards but allow insurers and employers the flexibility to design and offer coverage that provides equal or better benefits than any designated state benefits.

Flexibility in rates. To maintain a healthy and competitive market, insurers should be allowed to establish appropriate rates based on market forces as is currently the case with other employee benefit coverages. To protect employees, the legislation could require that the benefit be funded equally by both the employer and employee and/or could set maximum rates that can be charged to employees. If insurers and employers have the ability to negotiate rates, it will be more likely that fair market prices will be established that accurately reflect claim incidence.

Leaves run concurrently with FMLA. Insurers recommend that any proposed legislation be clear that the paid family and/or medical leave run concurrently with unpaid FMLA leave so that employees cannot “stack” their leaves and end up with double or more the amount of leave contemplated by the statutes. For example, if the paid family/medical leave permits 12 weeks of leave; employees should be required to have those paid family/medical leave benefits run concurrently with the 12 weeks of unpaid leave under the FMLA to the extent the leave qualifies under both statutes.

Alternative approach: tax credits. Legislation has been enacted at the federal level and proposed at the state level which takes the approach of offering tax benefits to employers who adopt paid family and medical leave that meets certain minimum criteria. The benefit of this legislative approach is that it provides the greatest flexibility to employers and might be the simplest legislation to draft and administer. Insurers recommend that legislators consider this efficient and more flexible approach in any future discussions and bill drafting.

Thank you for the opportunity to submit our comments.

AMERICAN SUSTAINABLE BUSINESS COUNCIL
1001 G Street, NW, Suite 400E
Washington, DC 20001

July 11, 2018

The Honorable Bill Cassidy
Chairman
Subcommittee on Social Security, Pensions, and Family Policy
Committee on Finance
U.S. Senate
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Sherrod Brown
Ranking Member
Subcommittee on Social Security, Pensions, and Family Policy
Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, DC 20510

RE: Subcommittee hearing, "Examining the Importance of Paid Family Leave for American Working Families," July 11, 2018

Dear Chairman Cassidy and Ranking Member Brown:

The American Sustainable Business Council (ASBC), on behalf of the 250,000 businesses we represent, is writing to you today to express our support for the Family and Medical Insurance Leave Act, better known as the FAMILY Act. ASBC is fully supportive of a national paid leave program that is comprehensive and sustainable, and the FAMILY Act is the bill that would accomplish this goal.

THE UNITED STATES IS FALLING BEHIND THE REST OF THE DEVELOPED WORLD

Paid family and medical leave can and should ensure an employee income during a work absence for a range of reasons. The right program will allow employees to meet the needs of a new family or take proper care of a seriously ill loved one (or themselves) without financial penalty. Because these are inherently stressful life situations, practical support, such as paid leave, makes a profound and lasting difference to employees and their loved ones.

Currently, the United States is the only developed nation that does not have a national paid family and medical leave law. The current national law, the Family and Medical Leave Act (FMLA), is woefully inadequate. It only provides up to 12 weeks of *unpaid* leave to roughly half of American workers. Since the law does not apply to companies with fewer than 50 employees, millions of hard-working employees are unable to even benefit from this law because they are either self-employed or work for a small business. Even workers that are covered by the FMLA may find themselves unable to actually take leave because they work in a low-wage job and do not have the economic security to even benefit from the leave that is allowed under the law.

THE FAMILY ACT IS THE HIGH-VALUE LOW-COST PATH FORWARD

The FAMILY Act would create an affordable, inclusive, and comprehensive leave policy that would provide *all* workers with up to 12 weeks of paid leave. This bill would be paid for by matching contributions from employees and employers, which is both responsible and sustainable. The actual costs to both workers and employers would be less than two-one hundredths of a percent per paycheck or roughly \$1.50 per week. The minimal costs of the FAMILY Act would have a tremendous value for workers; they would be able to receive sixty-six percent of their normal wages.

Other legislative proposals for family leave would require workers to draw from their Social Security retirement funds or only cover parental leave. The FAMILY Act would not force workers to make choices that would harm the long-term financial stability of their families. Workers should not be forced to choose whether to delay their retirement because they have to care for a new child or other family member. Further, the government should not be mandating workers to drain their Social Security retirement during a time when many workers are already struggling to save enough for their retirement. American workers need a paid leave plan that helps them remain financially secure without jeopardizing the long-term health of their families.

THE BUSINESS CASE FOR PAID FAMILY AND MEDICAL LEAVE

Polls have shown that nearly seventy percent of small businesses support the implementation of a national paid leave policy like the FAMILY Act. Businesses that have already implemented paid leave policies have seen both employee productivity and profits rise. A common-sense program like the FAMILY Act will help the many American businesses who struggle with employee turnover and the resulting lost productivity as some of their biggest costs, which often amount to thousands of dollars per employee. Additionally, eighty percent of businesses with paid leave programs have found that their employees demonstrated higher levels of satisfaction at work and, in many instances, this increase in worker morale has led to more reliably productive workplaces. A more reliably productive workplace leads to a more profitable business.

In states like California and New Jersey that have already implemented paid family and medical leave, the programs are popular with businesses and employees alike. Businesses are able to utilize existing state resources to assist in creating the necessary infrastructure to implement and sustain paid leave programs. Approximately sixty percent of California businesses reported cost savings by coordinating their benefits with the state program. Meanwhile, a poll in New Jersey found that, three years after the state's paid family leave program took effect, more than seventy-five percent of voters viewed it favorably.

Additionally, in California, the paid leave law reduced disparities in amount of leave time taken between employees in lower-income and higher-income jobs. According to polls and other studies, the employees in the lower-income positions started to use more of their leave following the implementation of this policy. California is also doing more to address lingering disparities by continually increasing the percentage of take-home wages for most of the recipients.

By 2020, six states and the District of Columbia will have passed and implemented paid leave policies for all workers in their states. This doesn't even include the growing number of state and local governments providing their employees with varying levels of paid family and medical leave. What is abundantly clear, more and more Americans—as well as their elected leaders—know that these programs are not only smart public policy, they are smart business policy.

Paid leave is a central component of the High-road workplace principles, of which ASBC and its members believe in and abide by. High-road companies consider the impact of their business practices on their employees, the communities they operate in, and the products and services they provide to the marketplace. These companies understand that the High-road incentivizes their employees to work more productively and be more reliable because their employers are doing the same for them.

High-road workplaces do more than just benefit employees and the bottom line. They also benefit American communities because they reduce employee reliance on taxpayer-funded safety nets, put more money into our local economies, and improve the well-being and future prospects of families. Yet despite the clear moral and economic benefits of the High-road, some employers continue their substandard workplace practices. As a result, they burden the U.S. economy as a whole and penalize companies that do pay their fair share. By passing the FAMILY Act, you would be disincentivizing these bad actors and level the playing field for all companies.

As business leaders, we know that providing paid family leave is good for business and we believe it is good for our country.

Sincerely,

The American Sustainable Business Council

ASSOCIATION OF WOMEN'S HEALTH, OBSTETRIC, AND NEONATAL NURSES
1800 M Street, NW, Suite 740 South
Washington, DC 20036
800-354-2268
202-728-0575 (fax)
www.ahonn.org

July 23, 2018

Senator Bill Cassidy
Chairman
Subcommittee on Social Security,
Pensions, and Family Policy

Senator Sherrod Brown
Ranking Member
Subcommittee on Social Security,
Pensions, and Family Policy

U.S. Senate
Committee on Finance
Washington, DC 20510

U.S. Senate
Committee on Finance
Washington, DC 20510

Re: "Examining the Importance of Paid Family Leave for American Working Families," July 11, 2018

Dear Chairman Cassidy and Ranking Member Brown,

Thank you for the opportunity to submit this statement for the record on the July 11, 2018 Senate Committee on Finance Subcommittee on Social Security, Pensions, and Family Policy hearing "Examining the Importance of Paid Family Leave for American Working Families."

As an organization that represents 350,000 nurses who are clinically active in hospitals, perinatal facilities, and Health Centers, the Association of Women's Health, Obstetric, and Neonatal Nurses (AWHONN) promotes breastfeeding as the ideal and normative method for feeding infants. Women should be encouraged and supported to exclusively breastfeed for the first six months of an infant's life and continue to breastfeed for the first year and beyond.

Financial pressure often forces new mothers to return to work, but doing so interferes with breastfeeding. Paid leave for new mothers would remove the financial pressure and therefore increase the rate of breastfeeding. Because breastfeeding has short-term and long-term health benefits, an increase in the breastfeeding rate would have public health benefits. If 90% of new mothers breastfed exclusively for 6 months, 13 billion health care dollars would be saved.¹ These long-term public health benefits would translate into a healthier future workforce, including an increase in the number of young adults who meet the minimum standards for health required to fill the ranks of our armed services.

AWHONN supports the implementation of legislation, policies, and public health initiatives that ensure the right to breastfeed; increase the rate of initiating and maintaining exclusive breastfeeding in the United States; raise awareness of the benefits of breastfeeding; and expand research related to breastfeeding. Such initiatives should include, but not be limited to, enhanced family medical leave policies that provide women with paid maternity leave to fully establish and maintain exclusive breastfeeding for at least the first six months of their infants' lives.

For the above reasons, AWHONN supports S. 337, the Family and Medical Insurance Leave (FAMILY) Act. AWHONN supports this bill so women can establish and sustain breastfeeding while minimizing loss of income for their families. Financed by a new, mandatory payroll contribution, this bill would establish a fund administered by the Social Security Administration to provide paid leave for 12 weeks for any family member for any family-related medical leave including maternity care. It would make paid leave affordable for employers of all sizes and for workers and their families and be funded by a small employee and employer payroll contribution. The FAMILY Act builds on successful state programs in California, New Jersey, Rhode Island and New York.

By contrast, the proposal testified to by Sen. Joni Ernst, by borrowing against future Social Security benefits, would provide working families with financial security during their child-rearing years at the expense of those same families' financial security at the time of their retirement or permanent disability of a wage earner. AWHONN opposes this bill because it unfairly targets women and comes at the expense of delayed benefits when they might be most needed.

If you have any questions or desire to further discuss these issues, please contact AWHONN Government Affairs Director Seth Chase at schase@whonn.org or 202-261-2427.

Sincerely,

Suzanne Berry, MBA, CAE
Interim Chief Executive Officer

¹ Bartick, M., and Reinhold, A. (2010). "The burden of suboptimal breastfeeding in the United States: A pediatric cost analysis." *Pediatrics*, 125, e1048–e1056. doi:10.1542/peds.2009-16162.

BERNER INTERNATIONAL CORPORATION
New Castle, Pennsylvania

Statement by Georgia Berner

PAID FAMILY LEAVE

As the retired President and CEO of Berner International Corporation, it is difficult to understand the opposition to having a National Family and Medical Leave insurance program. How exactly does it not make sense? Finding and retaining the best and brightest employees is a time consuming and costly function of running a business. To offer benefits that support employees and their families creates a partnership where both employer and employee have a sense of stability and security, employees are productive and healthy, and U.S. companies are strong and profitable. Berner is the first U.S. manufacturer of air curtains. Air curtains create an air seal across an open doorway that keeps cold air on one side and warm air on the other, saving energy and creating healthy, comfortable environments. Located in New Castle, Pennsylvania, Berner has become an employer of choice in the region, grown to over 65 employees and continues to offer fully paid health benefits to all full-time employees.

CONSORTIUM FOR CITIZENS WITH DISABILITIES (CCD)

820 First Street, NE, Suite 740
Washington, DC 20002-4243
Tel: 202-567-3516
Fax: 202-408-9520
Website: www.c-c-d.org
Email: info@c-c-d.org

**Statement on Proposals to Use Social Security to
Pay for Parental Leave**

Consortium for Citizens With Disabilities Social Security Task Force

The Independent Women's Forum (IWF) has proposed creating a new parental leave benefit, paid for by asking workers to take a cut in their future Social Security benefits. Under the IWF proposal, workers could receive up to 12 weeks of partially paid parental leave, offset by a reduction or delay in their Social Security retirement benefits. Participation would be voluntary.

The undersigned members of the Consortium for Citizens with Disabilities (CCD) Social Security Task Force oppose such proposals. The U.S. can create a paid leave plan affordably and responsibly—without reducing workers' Social Security benefits or forcing them to delay retirement. We urge Congress to reject the IWF proposal and any similar proposals. We offer the following considerations related to the impact of such proposals on Social Security:

- **Access to paid leave should not be carved out of funds dedicated to Social Security.** Our Social Security system is a foundation of economic security for workers and their families in the event of a worker's retirement, disability, or death. Social Security represents a promise to U.S. workers that has been built up and honored for over 80 years that should not be limited or cut. Expanding access to paid parental leave is an important goal for all workers, including people with disabilities and their families. However, proposals to fund paid leave out of workers' future Social Security benefits would break the promise of Social Security, and should be rejected.
- **Workers should not be asked to pay for parental leave today by rolling the dice on their future needs for Social Security.** Research consistently finds that it is difficult to estimate financial needs in retirement, and workers often underestimate. Asking workers in their prime reproductive years to make decisions based in part on their prediction of future Social Security retirement benefit needs is unnecessary and unwise. Workers with disabilities and their families would be more likely to face this risky roll of the dice because on average, they are more likely to work in low-wage, part-time, non-managerial jobs that lack employer-based paid leave benefits.
- **Retirement security should be strengthened, not eroded or put at risk.** According to the Urban Institute, under the IWF proposal "... parents who

take 12 weeks of paid leave through the program would have to delay their Social Security retirement benefits by 20 to 25 weeks depending on the repayment details.” Social Security represents a major source of income for most retirees: it provides over half of total income for most aged beneficiaries, and 90 percent or more of income for nearly 1 in 4 aged beneficiary couples and over 2 in 5 aged nonmarried beneficiaries. Even with Social Security, many seniors live in or near poverty—and seniors with disabilities are particularly likely to experience poverty. The CCD Social Security Task Force has long supported strengthening—not weakening—Social Security as a cornerstone of a financially sound retirement.

- **Any delays or permanent reductions in Social Security benefits could significantly harm the economic security of people with disabilities and their families.** IWF’s and similar proposals could be funded by raising the age at which a worker could collect full retirement benefits (in effect, a permanent reduction in benefits), or by withholding all of a worker’s initial Social Security retirement benefits for an amount equal to the paid parental leave taken (a delay in benefits). The more times a worker takes parental leave, the greater the future benefit reduction. The proposed treatment of Social Security disability or survivors’ benefits is not clear; any cuts in these benefits would be particularly harmful to people with disabilities and their families. Workers with disabilities on average earn significantly less than workers without disabilities and often have fewer opportunities to save. As a result, Social Security is particularly important to the economic security of people with disabilities, and any reductions or delays in benefits would disproportionately harm people with disabilities and their families.
- **Congress should adequately fund the Social Security Administration (SSA) to operate and strengthen its existing core programs—not repurpose existing limited resources to implement a new program.** From 2010 to 2018, SSA’s operating budget shrank by nearly 9 percent while workloads rose. As a result, customer service has been eroded across the agency. Today, nearly 1 million people are waiting an average of over 590 days for a hearing before an SSA Administrative Law Judge. These historic waits lead to extreme hardship: while awaiting a hearing, many struggle to pay rent or meet basic needs. Some lose their homes or go into bankruptcy, and in 2017 approximately 10,000 people died while waiting for a hearing. Congress must fully fund SSA’s operating budget to ensure timely, accurate disability determinations and humane, high-quality customer service across the agency. The IWF proposal would move in the opposite direction, “. . . raising Social Security’s annual costs, net of benefit offsets, about 1 percent over the long run,” according to the Urban Institute.

For these reasons, the undersigned members of the CCD Social Security Task Force urge Congress to reject the IWF proposal and any similar proposals to fund paid leave out of Social Security.

CCD members:

ACCSES
 Allies for Independence
 American Association on Health and Disability
 American Association on Intellectual and Developmental Disabilities (AAIDD)
 American Psychological Association
 Autistic Self Advocacy Network
 Bazelon Center for Mental Health Law
 Christopher and Dana Reeve Foundation
 Community Legal Services of Philadelphia
 Easterseals
 Family Voices
 Justice in Aging
 National Academy of Elder Law Attorneys
 National Association of Councils on Developmental Disabilities
 National Association of Disability Representatives
 National Committee to Preserve Social Security and Medicare
 National Disability Rights Network
 National Multiple Sclerosis Society
 National Organization of Social Security Claimants’ Representatives
 Paralyzed Veterans of America
 Special Needs Alliance
 The Arc of the United States

United Spinal Association

Joined by:
Lakeshore Foundation

CCD is the largest coalition of national organizations working together to advocate for federal public policy that ensures the self-determination, independence, empowerment, integration and inclusion of children and adults with disabilities in all aspects of society. The CCD Social Security Task Force focuses on disability policy issues in the Title II disability programs and the Title XVI Supplemental Security Income (SSI) program.

For more information, contact the CCD Social Security Task Force Co-Chairs: Lisa Ekman, lisa.ekman@nosscr.org/(202) 457-7775; Tracey Gronniger, tgronniger@justiceinaging.org/(202) 683-1993; Jeanne Morin, jmorin.ppa@gmail.com/(202) 297-3616; Web Phillips, phillipsw@ncpssm.org/(202) 216-8358; T.J. Sutcliffe, sutcliffe@thearc.org/(202) 783-2229 ext. 314.

ERISA INDUSTRY COMMITTEE
701 8th Street, NW, Suite 610
Washington, DC 20001
(202) 789-1400
www.eric.org

July 24, 2018

U.S. Senate
Committee on Finance
Dirksen Senate Office Building
Washington, DC 20510

Ladies and Gentlemen,

The ERISA Industry Committee (ERIC) appreciates the opportunity to submit a statement for the record for the hearing held on Wednesday, July 11, 2018 before the Senate Finance Subcommittee on Social Security, Pensions, and Family Policy, entitled "Examining the Importance of Paid Family Leave for American Working Families."

ERIC is the only national association that advocates exclusively for the nation's largest employers on health, retirement, and compensation public policies at the federal, state, and local levels. Our members provide generous paid leave benefits to tens of thousands of workers across the country, and therefore have a strong interest in laws and policies that affect their ability to offer competitive paid leave benefits to their employees. Large employers continue to be at the forefront of employee benefits. Through paid family leave and short and long-term disability policies, large employers are stepping up and providing important safety net benefits for their employees. A number of these large employers work in almost every state and are therefore subjected to newly adopted state government mandates on paid family and medical leave. These mandates are imposing significant and unnecessary compliance burdens through one-size fits-all models that have the potential to cause employers to adversely alter their employee benefits.

The conversation about a national paid family and medical leave law is an important one. It has been twenty-five years since the Family and Medical Leave Act (FMLA) was signed into law, guaranteeing millions of Americans unpaid leave from work to care for themselves or a close family member. Since FMLA, however, there has been a greater importance placed on paid family leave and what it can mean for both employees and employers. Large employers saw the benefit of offering this voluntary benefit and have been doing so for years. Large employers that operate in more than one state do their best to maintain a national policy that satisfies the growing number of state mandates. Uniformity is key for employers that want to provide the same benefits package to employees regardless of geographic location. A national standard would ensure the greatest type of uniformity and lessen the patchwork effect that is currently being promulgated.

Any national paid family and medical leave law should account for and shield those employers that have already been providing paid family and medical leave benefits. This is most easily achieved through federal preemption. An employer that satisfies a federal standard for paid family leave should be deemed to have satisfied any state law that governs the same type of paid family leave for employees.

However, should preemption be unachievable, a federal paid family and medical leave law should establish a social insurance program rather than a strict government mandate. A social insurance program could utilize existing infrastructure (e.g., unemployment insurance) and government resources, which would lessen the burdens and costs to employers. Furthermore, the funding of benefits through a federal program should be the sole responsibility of employees as the ultimate beneficiaries. As the individuals receiving the wage replacement while away from work, it should be from their wages that amounts are deducted to ensure the solvency of a central fund from which benefits are paid.

Ultimately, we share the goal of increasing access to paid family and medical leave to employees of private-sector employers. But, for employers that already provide a family and medical leave through their own policies, it is important that they can continue designing and maintaining plans that work effectively and efficiently based on the needs of their workforces and the industries in which they operate.

ERIC appreciates the opportunity to provide a statement for the record. If you have any questions concerning our comments, or if we can be of further assistance, please contact me at (202) 627-1930 or whansen@eric.org.

Sincerely,

Will Hansen
Senior Vice President, Retirement and Compensation Policy

FIRST FOCUS CAMPAIGN FOR CHILDREN

Dear Subcommittee Chairman Cassidy, Ranking Member Brown, and Members of the Subcommittee on Social Security, Pensions, and Family Policy. We thank you for the opportunity to submit this statement for the record on the hearing focused on addressing the need for a comprehensive, bipartisan nationwide paid leave policy.

First Focus Campaign for Children is a bipartisan advocacy organization dedicated to making children and families a priority in federal policy and budget decisions. As an organization dedicated to promoting the safety and well-being of all children in the United States, we support the establishment of a universal paid family and medical leave program that ensures families must never have to choose between financial stability and the ability to care for children or other loved ones in a time of need.

The United States drastically lags behind the rest of the developed world when it comes to paid family leave. We are the only OECD (Organisation for Economic Co-operation and Development) country that does not provide paid maternity leave nationwide, and paid leave is given to both parents in 23 OECD countries.¹

Creating a national paid family and medical leave program in the U.S. would have significant positive implications for reducing child poverty and improving child health. The birth of a child often results in large medical bills for families, and the income earned during paid leave can be used to cover these medical expenses and prevent a family from falling behind on other bills such as rent and utilities.

Infants in the U.S. are 76% more likely to die than those born in other countries.² Infant and maternal mortality rates in the U.S. are far too high in comparison to other wealthy nations, and a national policy on paid family leave would help combat this. A study from *Public Health Reports* finds an increase of 10 weeks paid maternity leave predicted a 10% decrease in neonatal and infant mortality rates.³

Multiple states have already successfully implemented paid leave policies, yet a national paid leave program must be created to reach the millions of men and women who lack access to both unpaid and paid leave. While the Family and Medical Leave

¹*Oecd.org*. (2016). *Parental leave: Where are the fathers?* [online]. Available at: <https://www.oecd.org/policy-briefs/parental-leave-where-are-the-fathers.pdf> [accessed 24 Jul. 2018].

²Thakrar, A., Forrest, A., Maltenfort, M. and Forrest, C. (2018). "Child Mortality in the U.S. and 19 OECD Comparator Nations: A 50-Year Time-Trend Analysis." *Health Affairs*, [online] 37(1), pp. 140-149. Available at: <https://www.healthaffairs.org/doi/abs/10.1377/hlthaff.2017.0767>.

³Heymann, J., Raub, A. and Earle, A. (2011). "Creating and Using New Data Sources to Analyze the Relationship Between Social Policy and Global Health: The Case of Maternal Leave." *Public Health Reports* [online] 126(3 suppl), pp. 127-134. Available at: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3150137/>.

Act (FMLA), adopted over 25 years ago, provides critical job protection for millions of workers in the U.S., only about 60% of the nation's workforce is eligible for protection, and there are many more employees who cannot afford to take leave that is unpaid.⁴ Currently, only 15% of American workers have access to paid leave, and those who do not must choose between losing valuable income or providing loved ones, and themselves, the care they need.⁵

The Family and Medical Insurance Leave (FAMILY) Act of 2017, introduced by Senator Kirsten Gillibrand (D-NY) and Congresswoman Rosa Delaura (D-CT-3), would create a program that combines employer and employee payroll contributions to create a shared fund for paid family and medical leave for all employers of all sizes. Workers in all companies would be eligible for up to 12 weeks of partial income, earning 66% of their monthly wages up to a capped amount, for family and medical leave. Paid leave could be used during a pregnancy, for childbirth recovery, serious health condition of a child, parent, spouse or domestic partner, adoption of a child, and/or military caregiving and leave.

The FAMILY Act would allow for working individuals to take paid time off, and would not discriminate based on gender or the nature of their job. By allowing both parents to take valuable time off after the birth or adoption of a child, men are able to be more involved in direct care therefore creating greater equality in households.⁶

It would also improve both maternal and child health, because mothers are more able to breastfeed,⁷ parents are more likely to have their children immunized and take them to important check-ups.⁸ Studies show that when families have access to paid leave, children get over illnesses and heal faster.⁷

Due to a lack of paid leave, as of 2015, 1 in 4 women returned to work just 2 weeks after giving birth.⁹ This is detrimental for women's health as it has been proven that returning to work prior to 6 weeks after giving birth puts mothers at a much greater risk for postpartum depression.¹⁰

The FAMILY Act also has positive consequences for family economic security. According to the National Partnership for Women and Families, the FAMILY Act could reduce by 81% the number of the nation's families facing economic insecurity when they need time to care. In addition, new mothers who take paid leave are over 50% more likely to receive a future pay increase.¹¹ In addition to helping families, nationwide paid family and medical leave would help the American economy. Our current lack of paid leave costs the economy \$20.6 billion per year.¹²

In contrast, we have concerns about the proposal included in Senator Ernst's testimony, which would require families to pull from Social Security funds in order to cover paid family leave. In the long-term, this would hurt low-income families, creating financial stress as they age into retirement. This proposal would also only ac-

⁴ Abt Associates Inc. (2014). *Family and Medical Leave in 2012: Technical Report*. Cambridge MA. Available at: <https://www.dol.gov/asp/evaluation/fmla/FMLA-2012-Technical-Report.pdf>.

⁵ Nationalpartnership.org. (2018). *Oppose Retirement Penalties for Parents Toolkit* [online]. Available at: <http://www.nationalpartnership.org/research-library/work-family/coalition/oppose-retirement-penalties-for-parents-coalition-toolkit.pdf> [accessed 23 Jul. 2018].

⁶ Nationalpartnership.org. (2018). *Fathers Need Paid Family and Medical Leave Fact Sheet* [online]. Available at: <http://www.nationalpartnership.org/research-library/work-family/paid-leave/fathers-need-paid-family-and-medical-leave.pdf> [accessed 24 Jul. 2018].

⁷ Earle, A., Mokomane, Z. and Heymann, J. (2011). "International Perspectives on Work-Family Policies: Lessons From the World's Most Competitive Economies." *The Future of Children*, 21(2). Available at: <https://www.ncbi.nlm.nih.gov/pubmed/22013634>.

⁸ Berger, L., Hill, J. and Waldfogel, J. (2005). "Maternity leave, early maternal employment and child health and development in the U.S." *The Economic Journal*, 115(501). Available at: <https://onlinelibrary.wiley.com/doi/abs/10.1111/j.0013-0133.2005.00971.x>.

⁹ Paquette, D. (2015). "The shocking number of new moms who return to work two weeks after childbirth." *The Washington Post* [online]. Available at: https://www.washingtonpost.com/news/work/wp/2015/08/19/the-shocking-number-of-new-moms-who-return-to-work-two-weeks-after-childbirth/?utm_term=.43afa961b0f6 [accessed 24 Jul. 2018].

¹⁰ Dagher, R., McGovern, P. and Dowd, B. (2013). "Maternity Leave Duration and Postpartum Mental and Physical Health: Implications for Leave Policies." *Journal of Health Politics, Policy, and Law*, 39(2). Available at: <https://www.ncbi.nlm.nih.gov/pubmed/24305845>.

¹¹ Houser, L. and Vartanian, T. (2012). *Pay Matters: The Positive Economic Impacts of Paid Family Leave for Families, Businesses and the Public*. New Brunswick, NJ: Rutgers Center for Women and Work. Available at: <http://www.nationalpartnership.org/research-library/work-family/other/pay-matters.pdf>.

¹² Saad-Lessler, J. and Bahn, K. (2017). *The Importance of Paid Leave for Caregivers—Center for American Progress* [online]. Center for American Progress. Available at: <https://www.americanprogress.org/issues/women/reports/2017/09/27/439684/importance-paid-leave-caregivers/#fn-439684-11> [accessed 24 Jul. 2018].

count for paid parental leave, thus not allowing workers to take paid time off to care for themselves or other loved ones suffering from chronic illness.

A universal paid family and medical leave program in the U.S. is needed now more than ever. According to a 2014 report from the U.S. Census Bureau, the population aged over 65 will be double what it was in 2012 by 2050.¹³ With a growing aging population, our nation must be ready to support the increasing amount of unpaid caregivers who will have to take time off work to care for a spouse, parent, or other loved ones.

We thank you again for the opportunity to submit this written testimony. We look forward to working with you to help ensure that all families and children are prioritized in the implementation of a national paid leave policy.

FRANCISCAN SISTERS OF PERPETUAL ADORATION

July 13, 2018

U.S. Senate
Committee on Finance
Dirksen Senate Office Bldg.
Washington, DC 20510–6200

RE: STATEMENT FOR THE RECORD—Subcommittee Hearing, “Examining the Importance of Paid Family Leave for American Working Families”

Chairman Hatch, Ranking Member Wyden, and members of the Subcommittee on Social Security, Pensions, and Family Policy:

I write today on behalf of Franciscan Sisters of Perpetual Adoration, a religious congregation of Roman Catholic Sisters. The Franciscan Sisters of Perpetual Adoration wishes to encourage the efforts of this subcommittee on paid family leave and underscore the importance of improving paid family leave policy—not only for workers, but for the companies and investors which rely on their long-term health and human capital.

As a testament to the investment community’s keen interest in improving paid family leave policy, I refer the subcommittee to the following investor statement on paid family leave published last month and endorsed by 58 investment companies and asset owners with assets totaling \$169 billion. Please review the statement in its entirety. Very clearly, investors are seeking greater equality, adequacy and accessibility in companies’ paid family leave policies.

As discussed in the investor statement, suitable paid family leave positions workers and companies to seize long-term opportunities and guard against human capital risk. However, more support from government is needed. Federal policy certainty and targeted resources would promote the long-term interests of U.S. employers. As an investment company focused on sustainable and socially responsible performance, therefore, Franciscan Sisters of Perpetual Adoration urges Congress to act to improve paid family leave.

Most sincerely,

Susan Ernster, FSPA
Treasurer/CFO

INVESTOR STATEMENT ON PAID FAMILY LEAVE

Published June 1, 2018

Available online at <http://www.zevin.com/documents/familyleave.pdf>

We write today as representatives of investors with assets totaling \$169 billion and a keen interest in investment risks and opportunities related to human capital management. Paid Family Leave is a critical issue impacting U.S. families, as well as our portfolio companies’ long-term performance. Federal inaction on paid family leave has increased pressure on large employers to enhance their policies for all employees. Investors are concerned about the long-term performance and risk management of companies that maintain unequal and inadequate paid family leave policies.

¹³Ortman, J., Velkoff, V. and Hogan, H. (2014). *An Aging Nation: The Older Population in the United States* [online]. *Census.gov*. Available at: <https://www.census.gov/prod/2014pubs/p25-1140.pdf> [accessed 24 Jul. 2018].

Companies that fail to review, disclose, and improve their approach to paid family leave could be left behind. In the last few months alone, Starbucks, Walmart, CVS Health and other large employers have announced extended paid parental leave policies.¹ Companies are finally taking action in response to public advocacy by employees, as well as pressure from investors, including shareholder proposals urging companies to address critical caregiving needs.²

It is well known that the current state of paid family leave is not working for U.S. families in general and has negative impacts on certain segments of the population in particular. Approximately 9 out of 10 private sector workers in the U.S. do not have access to a single day of paid family leave, and one in four new moms is back at work just 10 days after childbirth.³ The lack of proper paid family leave, as further defined below, can disproportionately impact women, forcing them to leave their career track in order to care for children, and contributing to systemic and long-term gender pay gap issues.

The status quo is also bad for business—subjecting companies to avoidable long-term risks and costs, such as workforce retention issues and higher turnover, loss of high-quality talent, and diminishing diversity levels. For example, it is costly for companies to replace workers (and train their replacements) when poor paid family leave policies cause them to leave the workforce. On the other hand, according to the Center for Economic and Policy Research, companies offering paid family leave to all workers report increased morale, as well as cost savings, from less employee turnover.⁴ In a recent *New York Times* report, a Starbucks official stated that improved paid family leave “brings the talent we’re looking for, and industry-leading retention.”⁵

Unequal paid family leave can also lead to litigation risk. For example, last year, the Equal Employment Opportunity Commission sued Estee Lauder, citing disparities between paid leave for mothers and fathers.

Recent progress at the companies mentioned above signals a wave of action among U.S. corporations and a potential watershed moment for paid parental leave in the U.S. As the labor market tightens, more and more companies are positioning themselves to attract and keep talent with incentives such as paid family leave and other family-friendly policies. Policies that leave out hourly or part-time workers, that ignore fathers and adoptive parents, or that do not provide adequate length of leave for families to recover or bond with newly arrived children will no longer suffice. We believe that the “Paid Leave Arms Race”⁶ that has played out in the professional services, financial, and knowledge economy sectors is now moving into the service and retail sectors. As such, we are urging companies across our portfolios to revisit their approach.

Companies should strive for best practice to realize all of the benefits of paid family leave. Policies in this area should:

- **Be equal** . . . between classes of employees, salaried and hourly, full-time and part-time, corporate office and field . . . between new parents regardless of gender or family circumstance. Providing an additional 6 to 8 weeks of short-term disability for birth mothers is acceptable.
- **Be adequate** . . . in length for the health of newly arrived children and birthing mothers, and provide the necessary bonding time for new parents. Although Walmart excluded their part-time workforce, the length of Walmart’s new policy sets the baseline standard for companies: 16 weeks of fully paid parental leave to employees who give birth, and 6 weeks fully paid to all other new parents.

¹“Walmart and Now Starbucks: Why More Big Companies Are Offering Paid Family Leave.” *The New York Times*, 24 Jan. 2018, <https://www.nytimes.com/2018/01/24/upshot/parental-leave-company-policy-salaried-hourly-gap.html>.

²“Starbucks investors press coffee chain for change on unequal family leave.” *The Guardian*, 2 Oct 2017, <https://www.theguardian.com/business/2017/oct/02/starbucks-investors-coffee-family-parental-birth-leave>.

³“13 Percent of Private Industry Workers Had Access to Paid Family Leave in March 2016: The Economics Daily.” U.S. Bureau of Labor Statistics, 4 Nov. 2016. Web 9 May 2017.

⁴“Leaves That Pay: Employer and Worker Experiences With Paid Family Leave in California,” Center for Economic and Policy Research, January 2011, <http://cepr.net/publications/reports/leaves-that-pay>.

⁵“Walmart and Now Starbucks: Why More Big Companies Are Offering Paid Family Leave,” *The New York Times*, 24 Jan. 2018, <http://www.nytimes.com/2018/01/24/upshot/parental-leave-company-policy-salaried-hourly-gap.html>.

⁶“Deloitte Enters the Paid Family Leave Arms Race With 16 Weeks of Family Leave,” *Fortune*, Sep. 8 2016, <http://fortune.com/2016/09/08/deloitte-family-leave/>.

- **Be accessible** . . . to all employees. Policies should be easy to find and understand, and managers should encourage employees of all genders to fully utilize their paid family leave . . . to the public and investors. Increasingly, investors and job seekers desire transparency in companies' human capital management policies in a range of areas, from diversity and inclusion to compensation and benefits. We believe that these factors are material for large employers. Sound management of these factors can increase future opportunities (just as mismanagement can increase future costs).

We are keen to pursue dialogues with companies on how sound human capital management, including strong paid family leave policies, can support long-term investor value. As investors, we urge large employers to review and expand policies consistent with the above standards.

SIGNATORIES

Zevin Asset Management	Walden Asset Management
Clean Yield Asset Management	The Sustainability Group of Loring, Wolcott, and Coolidge
Tri-State Coalition for Responsible Investment	NorthStar Asset Management, Inc.
Arjuna Capital	Impax Asset Management LLC
Trillium Asset Management	Sisters of the Presentation of Aberdeen, S.D.
Progressive Asset Management	Franciscan Sisters of Perpetual Adoration
Sisters of Saint Joseph of Chestnut Hill, Philadelphia, PA	Everence and the Praxis Mutual Funds
International Brotherhood of Teamsters	Sisters of Charity of Nazareth
Seventh Generation Interfaith Inc.	Dominican Sisters—Grand Rapids
Region VI Coalition for Responsible Investment	Skye Advisors
Sisters of St. Agnes Justice, Peace, and Integrity of Creation Office	Manaaki Foundation
Community Capital Management, Inc.	Northwest Coalition for Responsible Investment
Midwest Coalition for Responsible Investment	Sisters of Charity, Halifax
Tri-State Coalition for Responsible Investment	Socially Responsible Investment Coalition
JLens	Mercy Investment Services
Congregation of St. Joseph	Daughters of Charity, Province of St. Louise
Mirova	Stance Capital
SharePower Responsible Investing, Inc.	Vert Asset Management
Epic Capital Wealth Management	Three Corners Capital
Greenvest/VFG	Newground Social Investment
CtW Investment Group	Nathan Cummings Foundation
AFL–CIO	FNV
Sisters of St. Dominic of Caldwell, NJ	Dominican Sisters of Hope
Ursuline Sisters of Tildonk, U.S. Province	Friends Fiduciary Corporation
Bon Secours Health System, Inc.	Socially Responsible Investment Coalition

Congregation of Sisters of St. Agnes Nia Impact Capital
 Nia Community Foundation

THE HERITAGE FOUNDATION
 214 Massachusetts Avenue, NE
 Washington, DC 20002
 (202) 546-4400
heritage.org

**Meeting Working Families' Needs and Desires for Paid Family Leave
 Without Creating a New National Entitlement**

Rachel Greszler

Research Fellow in Economics, Budgets and Entitlements, The Heritage Foundation

My name is Rachel Greszler. I am a Research Fellow in Economics, Budgets and Entitlements at The Heritage Foundation. The views I express in this statement for the record are my own and should not be construed as representing any official position of The Heritage Foundation.

Before beginning my formal statement examining the implications of various proposals to increase access to paid family leave in the U.S., I would like to provide some personal information that has helped shape my views on paid family leave.

I am a mother of six children, ranging in age from 4 months to 9 years. I have been blessed with the ability to take family leave—mostly paid, but some unpaid—following the birth of each of my children, and I am incredibly grateful for those times of family leave.

I would love for all mothers to be able to receive the same opportunity that I have had to spend some time at home—without financial hardship—following the birth or adoption of a child. I would also like to see businesses provide paid leave for purposes other than just maternity leave.

However, my experience has shown me that the best type of paid family leave is not a one-size-fits all federal policy, but rather one that comes from the voluntary decision of private employers to provide paid leave. Employers working with employees offers far more flexibility and accommodation than any federal program could provide.

Each of my six paid family leaves has been different—one included intermittent bed rest and a C-section, another a premature delivery, and some involved very little engagement with work while on leave while others involved a significant amount. A federal paid family leave program could not have provided me with the same benefits and flexibility that I received. A federal program would not have provided immediate access to benefits for unplanned health events, and it would not have allowed me to ease back into work on a flexible schedule when desired. Moreover, I would not have maintained momentum in my career if I had routinely disengaged from work completely for three months at a time every year-and-a-half over the past decade—something that a federal paid leave program would urge, if not require.

I am excited that more and more companies are realizing the value of paid family leave for their workers and their businesses and I am very hopeful that this rise in employer-provided paid family leave will continue. I hope that the federal government will avoid enacting policies that will hinder or eliminate employer-provided paid leave programs or that will burden taxpayers with increased federal taxes and will instead look to reduce regulatory and tax burdens so that more employers have the resources they need to be able to provide paid family leave benefits for their workers.

Summary

Americans widely support paid family leave for workers, and that support is evident in the growth of employer-based and state-based paid family leave programs. Despite those expansions, many federal lawmakers seek to implement a national paid family leave program. A federal mandate on employers would reduce overall employment and lead to discrimination against women of childbearing age. A taxpayer-financed paid leave program would be incredibly costly, subject to abuse and misuse, and would crowd out existing paid leave programs, shifting the costs onto federal taxpayers. Moreover, a federal paid leave program would inevitably grow in size, scope, and cost over time.

A new proposal that has support among some conservative lawmakers would allow workers to trade future Social Security benefits for paid leave benefits. Tempting as this proposal is—giving workers the option to draw Social Security benefits when they need them most, while minimizing both costs and crowd-out effects by requiring workers to pay for the benefits they receive—it would nonetheless add another national entitlement and open the door to significant and costly unintended consequences.

All federal entitlements have an overwhelming tendency to expand in size and scope over time, and with those expansions come increased costs, higher taxes, and unsustainable deficits. Instead of expanding Social Security into a cradle-to-grave social cure-all—creating a piggy bank that seeks to meet all of workers’ socially desirable income needs—policymakers should reduce Social Security’s burden on workers’ paychecks by returning the program to its original purpose of poverty protection for the elderly. Most Americans already pay far more in Social Security taxes than they do in federal income taxes, and they do not need another component that could increase Social Security’s costs and hasten its insolvency.

While federal lawmakers should not enact a new national paid leave entitlement, they can and should enact policies that would make paid family leave more accessible and affordable for ordinary Americans. Some of those policies include increased access to tax-free savings for paid family leave, allowing lower-wage private sector workers to receive paid time off in exchange for overtime hours, giving states the option to use their Unemployment Insurance (UI) systems for paid family leave benefits, and increasing access to and enrollment in temporary disability insurance policies that provide maternity leave benefits.

Access to Paid Family Leave in the U.S.

We do not know exactly what percentage of workers have access to some form of paid family leave because many workers utilize informal paid leave programs. However, the commonly cited statistic—based on a Bureau of Labor Statistics survey of formal paid leave programs—that only 12 percent to 15 percent of workers in the U.S. have access to paid family leave is inaccurate.¹ State-based paid family leave policies alone cover 21 percent of all workers.² Moreover, many workers have access to paid family leave through formal employer-provided paid family leave policies; employer-provided vacation and sick leave; and temporary disability insurance policies.

A Kaiser/HRET survey found that 34 percent of private-industry workers report that they work for companies that offer paid family leave (and 21 percent have paid paternity leave).³ Similarly, an Abt Associates survey commissioned by the Bureau of Labor Statistics in 2012 found that 34.2 percent of worksites provided formal paid leave for Family and Medical Leave Act (FMLA) qualifying reasons, 37.4 percent provided some other type of arrangement (such as vacation or sick days) and only 25.6 percent provided no pay.⁴ Among worksites covered by FMLA, only 17 percent provided no pay.⁵ Moreover, that same report found that 65 percent of workers who took family leave received pay for it.⁶

Short-term or temporary disability insurance provides another way that many workers receive paid family leave in the United States. In 2017, 50 percent of full-time,

¹Bureau of Labor Statistics, “Employee Benefits Survey,” March 2016, https://www.bls.gov/news/ebs/benefits/2016/benefits_leave.htm (accessed July 19, 2018).

²Employment in California, New York, Rhode Island, and New Jersey totaled 31.384 million in May 2018, out of total U.S. employment of 149.636 million. Bureau of Labor Statistics, “Economic News Release,” Table 3. Employees on nonfarm payrolls by state and select industry indicator, seasonally adjusted, May 2018, <https://www.bls.gov/news.release/laus.t03.htm> (accessed July 19, 2018).

³Nisha Kurani et al., “Paid Family Leave and Sick Days in the U.S.: Findings From the 2016 Kaiser/HRET Employer Health Benefits Survey,” May 31, 2017, <http://www.kff.org/womens-health-policy/issue-brief/paid-family-leave-and-sick-days-in-the-u-s-findings-from-the-2016-kaiser-hret-employer-health-benefits-survey/> (accessed July 18, 2018).

⁴Jacob Alex Klerman, Kelly Daley, and Alyssa Pozniak, “Family and Medical Leave in 2012: Technical Report,” Abt Associates, prepared for U.S. Department of Labor, September 2012, revised April 2014, pp. 96–97, <https://www.dol.gov/asp/evaluation/fmla/FMLA-2012-Technical-Report.pdf> (accessed July 18, 2018). Full pay: 13.3 percent of worksites; partial pay: 20.9 percent of worksites; did not know or refused to answer the question: 2.4 percent of worksites.

⁵*Ibid.*

⁶Forty-eight percent of workers who took family leave reported that they received full pay for their leave while 17 percent said they received partial pay.

private-sector workers had access to temporary disability insurance.⁷ While access to paid family leave is lowest among lower-wage workers, it appears to be on the rise. Over just the past 3 years, more than 100 large, name-brand companies announced new or expanded paid family leave policies,⁸ and as of February 1, 2018, when Lowe's announced its new policy, the largest 20 employers in the U.S. all provide paid family leave.⁹ Particularly important is growth in programs at companies like Walmart, Target, McDonald's, Starbucks, Lowe's, and Home Depot, which employ many low-wage workers who traditionally lacked access to paid family leave.

Notwithstanding this recent uptick in paid family leave offerings among some large employers in low-wage industries, an overwhelming majority of lower-income workers do not have access to paid family leave—at least not formal paid leave. Part of this stems from the fact that low-wage workers are more likely to work in very small firms that tend to lack the financial and functional resources to provide paid leave. Among workers ages 18 to 61, 28 percent of those living in poverty (and 30 percent of those with children) are employed by small firms with fewer than 10 employees, compared to 18 percent of all workers.¹⁰

Expanding paid family leave to this difficult-to-reach group of low-wage workers without crowding out privately provided paid leave policies, and in a way that provides meaningful benefits, is a difficult task. Instead of economically harmful mandates on employers or a one-size-fits-all federal program that would crowd out existing policies, lawmakers should seek policies that can help expand employer-provided paid leave programs because employers are better-equipped to respond to the unique needs of their workers with minimal cost and maximum flexibility.

Americans Want Paid Family Leave but They Want Employers—Not Taxpayers—to Provide It

According to a recent Pew poll, 82 percent of Americans believe that mothers should receive paid leave after the birth or adoption of a child and 69 percent believe fathers should receive similar leave.¹¹ Eighty-five percent of Americans believe workers should receive paid leave to deal with their own serious health condition, and 69 percent believe that leave should extend to workers to care for family members with serious health conditions.¹²

Overwhelmingly, Americans who support paid family leave think that employers—as opposed to federal or state taxpayers—should provide it. About 12 percent of those who support paid family leave think the federal government, meaning taxpayers, should provide it; about 10 percent think state governments should be responsible; and close to 60 percent think that employers should provide paid leave (leaving about 18 percent who think that workers should save for their own leave).¹³

Americans' preferences along with employers' uptick in the provision of paid family leave suggests that policymakers should not rush to enact a federal paid family leave program. Instead, they should allow employer-provided programs to continue to expand and look to fill the gaps in paid family leave through alternative pathways that would not disrupt existing paid leave programs or create a costly new entitlement.

⁷Bureau of Labor Statistics, "National Compensation Survey: Employee Benefits in the United States," March 2017, "Table 16. Insurance benefits: Access, participation, and take-up rates, private industry workers," <https://www.bls.gov/ncs/ebs/benefits/2017/ownership/private/table16a.pdf> (accessed February 12, 2018).

⁸National Partnership for Women and Families, "Leading on Leave," April 2018, <http://www.nationalpartnership.org/research-library/workfamily/paid-leave/new-and-expanded-employer-paid-family-leave-policies.pdf> (accessed July 19, 2018).

⁹Claire Cain Miller, "Lowe's Joins Other Big Employers in Offering Paid Parental Leave," *The New York Times*, February 1, 2018, <https://www.nytimes.com/2018/02/01/upshot/lowes-joins-other-big-employers-in-offering-paid-parental-leave.html> (accessed July 19, 2018).

¹⁰Data are from the March 2017 Consumer Population Survey's Annual Social and Economic Supplement.

¹¹Juliana Menasce Horowitz, Kim Parker, Nikki Graf, and Gretchen Livingston, "Americans Widely Support Paid Family and Medical Leave, but Differ Over Specific Policies," Pew Research Center, March 23, 2017, <http://assets.pewresearch.org/wp-content/uploads/sites/3/2017/03/22152556/Paid-Leave-Report-3-17-17-FINAL.pdf> (accessed July 19, 2018).

¹²*Ibid.*

¹³Employers and governments are abstract terms that actually refer to the people who work for, and receive goods and services from, employers and governments. Ultimately, employer-provided leave is paid for through factors such as lower pay for workers, higher prices for products and services, and lower profits distributed to shareholders. Government-provided paid leave must be paid for through higher taxes or fewer government services.

A One-Size-Fits-All Government Program Will Not Meet Workers Needs

The Occupational Information Network (O*Net) lists more than 1,100 occupational categories for employment in the U.S.¹⁴ Needless to say, American workers span very diverse occupations and employment situations, from manufacturing to medical jobs and from standard nine-to-five work days to self-selected gig-economy schedules.

No single federal paid family leave policy could possibly accommodate the unique needs of America's diverse workforce. The nature of some jobs, such as teachers, nurses and fast food workers, is such that they must be present at their job site—often during specific hours—in order to work. Many other jobs, however, are more flexible and workers can accomplish certain tasks from home and outside the standard workday. These types of jobs are conducive to flexible paid family leave arrangements, such as extending the length of leave by working part-time, or providing paid leave but allowing or asking workers to remain marginally connected, such as answering e-mails or taking phone calls as they are able. A federal policy could not do this. It would require all-or-nothing work.

Moreover, workers face unique family and medical situations. While employers can work individually with employees to meet their needs and minimize misuse and abuse of company policies, a federal policy would either be too rigid and limited to meet most workers' needs or so broad and generous that it would cause workers to take paid family leave for all sorts of nonessential or unintended purposes.

Employer-provided paid family leave programs can better meet workers needs than a federal program, and they can do so without requiring taxpayers to foot the bill.

Why Expanding Social Security for Paid Family Leave Is a Bad Idea

It seems like a win-win. A new proposal to allow workers to trade off future Social Security benefits for current Paid Family Leave benefits is designed—at least in theory—to offer a cost-free way for the government to provide paid family leave without significantly crowding out the availability of privately provided paid family leave policies.

Not forcing taxpayers to pay for individual workers' paid family leaves and not shifting costs that the private sector already, and increasingly, provides onto taxpayers are well-intentioned and laudable goals. If it were politically possible for the proposal to remain as limited as it was first introduced, the plan would face just one significant flaw. Accounting for political realities, however, the proposal faces at least five significant flaws.

Flaw 1: Using Social Security for Paid Family Leave Violates its Purpose, Weakens the Program Financially, Strengthens it Politically, and Makes Necessary Reform Nearly Impossible.

Social Security was designed to help keep elderly individuals out of poverty when they became too old to work. Expanding an old-age, anti-poverty program to provide young- to middle-age workers with paid family leave benefits decades before they would otherwise receive retirement benefits would not only weaken the program financially. By making cash benefits available to tens of millions more individuals, it would also increase resistance to necessary reforms.

For example, one of the most common-sense proposals for addressing Social Security's looming insolvency is to increase the program's eligibility age because workers now live significantly longer and are subject to less physically demanding jobs than when the program first began. However, if some workers—primarily women and probably disproportionately lower-income and minority—take a handful of family leaves that push their eligibility age back to 68 or 69, it would be more difficult to increase Social Security's eligibility age program-wide because of the disproportionate impact on those who used Social Security for paid leave.

These flaws associated with using Social Security for paid family leave exist regardless of whether or not the proposal evolves over time into a more generous, expansive, and costly program.

In reality, however, the probability that the proposal remains perfectly intact over the coming decades is close to zero. Consequently, the proposal suffers even greater

¹⁴O*Net Resource Center, O*Net 22.3 Database, "Occupational Titles: Occupational Data," available for download at <https://www.onetcenter.org/database.html?p=3#occ> (accessed July 16, 2018).

flaws than some more generous federal paid family leave proposals that use a new payroll tax to finance benefits.

Flaw 2: Housing Paid Family Leave in a Sacrosanct Entitlement Program Guarantees its Expansion.

The proposal’s authors cite not wanting to create a new federal program as a reason to house a new paid family leave program into an existing government program. They also seek to minimize the size and scope of a federal paid leave program, but the best way to do that would be to place a paid family leave program within the office of federal gas tax collections—or some other equally detestable government program. Placing a paid family leave benefit within America’s favorite government program would guarantee its growth, instead of its restraint.

Just as Social Security, Medicare, and Medicaid have expanded over time, paid family leave benefits—buoyed by Social Security’s platform—would inevitably expand. Subsequent Congresses would inevitably vote to: eliminate the requirement that individuals “repay” their paid family leave benefits through delayed retirement; expand benefits to 100 percent of pay instead of Social Security’s roughly 50 percent benefit level; add benefits for non-maternity medical leave and to care for family members; and increase the number of weeks individuals can receive benefits.

Flaw 3: Intended Cost-Free Proposal Would Become a Costly New Entitlement.

The inevitable expansion of the proposed Social Security paid family leave benefits (as explained above) would lead to substantial costs for federal taxpayers, particularly young and future workers.

The Heritage Foundation used its Social Security model to estimate the effects of future likely expansions of a potential Paid Family Leave program within Social Security. If a future Congress decides not to require workers to delay their retirement benefits in exchange for paid family leave, Heritage analysts estimate that the program would cost between \$101 billion and \$114 billion over 10 years.¹⁵ If a future Congress expanded the program further, allowing workers to receive 100 percent of their pay—as opposed to the roughly 50 percent that Social Security would provide—for 12 weeks following the birth or adoption of a child, the program’s costs would rise to \$198 billion over 10 years.¹⁶ Finally, if a future Congress also allowed workers to use the program for general paid family leave, as opposed to just following the birth or adoption of a child, its costs would rise to \$231 billion over 10 years.¹⁷

These estimates only account for fiscal effects and not behavioral effects. Eliminating the provision that workers “pay for” their benefits through delayed retirements would cause most workers who currently use privately provided paid family leave to instead—or at least first—use the federal program. Moreover, expanding the size of benefits and their eligible uses would cause workers to take more family leave, which would further drive up taxpayer costs.

The pathway of paid family leave programs in other countries provides an example for the likely expansion of any federal U.S. policy.

Between 1980 and 2011, the median amount of paid leave for mothers among Organisation for Economic Co-operation and Development (OECD) countries increased from 14 weeks to 42 weeks.¹⁸ In Canada, paid leave benefits doubled from 17 weeks to 35 weeks (52 weeks including home care payments) from 1980 to 2013 while the program’s costs roughly quadrupled from 0.07 percent to 0.28 percent of gross domestic product (GDP). Similarly, Denmark’s paid family leave program doubled in cost from 0.24 percent of GDP in 1980 to 0.48 percent in 2013.¹⁹

¹⁵ Rachel Greszler and Drew Gonshorowski, “How a Proposed Federal Paid Family Leave Policy Would Become a Federal Entitlement and Weaken Social Security,” Heritage Foundation *Background* No. 3318, May 29, 2018, https://www.heritage.org/sites/default/files/2018-06/BG3318_0.pdf.

¹⁶ *Ibid.*

¹⁷ *Ibid.*

¹⁸ Gordon B. Dahl et al., “What Is the Case for Paid Maternity Leave?” National Bureau of Economic Research, October 2013, <http://www.nber.org/papers/w19595.pdf> (accessed July 19, 2018).

¹⁹ Organisation for Economic Co-operation and Development, “PF 2.5 Annex: Detail of Change in Parental Leave by Country,” OECD Family Database, Social Policy Division, last updated October 26, 2017, <http://www.oecd.org/els/family/database.htm> (accessed July 19, 2018).

A U.S.-equivalent of Canada's paid leave program would cost \$56 billion per year, or \$360 for every worker while a Denmark-equivalent program would cost \$80 billion per year, or \$510 per worker. At \$23,000 per worker over a 45-year working career, that is a high price to pay for a program that they may not even use.

Carrie Lukas of the Independent Women's Forum noted that expensive, taxpayer-financed programs can create resentment.²⁰ Some workers take multiple paid family leaves, and others take none, perhaps because they are unable to have children. They nevertheless have to pay taxes to support other workers' paid leave. Moreover, Lukas noted that generous, job-protected paid leave benefits cause employers and workers alike to resent having to hold an employee's position for months or years while other workers often have to take on additional work to make up for co-workers who take extensive leaves.

When employers—instead of taxpayers—provide paid family leave, there is less reason for resentment. Employer-based policies can create a “we're all in this together” atmosphere with far lower costs and workplace interruptions than a federal program.

Fatal Flaw 4: Using Social Security for Paid Family Leave Will Treat it as a Private Piggy Bank.

Authors of the Social Security proposal aim to contain paid family leave costs to the workers who take them. This helps ensure that workers only take leave when necessary. Personal savings is the best way to achieve this goal, but many low- and middle-income workers do not have savings and would be hard-pressed to accumulate any. Thus, the proposal essentially lets workers treat their Social Security taxes as a private piggy bank when in reality those taxes are sunk contributions to an old age, social insurance program.

Despite common misconceptions, workers have no legal claim to their prescribed Social Security benefits. Under current law, when Social Security's notional trust fund (the program has been running cash-flow deficits since 2010) becomes exhausted around 2034, Social Security benefits will drop by 21 percent. Moreover, Congress can change Social Security's rules and benefits at any time, even revoking Social Security benefits entirely. That is the nature of government-provided social insurance programs. That is why conservatives advocate for personal savings as the most sure source of income for retirement and other life events.

The Social Security paid family leave proposal tries to transform social insurance into something it is not—private savings. By allowing workers to tap Social Security benefits decades early, for a purpose entirely unrelated to the program's intent, a paid family leave program would open the door to allowing workers to access Social Security benefits for all sorts of socially acceptable purposes such as paying off student loans, buying a home, or paying for medical expenses.

If the government—through Social Security—can finance and approve personal loans, individuals and families would save less and become more reliant on the government to meet their major financial life events.

Fatal Flaw 5: A Federal Paid Family Leave Program Will Crowd Out Employer- and State-Based Programs.

Any federal paid family leave program would inevitably crowd out employer- and state-provided paid family leave programs because no employer or state government would rationally choose to pay for something that their workers could otherwise get for free from the federal government.

In the July 11, 2018, hearing to which this statement applies, Ms. Carolyn O'Boyle, representing Deloitte, confirmed this reality. Ms. O'Boyle said that Deloitte has their workers first utilize the state-provided paid leave benefits and then Deloitte supplements over and above those benefits to ensure their workers receive Deloitte's maximum benefits.

This is what all logical businesses and state governments would do, meaning any federal program would shift costs currently born by employers and states onto federal taxpayers instead. Considering that about 14 percent of all employees take family leave within a given year, and currently, upwards of 35 percent of those leaves

²⁰ Carrie Lukas, “I Live in a Country With Paid Leave. It's No Magic Bullet,” *The Washington Post*, May 11, 2016, <https://www.washingtonpost.com/news/in-theory/wp/2016/05/11/i-live-in-a-country-with-paid-family-leave-its-no-magic-bullet/?noredirect=on&utmterm=.73631515ebf8> (accessed July 15, 2018).

are at least partially paid for by employers (and only 25.6 percent include “no pay”), the crowd-out costs of a federal paid family leave program would be substantial.²¹ A very rough and conservative estimate of a minimal federal program that provided up to 6 weeks of paid family leave, with benefits equal to two-thirds of pay, and capped at \$645 per week (based on an annual salary of \$50,000) could crowd out at least \$75 billion in privately provided paid family leave benefits. That \$75 billion would be on top of the costs of providing paid family leave benefits for workers who currently lack access to them.

As proposed, the Social Security trade-off for paid family leave would minimize crowd-out of existing paid leave programs because it would require workers to effectively pay for their family leave benefits through later retirement dates. This would preserve much of the value of privately provided paid family leave benefits that do not require workers to make personal trade-offs. If a future Congress eliminated the requirement that workers repay their paid family leave benefits through later retirements, however, significant crowding out would occur as many employers would eliminate their paid family leave programs in lieu of having their workers access the taxpayer-financed Social Security paid family leave program.

Alternatives to a Federal Paid Family Leave Program

A federal paid family leave policy would require an inflexible, one-size-fits-all policy that would not meet workers’ needs as well as privately provided programs, and it would become extremely costly. There are steps that lawmakers can take, however, to help make family leave more accessible to American workers without creating a new entitlement, without crowding out existing paid family leave policies, and without increasing taxpayer costs. Those policies include:

The Working Families Flexibility Act. Sponsored by Representative Martha Roby (R-AL) and Senator Mike Lee (R-UT), this bill would allow private employers to give workers the same option that state and local workers have; that is, to choose between time-and-a-half pay or time-and-a-half paid leave in exchange for overtime hours.²² This would be particularly helpful to the low-wage workers that lack access to paid family leave because it targets hourly employees who earn below about \$24,000 per year. It would, for example, allow an employee who worked five hours of overtime every week for one year to accumulate 10 weeks of paid leave, and a worker who logged just two hours of overtime each week for a year could earn four weeks of paid leave.

Universal Savings Accounts. The U.S. double taxes savings by taxing income when it is first earned, and then taxing the investment gains that it generates if workers save and invest it. Universal Savings Accounts would eliminate one of these layers of taxation and allow workers to save money for any purpose—including paid family leave.

Representative John Katko introduced a bill—the Working Parents Flexibility Act—that would create tax-free parental leave savings accounts similar to existing 401(k)s.²³

Penalty-Free Withdrawals From Retirement Accounts. Either alone or in conjunction with Universal Savings Accounts, lawmakers could allow workers to make penalty-free withdrawals from their IRAs or 401(k)s for family leave.

Payroll Tax Credit for Qualified Disability Insurance Policies. Many workers who do not have access to formal paid family leave nevertheless receive maternity leave benefits through temporary disability insurance policies. Temporary disability insurance usually provides about 60 percent of workers’ pay and almost all temporary disability insurance policies cover maternity leave. In 2017, 50 percent of full-time, private-sector workers had access to temporary disability insurance.²⁴

Federal policymakers could increase access to temporary disability insurance benefits by allowing employers and workers who purchase disability insurance policies

²¹ Abt Associates, “Family and Medical Leave in 2012: Technical Report,” prepared for Jonathan Simonetta, U.S. Department of Labor, revised April 18, 2014, <https://www.dol.gov/asp/evaluation/fmla/FMLA-2012-Technical-Report.pdf> (accessed July 17, 2018).

²² 115th Congress, H.R. 1180, May 3, 2017, <https://www.congress.gov/bill/115th-congress/house-bill/1180/text> (accessed July 19, 2018).

²³ 115th Congress, H.R. 2533, <https://www.congress.gov/bill/115th-congress/house-bill/2533> (accessed July 19, 2018).

²⁴ Bureau of Labor Statistics, “Employee Benefits in the U.S.,” “Table 16. Insurance benefits: Access, participation, and take-up rates, private industry workers,” March 2017, <https://www.bls.gov/ncs/eps/benefits/2017/ownership/private/table16a.pdf> (accessed July 19, 2018).

that cover both long term and temporary disability to receive a payroll tax credit to offset part of their SSDI payroll tax.

Allowing States to Use Unemployment Insurance Systems for Paid Family Leave. Without mandating that states implement paid maternity leave policies within their existing Unemployment Insurance (UI) systems (as proposed in the President’s fiscal year 2018 budget), the Administration could grant states the flexibility to use their UI systems as a source of paid parental leave. Since UI systems are almost exclusively funded at the state level, this would not constitute a new national entitlement. It would be important, however, that states not experience-rate the paid parental leave component of their programs because if companies’ UI taxes were to increase based on the number of workers who took leave, it could lead to discrimination against women of child bearing age.

Reducing Regulations. Employers have to comply with all sorts of costly regulations, some of which have provided no, or even negative, benefits to workers. Reducing unnecessary and burdensome regulations on employers would free up resources that could go toward providing paid family leave policies.

Lower Taxes. Lower taxes on individuals and businesses would free up income and resources to apply toward paid family leave—whether through higher personal savings or new employer-provided paid leave. Recent reports on new and expanded paid family leave policies from large companies such as Lowe’s and Chipotle following the Tax Cuts and Jobs Act of 2017 show that lower taxes have contributed to greater paid family leave benefits.²⁵

Conclusion

The U.S. already has an expanding network of employer-based and state-based paid family leave policies that are better equipped to meet workers’ individual needs and desires than a one-size-fits-all national policy. A federal paid family leave program would crowd out these existing programs and create a costly, administratively burdensome new national entitlement. Moreover, a paid family leave entitlement would inevitably grow in size and scope over time, and it could produce negative unintended consequences for the workers it aims to help.

While helping workers better spread their income needs—including paid family leave—over time is a laudable goal, tapping Social Security is not the best way to achieve this and it would result in unintended and costly consequences.

Instead, policymakers can help increase workers’ access to paid family leave by enacting the Working Families Flexibility act, enacting Universal Savings accounts, or allowing workers to take penalty-free withdrawals from their retirement accounts for paid family leave; allowing states the option of using their UI systems to provide paid family leave benefits; and by increasing access to temporary disability insurance policies through a payroll tax credit.

HUMAN RIGHTS CAMPAIGN

1640 Rhode Island Ave., NW
Washington, DC 20036
P 202-628-4160
F 202-423-2861
HRC@HRC.ORG

Chairman Cassidy, Ranking Member Brown, and Members of the Committee:

My name is David Stacy, and I am the Government Affairs Director for the Human Rights Campaign, America’s largest civil rights organization working to achieve lesbian, gay, bisexual and transgender (LGBT) equality. On behalf of our over 3 million members and supporters, I am honored to submit this statement into the record for this important hearing on making paid family leave available to Americans. Today, I will specifically speak to this topic as it relates to ensuring the physical and financial health of LGBTQ workers and their families.

Welcoming a new child, caring for a sick spouse or parent, or facing a serious illness can change—and strain—a family’s bottom line. Access to uniform paid leave is essential to closing the gaps created by these major life events and helping families

²⁵Patrice Lee Onwuka, “5 Companies Expanding Parental Leave Thanks to Tax Cuts,” Independent Women’s Forum, February 15, 2018, <http://www.iwf.org/blog/2805845/5-Companies-Expanding-Parental-Leave-Thanks-to-Tax-Cuts> (accessed July 19, 2018).

stay healthy. Due to systemic discrimination including health disparities, LGBTQ people facing these changes often find themselves having to choose between the caregiving or recovery time they deserve and the paycheck they need.

The United States lags far behind other industrialized nations when it comes to paid medical leave. We are also the only industrialized country to offer no paid leave to working adults (such as leave that would allow an employee to take care of an ill family member or to welcome a new child). In addition, while a lack of access to paid leave is a universal challenge in the US, LGBTQ individuals are uniquely impacted. According to a 2018 HRC survey of LGBTQ workers, fewer than half of respondents reported that their employer's policies cover new parents of all genders equally and only 49 percent say that employer policies are equally inclusive of the many ways families can welcome a child, including childbirth, adoption, or foster care.¹ Perhaps even more concerning, one in five respondents report that they would be afraid to request time off to care for a loved one because it might disclose their LGBTQ identity, illustrating the need for explicit federal LGBTQ-inclusive non-discrimination protections, such as those contained in the Equality Act (S. 1006/H.R. 2282).

Seven in ten LGBTQ individuals live in states that lack a family leave law or have a law that only allows leave for workers who have a biological or legal relationship with the child.² LGBTQ couples raising children are also twice as likely to have household incomes near the poverty line compared to their non-LGBTQ peers—and single LGBTQ people are three times more likely to live near the poverty threshold as their non-LGBTQ peers.³

LGBTQ individuals who take time off face heightened challenges in accessing paid leave policies even where they do exist. We know that LGBTQ workers facing a major life event are often left with leave policies that are under-inclusive at best. Even for LGBTQ workers whose employers have a formal paid leave policy, one in five respondents to the 2018 survey reported that fears of discrimination could prevent them from requesting a leave if it would require disclosing their LGBTQ identity.⁴ And without explicit federal laws protecting us from being fired simply because of who they are, LGBTQ workers also remain at risk of being fired if they are forced to come out when requesting leave.

The Family and Medical Insurance Leave (FAMILY) Act would establish the nation's first-ever insurance program for paid family and medical leave helping to ensure that workers are able to take leave at times they need it most. The FAMILY Act would help bridge the financial gap facing many working families following the birth or adoption of a child as well as person or family illness requiring leave from work. It would provide workers with up to 12 weeks of financial support during a family or medical leave from with up to 12 weeks of financial support during a family or medical leave from work. This would cover time taken following the birth or adoption of a child including time to recover from pregnancy and childbirth, as well as leave taken to care for a sick child, parent, spouse or domestic partner, recover from illness personally, or time taken for military caregiving and leave purposes.

Inclusive paid leave would help ensure that families will not have to risk their economic livelihood when they need to take time off to care for loved ones. Only 13 percent of the workforce receives paid family leave from their employer, and less than 40 percent have personal medical leave from a disability program provided through their workplace.⁵ The FAMILY Act helps correct that problem by expanding access to both family and medical leave. All workers, and especially those who are LGBTQ, not only stand to gain from paid leave, but the lack of inclusive and comprehensive leave policies continues to harm working Americans and their loved ones.

I appreciate the opportunity to offer this testimony today and urge Congress to act to make paid leave accessible so that all workers, including LGBTQ workers, have the best chance possible to have physically and financially healthy families.

¹Johnson, A.; Lee, M.; Maxwell, M.; Miranda, L. (2018). *2018 U.S. LGBTQ Paid Leave Survey*, Washington, DC: Human Rights Campaign Foundation.

²Family Leave Laws, http://www.lgbtmap.org/equality-maps/fmla_laws (data current as of 7/19/2018).

³Gates, G. (2013). *LGBT Parenting in the United States*. The Williams Institute. <http://williamsinstitute.law.ucla.edu/wp-content/uploads/LGBT-Parenting.pdf>.

⁴*Supra* note 1.

⁵U.S. Bureau of Labor Statistics. (2016, September). *National Compensation Survey: Employee Benefits in the United States, March 2016* (Tables 16 and 32). <http://www.bls.gov/ncs/ebs/benefits/2016/ebb10059.pdf>.

INDEPENDENT WOMEN'S FORUM
 1875 I Street, NW, Suite 500
 Washington, DC 20006
iwf.org
 202-857-3293

**Modernize Our Entitlement Programs to Make Them Better,
 Not Bigger, With Social Security Parental Leave**

July 23, 2018

U.S. Senate
 Committee on Finance
 Dirksen Senate Office Bldg.
 Washington, DC 20510-6200

Dear Chairman Bill Cassidy, M.D. (R-LA), Ranking Member Sherrod Brown (D-OH), and members of the Senate Finance Subcommittee on Social Security, Pensions, and Family Policy,

Balancing work and family responsibilities can be challenging—and that while the rewards of parenting are wonderful, there are also burdens. Americans of all political stripes want working parents to be able to take time off from work to welcome a new baby without financial hardship. This leave from work can have great benefits for parents, children, families, for our society, and for our economy.

Taxpayers also have an interest in increasing access to paid leave. Currently, an estimated 17 percent of workers who lack paid leave benefits end up turning to government assistance programs when they have to take unpaid time off from work. That share increases to nearly 50 percent of workers with lower incomes.

Unfortunately, proposals that aim to guarantee access to paid family leave often come with serious downsides. A paid-leave mandate on employers raises costs, making it more expensive for businesses to hire and retain workers. To compensate for those costs, businesses may reduce benefits for others or simply hire fewer employees. A new government entitlement program, like the one proposed in the FAMILY Act, would increase government spending, raise taxes on all workers, and could displace the myriad paid-leave and flexible-work solutions that many employers voluntarily offer today. Ironically, the FAMILY Act would make our workplaces less flexible and could leave workers—particularly women—with fewer opportunities.

The goal for policymakers ought to be to help parents who lack the paid leave benefits they need, but without disrupting existing benefit package, discouraging private companies from continuing to offer benefits, or changing how employers approach hiring decisions.

This can be accomplished by giving workers access to benefits they have already earned, through the Social Security program, as first described in this policy paper written by Kristin Shapiro and published by Independent Women's Forum.

The Social Security Parental Leave Option

The concept behind this proposal is simple: Workers begin paying into Social Security from their first day on the job, and the benefits they receive at retirement reflect the decisions they make throughout their working lives. This reform would give every worker the option to take some of the benefits they earn after having or adopting a child, in exchange for delaying their retirement eligibility to make up for those costs.

The benefits of this approach are clear:

- It works within the framework of other existing programs and laws. It expands the safety net—protecting hardworking Americans at all income levels—without requiring a new payroll tax or creating a new bureaucracy.
- It easily fits within the modern work environment, providing new options for individuals working multiple jobs, are self-employed or participating in the gig economy and lack traditional employer-based benefits.
- Businesses would still have an incentive to continue offering employees benefits and flexible work arrangements.
- It helps parents who need support, but is also fair to others: this program is voluntary and no one's benefits are affected, unless they decide to take parental leave.

This proposal recognizes that most people tend to have greater financial needs and less income early in life, and builds on the concept that money paid into Social Security

ity *belongs to workers*. Having access to Social Security parental benefits would give recipients, particularly those living paycheck to paycheck, the option to get the benefits they need—benefits they’ve earned—now.

Improving—Not Undermining—Social Security

Many are understandably concerned about how such a proposal would impact Social Security’s finances. Social Security has a long-term financial imbalance and unfunded liabilities which ought to be addressed. That is true now and would remain true if this important reform was passed.

This proposal is designed to be revenue neutral over the long term: those who take parental leave benefits would have lower total lifetime retirement benefits so that the total benefit they receive from Social Security is unchanged. However, it could move up the timing of when some of those benefits would be paid out and therefore impact the budget, and—unless the Social Security Trust Fund is credited to account for those payments—could move up the date of the Trust Fund’s depletion. Analysis of the proposal laid out in the IWF publication has been done by the Urban Institute, Heritage Foundation, Mercatus, and American Action Forum and estimated that the program would modestly impact the program’s cash-flow and move up the date on the Trust Fund’s depletion by about 6 months.

While it’s useful to consider the program’s impact of the Trust Fund, it’s also important to keep the Trust Fund in perspective: many have written how the Trust Fund is essentially an accounting device, and that Social Security’s financial problems are the same before and after the Trust Fund runs out. Either way, taxpayers still have to come up with funds to meet obligations, or benefit levels need to be reduced.

Additionally, when it comes to assessing this paid parental leave proposal, these conclusions ignore other factors that might actually mean that the reform will help Social Security’s overall financial picture. For example, access to paid leave is associated with greater labor-force attachment for women. Women who can take paid time off after giving birth are more likely to return to their jobs, which means that they will keep paying into Social Security, which will mean more revenue into Social Security’s Trust Fund.

It’s also important to look beyond just Social Security’s finances to how this would impact taxpayers more broadly. And the good news is that giving people access to paid parental leave could decrease the number of people using other public welfare programs. Currently, nearly 17 percent of workers who lack access to paid parental leave go on government assistance to finance their paid leave—and this number jumps to nearly 50 percent for low-income individuals. It’s far better for these people to access a benefit through Social Security—which they then pay back through delayed retirement benefits—than to use these forms of public assistance.

Finally, those worried about Social Security’s finances should keep in mind that, if we do not provide access to paid leave through Social Security, it is highly likely that taxpayers will be forced to pay for it in other ways—either through state-run programs supported through a payroll tax, or through a federal program, such as the one proposed by the AEI-Brookings Project, that would also require a new payroll tax. Having taxpayers on the hook to pay for an entirely new, open-ended, additional paid-leave entitlement program and having another share of payroll already allocated to a new funding stream is a bigger threat to taxpayers and to the health of existing entitlement programs than changing the timing of some of Social Security’s already outstanding obligations.

A Personalized Safety Net for Today’s Workers

Social Security was created in 1935 when our work world was very different than it is today. Women were far less likely to work, to serve as breadwinners, or to head their own households. People also didn’t live as long as they do today, so many never made it to retirement age or died not long after retiring. People were also more likely to work for one company for much of their working lives. Today, not only do people change jobs more frequently, but a growing number are self-employed, work as independent contractors or have multiple employers.

We need to modernize our government programs to keep up with our changing world and support the needs of people today.

Currently, Social Security is structured so that it takes a significant share of income early in someone’s working life—when people tend to have lower income and larger expenses—and then provides a relatively large benefit at retirement, beginning around age 67, which may have been the end of a worker’s life in 1935, but now

is a time when people tend to be more financially secure and many are able and happy to continue working.

If some workers today believe that their need for income support is greater in the weeks following the birth or adoption of a child than it will be at age 67—and they are willing to make the trade off so that the overall value of their benefits is unchanged—then government should provide that choice.

Certainly, policymakers will need to consider this precedent carefully and insure that people do not front-load their Social Security benefits, leaving them without sufficient support during retirement. Yet the potential for those future slippery-slope options doesn't mean that policymakers shouldn't modernize the existing safety net so that it serves people better today.

Social Security Is Already Based on Trade-offs

The foundation of the proposal to reform Social Security is a trade-off: workers who opt to take a parental benefit after having or adopting a child are agreeing to delay access to their retirement benefits to compensate for those costs.

Some have argued that it's unfair to ask people to accept delayed retirement benefits in exchange for taking parental leaves. Others have expressed concern that policymakers will undermine this concept and do away with the pay for, leaving the parental benefit as just a costly new entitlement program run through the Social Security system.

Yet this concern seems unfounded, and ignores how the concept of trade-offs is already baked into Social Security. It would seem unfair to leave takers if under current law everyone was guaranteed the same benefit at retirement, and solely those who took parental leave would face a lower or altered payment schedule. But that's not how Social Security works. Benefits are already calculated based on each individual's earnings history so that everyone who receives a retirement benefit has a personalized amount based on his or her decisions about work and when to retire.

Congress has not considered reforming the benefit calculation for people who lost their jobs or took time out of the workforce to care for a loved one, and therefore qualify for lower retirement payments. Nor have they considered it unfair that those who take retirement early have a lower monthly payment. It's unclear why Congress would allow trade-offs for these groups but shouldn't give those who take parental leave similar options, based on similar trade-offs.

Supporting Workers and a More Flexible Economy

The recent tax cuts showed that businesses want to better support their workers when they can afford to do so. Companies have been expanding their paid leave benefits, including to hourly workers, as well as increasing wages. That's great news and a process we all want to see continue.

One of the biggest problems with government involvement in offering paid leave programs is that it could discourage private businesses from offering benefits on their own and create less flexible workplaces. Compared to other approaches, like the creation of a new stand-alone entitlement program, the Social Security parental leave proposal is much less likely to crowd out private action or encourage discrimination.

Since employees would be making a trade-off in delaying future retirement benefits, employees would still want and benefit from employer-provided paid leave, which would give those businesses that offer such benefits a competitive advantage in attracting and retaining valuable workers. Employers would face no new costs in administering or paying for those who elect to use Social Security, other than in temporarily using replacement workers, a problem that they would have often faced even in the absence of the Social Security paid leave benefits.

Therefore, this proposal meets the goals of providing more support for those who truly need it, but without undermining economic opportunity or making our workplaces less flexible and innovative.

Government can help more people by doing a better job with the programs that already exist, rather than layering on new programs and new costs and burdens on employers and taxpayers. Social Security parental leave accomplishes exactly that: it makes an existing program more flexible and allows people to customize the program to meet their unique needs. This is a win for taxpayers, businesses, women, and families.

Sincerely,

Carrie Lukas
 President
 Independent Women's Forum
 clukas@iwf.org

INTERNATIONAL FRANCHISE ASSOCIATION
 1900 K Street, N.W., Suite 700
 Washington, DC 20006
 Phone: +1 202-628-8000 Fax: +1 202-628-0812
www.franchise.org

July 11, 2018

The Honorable Bill Cassidy
 Chairman
 U.S. Senate
 Subcommittee on Social Security,
 Pensions, and Family Policy
 Washington, DC 20510

The Honorable Sherrod Brown
 Ranking Member
 U.S. Senate
 Subcommittee on Social Security,
 Pensions, and Family Policy
 Washington, DC 20510

Dear Chairman Cassidy and Ranking Member Brown:

On behalf of the International Franchise Association (IFA), the world's oldest and largest organization representing franchising worldwide, I write to express support for the Subcommittee on Social Security, Pensions, and Family Policy's efforts to develop and consider paid family leave proposals in advance of today's hearing entitled "Examining the Importance of Paid Family Leave for American Working Families."

Many franchise businesses are looking for ways to expand paid family leave benefits for their workforces. Franchise owners recognize that offering paid family leave has shown to improve recruitment and retention of employees, which is especially valuable at a time when labor markets are tight. But businesses only enjoy a competitive benefit in attracting employees by offering paid leave benefits if federal policies are noncompulsory. Business owners need the freedom to offer the policies that fit their unique workforces, and thus any legislation advanced by Congress simply must not involve an inflexible mandate.

So long as legislative proposals are voluntary for small business owners, it makes great sense for Congress to provide American businesses with additional means to make paid family leave available to American workers. There has been growing support for greater policy development on this issue from both sides of the aisle in Congress, as well as important thought leadership from White House Advisor Ivanka Trump. IFA looks forward to today's hearing, and would like to offer support for the further discussion on policy proposals that enhance the ability of small businesses to voluntarily provide paid family leave.

Sincerely,

Matthew Haller
 Senior Vice President, Government Relations and Public Affairs

MAIN STREET ALLIANCE
 1101 17th St., NW, Suite 1220
 Washington, DC 20036
www.mainstreetalliance.org

**Statement of Sivan Cotel, Co-founder, Stonecutter Spirits
 in Middlebury, Vermont
 1197 Exchange St. Unit A, Middlebury, VT 05753**

Sivan Cotel is the co-founder of Stonecutter Spirits, a distillery located in Middlebury, VT. He is on the Board of Main Street Alliance of Vermont, a statewide network of small business owners.

All of us, regardless of political affiliation, generally share the same goals: we want to grow our local economy, support our small businesses, and keep our families and communities healthy and thriving.

Most small business owners across the U.S. want to offer paid family leave to their employees, but aren't able to provide a benefit on their own—no matter how much they'd like to. A paid family and medical leave insurance program would eliminate

this dilemma for small businesses across Vermont and the U.S. Vermont in particular is proud of being a small-business state. We will likely always be a small-business state, and that can be a unique strength. But it also comes with challenges in how we think about the nature of employment, and we need to address these challenges with smart policies that reflect the reality of the business landscape in Vermont and nationally and help small businesses thrive.

This is why small business owners in Vermont championed the creation of a state paid and medical leave insurance system. The bill passed both the Vermont House and Senate, only to be vetoed by Governor Scott. What happened in Vermont demonstrates why we need a national policy like the FAMILY Act.

The creation of a national universal family and medical leave benefit would help level the playing field for small businesses and entrepreneurs as we start and grow our businesses, and allow us to better compete for top talent. We all have a stake in ensuring that our next generation has a bright future. This policy helps us achieve our common goals and ensure future generations can thrive.

We are not going to solve the issues we face across the nation or grow our economy if we fail to act or with half measures like the Independent Women's Forum proposal. The IWF proposal falls short of what small businesses and working families need. It fails to provide medical leave and provides an inadequate 45 percent of wage replacement for parental leave, by raiding future social security benefits. We need progress and we need to do the hard work.

The FAMILY Act would make providing paid family and medical leave accessible and affordable for small businesses. It puts us on the right path to creating a real small business economy.

**Statement of Karen Lamy DeSousa, President,
Advance Air and Heat Co., Inc.
177 Bullock Road, East Freetown, MA 02717**

Karen Lamy DeSousa is the President of Advance Air and Heat Co., Inc., a commercial heating and air conditioning contractor located in East Freetown, MA. She is a leader with the Main Street Alliance of Massachusetts, a statewide network of small business owners.

People should be able to take time away from work to get well when they have a serious medical condition, or care for close family member who has a serious illness. They should be able to take time to welcome a new child. Thanks to the paid family and medical leave insurance law we've just passed here in the Commonwealth, workers can now do all those things.

This policy makes a difference to me as a business owner who knows that caring for people is an important part of my bottom line. On the other hand, the proposal by Senators Rubio and Ernst wouldn't help my small business. Their flawed and narrow proposal asks working parents to take a cut in their future Social Security benefits to underwrite meager parental leave benefits. Instead, I urge the Committee to support the FAMILY Act.

Recently, one of my employees—whom I'll call Charlie—told me his mother was ill and he was setting up a mother-in-law apartment to care for her. But, after working all day as an HVAC tech, he just didn't have the time and energy.

We were as flexible and understanding as we could be. We used earned sick time and paid time off as much as we could afford to. But Charlie needed more, but he couldn't take unpaid time off with two kids in college, a mortgage, and medical expenses. Both his work and his attention to his mother suffered.

I've been through this with my own family, and I would have offered paid leave to my employees if I could have afforded it. But I couldn't. My business didn't have the money to pay for extended leave, and we didn't have the time or skills to manage and administer a paid family medical leave program on our own. Setting up an insurance program, managing the qualifications, eligibility, and writing the checks is outside our skill set.

That's why I'm thankful for the family friendly policies like paid family and medical leave policies we've won in our Commonwealth. Those policies help businesses like mine and the 20 employees I'm responsible for.

I need Charlie and other employees like him. Properly training and preparing a new HVAC tech takes five years at minimum. Losing skilled employees and having to recruit and train new ones hurts our ability to help our customers and could cost us their business. Plus, the more time we spend on Human Resources, the less time we can spend on our business.

The lack of paid leave put us at a competitive disadvantage with big corporations that have full-time human resources staff, or competitors in Rhode Island, which has a paid family medical leave insurance law.

One of the many benefits of the new state paid family medical leave program is that no matter how big or small your business, you can offer this benefit. The state is responsible for the administration and pays from a trust. That means businesses like mine can give employees up to 20 weeks of some partially paid time and still have funds to pay for a replacement or more overtime for other employees to keep our business running.

All workers across the country deserve this. The FAMILY Act would provide up to 12 weeks of paid leave a year and covers around two-thirds of wages. And it would be a baseline, so Massachusetts could still offer its more generous policy. Policies like this are a win-win for families, workers, Main Street businesses, our communities, and our economy. They help us all take care of our loved ones. And they help level the playing field between small business and big corporations, which have the market power to give good benefits to top managers.

The proposal by Senators Rubio and Ernst wouldn't help my employee Charlie, and it won't help my business. It's time to listen Main Street businesses who are fighting for high-road employment policies and support the FAMILY Act.

**Statement of Jen Kimmich, Owner, The Alchemist
100 Cottage Club Road, Stowe, VT 05676**

Jen Kimmich is the co-owner of The Alchemist, a craft brewery located in Stowe, VT. She is the Board Chair of the Main Street Alliance of Vermont, a statewide network of small business owners.

Small businesses are a vital part of the U.S. economy. In Vermont, roughly 90 percent of our state's businesses have fewer than 20 employees and these are the businesses that are least likely to be able to offer paid family and medical leave on their own. A national family and medical leave insurance program would make it possible for all employers, large and small, to ensure their employees can be successful providing for and caring for their families.

This past legislative session, Main Street Alliance of Vermont led the campaign for a comprehensive paid family and medical leave insurance program. The bill passed both the Vermont House and Senate, but unfortunately it was vetoed by Governor Scott. What happened in Vermont demonstrates why a national paid leave insurance system is needed, rather than continuing with the state-by-state piecemeal approach. Partisan regional politics shouldn't dictate whether we can care for ourselves or our loved ones.

The proposal by the Independent Women's Forum does not come close to what small businesses need. It cuts Social Security for working parents, doesn't provide medical or family leave, and it has very low benefit rate, only 45 percent of wages for the average worker. Research has shown that anything less than 66 percent of wage is inadequate. At the Alchemist, we provide 13 weeks of paid family and medical leave to our 52 full time employees at 100 percent of wage replacement. Providing paid leave hasn't hurt our company's productivity or increased our costs. In fact, just the opposite is true—it has strengthened workforce stability and it has increased our bottom line.

We've been able to build the brewery to have the resources to provide paid leave, but most small businesses can't afford to provide paid leave to their employees. Small business owners pay competitive wages and are eager to help their employees learn new skills, but one area where not everyone can compete is benefits. With modest bottom lines, most small businesses simply aren't able to provide extended paid leave.

Many small business owners pay competitive wages and are eager to help their employees learn new skills, but one area where we just cannot compete is benefits. With modest bottom lines, most small businesses simply aren't able to provide ex-

tended paid leave. The FAMILY Act creates an affordable, self-sustaining national family and medical leave insurance program. It is funded responsibly by small employee and employer payroll contributions, which equate to less than the cost of a cup of coffee a week.

If we are serious about supporting Main Street small businesses and working families, the FAMILY Act is the best next step.

Statement of Todd Mikkelson, Co-Owner, Sprayrack
4144 Shoreline Drive, Spring Park, MN 55384

Todd Mikkelson is the co-owner of Sprayrack, a water penetration and air infiltration testing product design and manufacturing business located in Spring Park, Minnesota. He is a leader with the Main Street Alliance of Minnesota, a statewide network of small business owners.

Fifteen years ago I began engineering devices that are now the industry standard in water and air infiltration testing. With a leap of faith, my wife and I put all our savings into our business, Sprayrack. I'm not afraid of risk-taking and think it's an important part of innovation. But small businesses just don't have the resources to manage our risks like larger companies. Our public policies must be innovative and help to manage this risk if we want Main Street to thrive. This is why I support the FAMILY Act, and am deeply concerned about the Independent Women's Forum proposal to raid Social Security to underwrite an inadequate parental leave benefit.

Five years ago, my wife and I were terrified to hire our first employee. He was an experienced, 57-year-old electrician who had been struggling to find a job worthy of his skill-set. The reality is that his age made him less attractive to larger companies. He became invaluable to us. He's a great problem solver, and he took over management of our assembly shop, freeing me to develop products and expand our marketing. That accelerated the pace of our growth, and we now have three employees.

About two years ago, this employee had to have his hip replaced. We needed to retain him. The costs of the time and money it would take to replace him were astronomical, to say nothing of the uncertainty for my business. So, we paid him thousands of dollars out of pocket to stay home to recover for a few weeks. Our business took a significant financial hit to retain this employee, and it's unlikely that we could afford to do it again.

This is the plight of many real small businesses. When we find talented employees, they quickly become almost as important to the business as the owners—and we can't afford to lose them. My employees are essential to my business, and they're also decent, hardworking people who deserve time to care for themselves or a sick family member. But with modest bottom lines, it's hard for small businesses to provide paid and family medical leave. It's awful to be unable to afford to treat your employees the way you feel they should be treated.

That's why the U.S. needs a comprehensive paid family and medical leave insurance system like what is outlined in the FAMILY Act. It is a reasonable way for businesses like mine to support and retain our employees when serious family and medical needs arise. Employers and employees each contribute \$1.50 per week towards an insurance pool that spreads the cost of leave, reducing the burden on individual employers. Small-business owners and our employees alike would be eligible. This will help level the playing field for small businesses as we struggle to match the more generous paid leave benefits offered by larger employers.

The IWF proposal on the other hand only provides parental leave and wouldn't cover my employee who needed to have his hip replaced. Raiding social security to provide an inadequate parental leave benefit is similar to what Republicans put forth in Minnesota a couple years ago: a half-baked joke that won't help my small business. The FAMILY Act is what my business needs to succeed.

Statement of Sabrina Parsons, CEO, Palo Alto Software
44 West Broadway, Suite 500, Eugene, OR 97401

Sabrina Parsons is the CEO of Palo Alto Software, a small business software distribution company headquartered in Eugene, OR. She is a leader with Main Street Alliance of Oregon, a statewide network of small business owners.

For nearly eleven years, I've run a software development company in Eugene, Oregon. We have 70 full time employees and I've been able to build up the company to have the resources to provide comprehensive paid family and medical to our employees. The program has helped my business recruit and retain talented and loyal employees.

In a male dominated industry, we have been able to attract and support women professionals. We know that women shoulder most of the caregiving responsibilities in the U.S. and that women's success in the workplace is often tied to our ability to take care of our families, whether it be a new child, a sick spouse or an elderly family member. At Palo Alto Software we use our resources to invest in our employees, and always make sure we remember that employees are people with human needs, and not just numbers to our bottom line.

The proposal by Senators Ernst, Rubio and Lee, as outlined by the Independent Women's Forum, is not real paid leave and wouldn't benefit my business or my employees. Under their proposal, working parents would need to borrow against future social security benefits in order to take parental leave at a very low wage replacement rate. What benefits my business and would benefit other small businesses is a more comprehensive program that pays enough wages to keep an employee loyal, and happy. Employee turnover is a huge cost to small businesses, and a real paid leave program would help small businesses retain more and better employees.

At Palo Alto Software, we provide paid family and medical leave at or nearly at 100 percent of salary. We recently had an employee with a parent who went through cancer treatment and she was able to go home and take care of her mother. Through our policy she had job protected paid leave and earned 100 percent of her salary during the time she needed to care for her sick mother. We had another employee who needed to take medical leave to recover from an accident, and we were able to provide him with nearly four months of paid leave 95 percent of his salary. We also offer our employees fully paid maternity and paternity leave.

While my business now has the resources to provide paid leave, this isn't a reality for most small business owners. When my company was smaller, and had 20 employees, we did everything we could, but we couldn't afford the comprehensive paid leave we can today. And in different industries it's even harder. For example, it's very difficult in the restaurant industry where profits margins are really thin.

Small business owners want to provide paid leave to their employees but they need some help. The FAMILY Act, sponsored by Senator Gillibrand, would create a self-sustaining national paid family and medical leave insurance system. Employers and employees would contribute, spreading out the funding so that it would cost less than \$1.50 per week, which is less than a cup of coffee. Small-business owners and our employees alike would be eligible.

The FAMILY Act would not only support working people to address their own serious medical needs or care for a family member, but it would also support small businesses. It makes providing paid leave affordable and feasible to implement for small businesses. Because the reality is that when a small business can't provide paid leave, it's that much harder to recruit and retain employees. Employees are face the very difficult decision to choose their families and their health over their jobs and financial stability because often it's a life or death choice.

Turnover costs are a major expense for small businesses. On average, across all industries, turnover costs 20 percent of an employee's annual salary. Moreover, most small business owners want to provide their employees access to paid leave. But they are scared about how that will affect their bottom line. They are scared of the rhetoric they hear that it's going to be too expensive, and they are scared that they are not going to be able to afford it. The FAMILY Act would create a more favorable environment for small businesses, spurring small business and economic growth.

The U.S. falls behind all other industrialized economies in ensuring employees have access to paid leave. It's time that our elected officials in DC step up and commit to supporting real paid leave policies like the FAMILY Act so small business owners, our employees and all working people have paid time to care for themselves or a loved one.

**Statement of Tony Sandkamp, Owner, Sandkamp Woodworks
430 Communipaw Ave., Jersey City, NJ 07304**

Tony Sandkamp is the owner of Sandkamp Woodworks, a cabinet and architectural woodworking business located in Jersey City, New Jersey. He is a leader with the Main Street Alliance of New Jersey, a statewide network of small business owners.

I'm a proud supporter of New Jersey's Family Leave Insurance Program, which helps small businesses like mine provide paid family and medical leave to my four employees. All small businesses and workers, in every state, should be able to count on a program with the same benefits and protections. I am concerned about the Independent Women's Forum proposal to provide paid leave that's funded by raiding Social Security, covers only parental leave, and offers stingier wage replacement. New Jersey's program worked for my business, and it should be the baseline for the country.

Three years ago one of my employees came to me and said his wife was having twins. He needed help getting some paid time off, and we weren't sure to what to do. Luckily, I had a friend who knew about the Family Leave Insurance Program. The paperwork was pretty straightforward, we filled it out together and sent it in, and he got two thirds of his wages replaced while bonding with his twins. He is a very important part of my business, and this was very important to his life. So we made adjustments, he got some paid time with his family, and he's still with us.

I also remember life before our paid leave program, and I know that's still the reality for most small businesses and workers around the country. In 2006, before there was any such program, I had an employee who had to leave his job because of family needs. I only found out after the fact that his mother was dying of cancer, around the Christmas season, and he could have really used the New Jersey Family Leave Insurance then. This was awful for him. It was a tough loss for me personally since along with losing an employee, I lost a longtime friend. It was also detrimental to my business. He had been my best employee for several years and performed many critical management functions. The costs of the time and money it took to replace him were astronomical. I had to take time away from my responsibilities as the owner to fill the gap in the interim.

The New Jersey Family Leave Insurance law allows small business owners like me to provide paid family and medical to my employees and ensure that no one is forced to choose between caring for serious family and medical needs or putting food on the table. It also helps that small business can recruit and retain dedicated employees, decreasing costly turnover expenses and strengthening our bottom lines.

New Jersey's program is an important starting point. People like my employee whose mother was dying of cancer would not be helped by the IWF proposal. And the wage replacement in the IWF proposal would be too low to really sustain my employee who had twins. That's why I urge you to shelve the limited, flawed proposal to raid social security and support the FAMILY Act, which builds upon what we have in New Jersey.

**Statement of Adam Stephens, Owner of Marathon Bicycle Company
104 East Maple Ave., Fayetteville, WV 25840**

Adam Stephens is the owner of Marathon Bicycle Company, a bike rental, sales and repair shop, and Arrowhead Bike Farm, a bike rental shop, biergarten and campground, located in Fayetteville, WV. He is a leader of Main Street Alliance a national network of small business owners.

In November, 2017, my doctors told me I had a detached retina in my left eye and would require a few operations in order to regain my vision. They scheduled the first procedure for the middle of July. There's never a great time to get sick, but as the owner of two businesses in Fayetteville that rely on tourism, Marathon Bikes and Arrowhead Bike Farm, there isn't a worse time than the peak of the season to have to step away from my business for medical care.

At our farm I have a staff of five employees that can pull together and manage things while I recover. But Marathon Bikes, my rental, sales and repair shop, can't operate if I'm not there for an extended period. If I follow my doctor's orders—and I plan to—I won't be able to work for 2 weeks. I calculate that closing down for the last two weeks in July will cost me 10–15 percent of my gross revenue for the year.

It won't be catastrophic; my business will survive, but 2018 certainly won't be remembered as a good year. And this surgery is just the first of many procedures I need to have, which will cause additional revenue loss.

While seven states (including DC) offer paid family and medical leave, West Virginia is not one of them. This leaves West Virginians like me stuck scrambling when an unexpected family or medical situation comes up.

The Independent Women's Forum proposal, which is being sold as a paid leave proposal, wouldn't help me either. It isn't real paid leave. That's because it only covers parental leave, and that excludes most working people who need time to deal with a personal or family member's serious illness. Additionally, despite cutting future Social Security benefits, the plan only provides working parents with 45 percent of their usual wages. After my child was born, I couldn't afford to take one day off to bond with her. The IWF proposal benefit rate is so low, that it wouldn't have made taking leave any more feasible for me.

It doesn't have to be this way. Access to real paid family and medical leave shouldn't be based on where you live. Taking time away from work to attend to serious medical issues like eye surgery or family circumstances like the birth of a child or a sick parent should not be calamitous for workers or small businesses.

That's why Congress needs to pass federal legislation that covers all workers in times of need. The FAMILY Act would create a national paid family and medical leave insurance system. It would be funded by employers and employees, and all workers and small-business owners would be eligible, regardless of the company's size.

Operationally, the FAMILY Act is pretty simple. Workers and employers each make a small payroll contribution—as little as \$1.50 per worker each paycheck. Then, when workers—or operators of small businesses like me—need to take time away from work, we can draw enough income from the fund to get us by until we're back on our feet. Employers can use the salary of their on-leave workers as they see fit; they can use it to hire a temporary replacement, invest it in their business or save it for another use.

Paid family and medical leave promotes a stronger economy, healthier families, and helps small businesses like mine thrive. It's especially good for small business, helping to level the playing field with big corporations in hiring and retaining talented employees, and giving small business owners like me a way to get the medical care we need without jeopardizing our livelihood.

It's going to cost me an arm and a leg to get the care I need to protect my eyesight. But Congress has the power to change this reality for millions of working families and small business owners like me.

For questions, please contact Sapna Mehta, Legislative and Policy Director, at sapna@mainstreetalliance.org.

MERCATUS CENTER
George Mason University

**THE TROUBLES OF FINANCING PAID FAMILY
LEAVE WITH SOCIAL SECURITY**

Veronique de Rugy
Senior Research Fellow, Mercatus Center at George Mason University

Senate Committee on Finance, Subcommittee on Social Security, Pensions, and Family Policy

“Examining the Importance of Paid Family Leave for American Working Families”

July 11, 2018

Chairman Cassidy, Ranking Member Brown, and distinguished members of the Subcommittee on Social Security, Pensions, and Family Policy:

My name is Veronique de Rugy, and I am an economist and senior research fellow at the Mercatus Center at George Mason University. My colleagues and I recently studied a proposal to use Social Security to extend paid family leave to new parents, and I am grateful for the opportunity to discuss our findings with you.

Attached to this document you will find a policy brief, “Consequences of Financing Paid Parental Leave Using Social Security,” and a Mercatus chart product, “Social Security Can’t Afford Family Leave.” The chart product shows the fiscal implications of financing paid family leave using Social Security. The brief argues against using Social Security to extend paid family leave to new parents. In doing so, it makes the following key points:

- Between 45 and 63 percent of women report already having access to paid leave, even without government mandating or paying for a parental leave benefit.
- In theory, paid family leave is potentially budget neutral over the lifetime of the individual Social Security beneficiary. In reality, it would add to Social Security’s solvency problems from the start, precipitating the insolvency of the program. In addition, to make this program really revenue neutral, Congress would have to stick to the commitment to withhold Social Security retirement benefits decades from now. Unfortunately, the federal government has a long established tradition of renegeing on budgetary offsets later after having spent money upfront. Therefore, it is unrealistic to assume it would follow through this time around.
- Until the first beneficiaries of the new paid leave program start postponing their retirement decades down the road, additional borrowing will be required to pay for the paid leave benefits claimed by parents, on top of all Social Security benefits currently going to retirees. Assuming a 25 percent take-up rate by eligible parents, the new benefits would cost up to \$7 billion per year.
- Using Social Security to pay for family leave means adding fiscal pressure to an already unsteady system in a highly indebted budgetary environment. Lawmakers’ six options for dealing with the Social Security shortfall would all become more severe:
 - sharp reductions of benefits
 - significant delays in the age of retirement eligibility
 - steep increases of the payroll tax rate above its current 12.4 percent level
 - lifting the \$128,400 income cap subjected to the tax
 - bailing out the system with general revenues, eroding its status as an earned benefit
 - some mix of the previous five
- It would be unwise to establish the principle that Social Security’s future retirement benefits can be borrowed against to finance the current needs of the young.

History shows that we can’t expect any new paid parental leave policy will remain in its original form and merely redistribute tax dollars to parents in the short run from their future retirement benefits. More likely, it will devolve into another welfare program—funded from a Social Security trust fund that was not designed for that purpose and should not be used for it now.

I would be happy to discuss any of these matters in further detail.

Sincerely,

Veronique de Rugy
Senior Research Fellow
Mercatus Center at Mercatus University

ATTACHMENTS (2)

“Consequences of Financing Paid Parental Leave Using Social Security” (Mercatus Policy Brief)

“Social Security Can’t Afford Paid Family Leave” (Mercatus Freestanding Chart)

Consequences of Financing Paid Parental Leave Using Social Security

Veronique de Rugy, Jason J. Fichtner, and Charles Blahous

June 2018

Social Security is the largest government program. In FY 2017 it paid over \$939 billion—4.9 percent of GDP—in benefits to 62 million Americans (45 million of

whom are retired).¹ Unfortunately, the program is not on sound financial footing, as 17 percent of currently scheduled benefits lack funding, and the two Social Security trust funds combined face depletion in 2034.² Upon trust fund depletion, program tax revenue will only be able to pay 77 percent of benefits. The financial troubles facing the Social Security program are among the many reasons why a new proposal to use Social Security as a way to extend paid family leave to new parents is a bad idea.

The plan proposed by Kristin Shapiro of the Independent Women's Forum in her recent paper *A Budget-Neutral Approach to Parental Leave* appears at first to be simple and elegant.³

Consider a 26-year-old new mother with five years of work experience earning \$31,100 per year. Under this plan, she could receive 12 weeks of paid leave at a rate of close to \$300 per week, or approximately \$3,600 over the 12-week period.⁴ In exchange, in the future, her eligibility to claim Social Security retirement benefits would be delayed by about 6 weeks.

This is a simple, stylized example. The plan lacks necessary details for a more complete analysis. In a recent piece in *The Wall Street Journal*, Andrew Biggs of the American Enterprise Institute and Kristin Shapiro provide additional numbers on the potential cost of the proposed paid parental leave policy:

The cost is low because parental-leave benefits claimed early in life would be low relative to retirement benefits claimed later, as earnings typically rise considerably from one's 20s to one's early 60s. . . . Consider an average woman, who enters the workforce at 21 and has her first child at 26. At 25 she would have a salary of about \$31,100, according to Social Security Administration data. Using the same formula used to calculate Social Security disability benefits, she would be eligible for a Social Security parental-leave benefit of \$1,175 a month, equal to 45% of her earnings at 25. . . . Because of Social Security's progressive benefit formula, lower-income workers would receive a higher benefit relative to their earnings.⁵

To the designer's credit, this plan doesn't involve mandating employers to provide paid leave to their employees, and it piggybacks on an existing entitlement program rather than starting a new one from scratch. Its apparent simplicity and purpose, topped with the claim that it wouldn't add to the deficit, has already attracted support. It was taken up by both conservative and moderate members of the Republican congressional conferences, and it is gaining some traction among conservative groups.

Unfortunately, while the plan lacks many details, there are already considerable reasons to oppose it. The first question Americans should ask is whether paid family leave is best provided through the government and whether the private sector is providing, or could provide, such a benefit. Data from the Census Bureau's Survey of Income and Program Participation (SIPP), the U.S. Department of Labor's FMLA Worksite and Employee Surveys, the Census Bureau's Current Population Survey (CPS), and the National Survey of Working Mothers show that even without the government mandating or paying for a parental leave benefit, between 45 percent and 63 percent of women report already having access to paid leave.⁶ This should come as no surprise, since academic studies show that companies benefit from providing this type of benefit to their workers—adding satisfaction, as well as lowering turnover rates and raising productivity. When businesses can afford to offer paid family leave, they increasingly do. It is unclear that there would be net societal ben-

¹ Social Security Administration, "Social Security Beneficiary Statistics," accessed May 4, 2018, <https://www.ssa.gov/oact/STATS/OASDIbenies.html>.

² Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, *The 2017 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, 2017; Social Security Administration, "A Summary of the 2018 Annual Reports," accessed May 4, 2018, <https://www.ssa.gov/oact/trsum/>.

³ Kristin A. Shapiro, *A Budget-Neutral Approach to Parental Leave* (Washington, DC: Independent Women's Forum, January 2018).

⁴ Kristin A. Shapiro and Andrew G. Biggs, "A Simple Plan for Parental Leave," *Wall Street Journal*, January 24, 2018.

⁵ Shapiro and Biggs, "A Simple Plan for Parental Leave."

⁶ Council of Economic Advisers, *The Economics of Paid and Unpaid Leave*, June 2014; Vanessa Brown Calder, "Myth Busting Paid Leave Statistics," *Cato at Liberty*, March 8, 2018.

efit in shifting the costs of paid parental leave from the workplaces that benefit from it to federal taxpayers.

Setting these general concerns aside, this paper will focus on a more specific problem with the plan: the use of the Social Security trust funds to finance paid parental leave. We will discuss how this proposal is an inappropriate expansion of the mission of the program, how it disrupts the link between work and benefits, and how it will almost certainly not be budget neutral, among other issues. Rarely do the finances of such programs conform to their designers' original intentions. If a paid leave program were to be added to Social Security, over time we could expect that its eligibility criteria would be expanded (as they have been with other entitlement programs) to include other paid leave options besides caring for a newborn, such as caring for aging parents or a spouse. The duration of the benefit would likely be extended over time as well, as paid leave benefits in other countries have been. The final transformation of the new benefit may happen when advocates for beneficiaries demand that it be paid for with general government revenue rather than delayed retirement. In sum, it is reasonable to expect that this new entitlement would not long remain a budget-neutral modification of existing mandatory spending obligations, but would eventually become an entirely new spending obligation, with all of the costs and market distortions that such entitlements typically create.

INAPPROPRIATE EXPANSION OF THE ROLE OF SOCIAL SECURITY

Using Social Security as a way to provide paid leave would be a significant expansion in the types of benefits that Social Security pays for, and one that departs significantly from the program's historical mission.

The historical mission of Social Security has been to provide "a comprehensive package of protection" against income loss as the result of a permanent departure from the workforce, consequent to a primary household earner's retirement or death.⁷ This system was originally designed as a social insurance program to cover low-probability and high-cost events (such as living well beyond the average life expectancy or losing income if a working spouse dies). Later the program was expanded to include disability benefits. That expansion took place only after a very protracted debate during the 1950s and after proponents of the expansion gave multiple assurances and procedural guarantees that the establishment of disability insurance benefits would not undermine the funding of the retirement program.⁸ As part of this process, and to fulfill this requirement, the Disability Insurance system was established with a separate trust fund and a separate payroll tax. As Senator Walter George (D-GA) stated during floor debate,

The moneys for disabled persons will not be commingled in any way with the funds for old-age insurance or for widows and spouses. The contribution income and the disbursements for disability payments will be kept completely distinct and separate. In this way the cost of disability benefits always will be definitely known and the costs always will be shown separately . . . a separate tax is to be levied to build up a fund which can be easily policed, which can never encroach upon the fund for widows, and for those who reach age 65, and for children and other beneficiaries.⁹

Even still, disability benefits were only provided for those facing long-term income loss owing to a disabling condition. None of those safeguards ground the current paid leave proposal; instead, it seems the Old-Age and Survivors Insurance (OASI) Trust Fund would be required to finance a new kind of benefit entirely—one that does not align with the original intent of the program. Given that the OASI trust fund is already significantly underfunded, it seems imprudent to start tapping those inadequate funds to pay for a new category of benefits.

To elaborate on the previous point, paid leave is a fundamentally different kind of benefit than the other benefits Social Security pays for. Although people do risk income interruptions when they leave the workforce to care for children, having children doesn't permanently destroy one's ability to earn income, now or in the future. Social Security is designed instead to protect against lasting income loss—because someone either died, retired, or became disabled. For better or worse, in order to receive disability benefits, applicants must show that their disabilities are an ongoing condition; Social Security explicitly says that "no benefits are payable for partial

⁷ Social Security Administration, *Social Security Accountability Report for Fiscal Year 1997*, November 21, 1997.

⁸ Charles Blahous, "Costs of Merging Social Security Retirement and Disability Funds," e21 (Manhattan Institute for Policy Research), April 27, 2015.

⁹ Charles Blahous, "Costs of Merging Social Security Retirement and Disability Funds."

disability or for short-term disability.”¹⁰ In other words, Social Security has never been intended to provide temporary “tiding-over” benefits, unlike, for example, unemployment insurance.

PAID LEAVE WOULD END THE RELATIONSHIP BETWEEN WORK AND BENEFIT

Social Security is a program with many problems,¹¹ including its projected insolvency. However, one of the program’s relative virtues is that no workers get benefits that they haven’t at least in some way earned with their payroll tax contributions. On the retirement side of the program, one must work and contribute payroll taxes for at least 40 quarters (10 years) to be eligible for benefits.¹²

Disability is more complex, and one could argue that its benefits aren’t adequately tied to contributions paid. However, its design is defensible from an insurance perspective since disability can strike at any time and cause a permanent loss of income. Yet even on Social Security’s disability side, one must work and contribute for a few years before qualifying (6 quarters of tax contributions are required to become eligible before the age of 24; otherwise, 20 quarters are required over a worker’s previous 10 years).¹³ And although some young workers receive disability benefits that their own contributions have not yet adequately funded, it is far more common for workers to receive disability benefits only much later in their careers, after several years of contributing payroll taxes to the system.

By contrast, paid parental leave is ill-suited for this type of contributory funding system. Most people tend to have children toward the beginning of their careers rather than toward the end, and well before their contributions, even in the aggregate, are sufficient to fund benefits. Under a paid parental leave policy, many people will likely have children long before they have contributed payroll taxes for 20, let alone 40, quarters of paid employment.

To address this issue, the proponents of the paid leave system would require that parents, no matter their age, need to have worked at least four quarters (one year) in their lifetime, including in at least two of the last four quarters preceding the birth of their child, to become eligible for Social Security parental benefits.¹⁴

This is a serious weakening of the work-benefit relationship that currently exists in Social Security. Moreover, it is easy to anticipate that even these minimal work requirements will eventually be relaxed or even eliminated to provide additional assistance to lower-income parents without established labor force attachment. Establishing a new benefit that is not premised primarily upon prior employment-based contributions will likely render it inevitable that the benefit is ultimately conceived and provided solely on the basis of need, rather than earned through work. While there is a place in government for purely need-based assistance to poor families, Social Security is not that place.

A NOT-SO-BUDGET-NEUTRAL PROPOSAL

Advocates for the paid leave proposal express an intention that this new benefit be budget neutral and not add to the net cost of Social Security. As Shapiro writes, “The proposed program would be structured to be self-funding. In return for receiving parental benefits, new parents would agree to defer their collection of Social Security benefits upon retirement for the period of time necessary to offset the cost of their parental benefits.”¹⁵

For instance, if a 25-year-old had a baby and claimed paid leave benefits in 2018, she would effectively be using her 2060 old-age retirement benefits. That’s assuming she wants to retire at 67. She would make up for her paid leave benefits in 2060—over 40 years later—by delaying her retirement benefits by six weeks. For each additional child, she would forgo an additional six weeks of retirement benefits, and so on and so forth.

¹⁰ Social Security Administration, “Benefits Planner: Disability,” accessed May 4, 2018, <https://www.ssa.gov/planners/disability/qualify.html>.

¹¹ Jason J. Fichtner, “Restoring and Modernizing Social Security Through Sustainable Reform” (testimony before the House Committee on the Budget, Mercatus Center at George Mason University, Arlington, VA, July 13, 2016).

¹² Social Security Administration, “Benefits Planner,” accessed May 4, 2018, <https://www.ssa.gov/planners/credits.html>.

¹³ Social Security Administration, “Understanding Supplemental Security Income Social Security Entitlement—2018 Edition,” accessed May 4, 2018, <https://www.ssa.gov/ssi/text-entitlement-2018.html>.

¹⁴ Shapiro, *A Budget-Neutral Approach to Parental Leave*.

¹⁵ Shapiro.

It seems simple enough. But while in theory this paid family leave is potentially budget neutral over the lifetime of the individual Social Security beneficiary, it would nevertheless add to Social Security's solvency problems for several years, if not decades. Social Security has been running a cash flow deficit since 2010—one that is currently projected to be permanent. Starting from the implementation of any new paid parental leave program, additional borrowing will be required to pay for the paid leave benefits claimed by parents, on top of all Social Security benefits currently going to retirees. According to Shapiro, assuming a 25 percent take-up rate by eligible parents, that additional cost would add up to \$7 billion per year.¹⁶

These additional benefit outlays will accelerate the depletion of the trust funds, which the 2017 Social Security Trustees report already projects will happen in 2034, and at which time Social Security benefits would be reduced by roughly one-quarter under current law.¹⁷ By 2034, the federal budget deficit is estimated to be \$2.4 trillion (6.5 percent of GDP), and the public debt to be \$38.4 trillion (105 percent of GDP), to which the costs of this additional benefit would be added.¹⁸

In other words, using Social Security to pay for family leave means adding fiscal pressure to an already unsteady system in a highly indebted budgetary environment. Lawmakers' six options for dealing with the Social Security shortfall would all become more severe: sharp reductions of benefits, significant delays in the age of retirement eligibility steep increases of the payroll tax rate above its current 12.4 percent level, lifting the \$128,400 income cap subjected to the tax, bailing out the system with general revenues and eroding its status as an earned benefit, or a mix of the five.

Designed to be part of a multifaceted system for income replacement in retirement, Social Security benefits, along with employer pensions and individual savings, form the so-called "three-legged stool" of retirement.¹⁹ Social Security alone cannot provide adequate retirement income for all, and it currently lacks adequate funding for the benefits it promises.

It would be especially unwise to establish the principle that Social Security's future retirement benefits can be borrowed against to finance the needs of the young in the present. In the first place, promises of Social Security benefits are funded only by future taxpayers; there is no storehouse of personal Social Security savings for young workers to draw from. And even if there were such a storehouse, there would be no logical basis for limiting access to it only for paid parental leave; the door would be open to unlimited alternative uses for such advance payments, from down payments on a home to paying off student loans. Indeed, some of these expansions are already being proposed.²⁰

Nor should Americans take it as a given that the proposal would actually be self-funding, even over the lifetime of a beneficiary. This would be a "benefits now, funding later" program. There is no fail-safe mechanism for ensuring that lawmakers follow through on the benefit offsets decades hence. In some cases, follow-through may even be impossible, such as for those who receive benefits up front but then remain out of the workforce as stay-at-home parents. According to the Bureau of Labor Statistics, about 35 percent of women with young children do not participate in the labor force.²¹ The program would also fail to be self-funding in instances of workers who later become disabled or drop out of the workforce and thus have no retirement benefits to delay.

It is worth adding that government paid leave programs around the world have a bad track record. As Vanessa Brown Calder reminds us,

In 1989 Larry Summers wrote about government-mandated paid leave, "There is no sense in which benefits become 'free' just because the government mandates employers offer them to workers." And in 1994 Jonathan Gruber reported women's wages were reduced to reflect the cost of benefit mandates. Gruber estimated that the shift in cost was around "the order of 100 percent."²²

¹⁶ Shapiro, 4.

¹⁷ Social Security Administration, "Summary of the 2018 Annual Reports."

¹⁸ Congressional Budget Office, *The Budget and Economic Outlook: 2018 to 2028*, April 2018.

¹⁹ Social Security Administration, "Agency History," accessed May 4, 2018, <https://www.ssa.gov/history/stool.html>.

²⁰ Elliott Harding, "A Solution to the Student-Debt and Social Security Crises," *National Review*, March 12, 2018.

²¹ Bureau of Labor Statistics, *Women in the Labor Force: A Databook*, November 2017.

²² Vanessa Brown Calder, "Republicans Are Negotiating the Terms of Surrender on Paid Leave," *The Hill*, February 21, 2018.

Under the current paid leave proposal, the government wouldn't mandate or provide net funding for the benefit—at least at first. Yet it is naive to think that no new costs will emerge as such a program inevitably evolves. Potential adverse consequences of these costs include unexpected burdens and disruptions for small businesses, lower wages, and even an increased reluctance to hire or promote women of childbearing age.

TWO WRONGS DON'T MAKE A RIGHT

A valid criticism of the Social Security program is that because of the collision between demographic trends and funding methods, the program causes substantial, inequitable income redistribution from the youngest in society to the oldest.²³ In addition, changes in the capital market and standards of living in the United States over the past 50 years mean that the older beneficiaries of the program are over represented in the top income quintile.²⁴ As a result, many see this proposal to provide paid leave benefits through Social Security as a way to reverse some of Social Security's intergenerational income redistribution, away from retired and older Americans back toward younger ones.

However, the proposal would not actually correct these intergenerational inequities. That can only be done by lessening the existing redistribution from later birth cohorts to earlier ones—either by reducing benefits for older cohorts or by shifting from a pay-as-you-go system to a funded one through, for example, the establishment of personal accounts. The paid leave proposal is instead a proposal for younger Americans to pay for income during their parenting years out of their own eventual retirement income; in other words, if it works as designed, it would have no net effect of correcting intergenerational inequities.

Moreover, owing to Social Security's currently projected insolvency, changes will need to be made to individuals' benefit levels and retirement eligibility ages in any event. Would those who have taken parental leave be subjected to these changes on top of the delays they have already accepted in exchange for parental leave income? These are additional considerations the proponents have yet to provide answers for.

CONCLUSION: THE HIGH COST OF GOOD INTENTIONS

In his book, *The High Cost of Good Intentions*, Hoover Institution scholar John Cogan explains how throughout history government programs were created for one reason or another, but over time the stated mission was expanded beyond recognition. Federal entitlement programs demonstrate this inevitable tendency. Originally designed to provide a measure of economic security to senior citizens and a safety net for the poor, they now redistribute money to Americans in all income classes, rich and poor alike. As Cogan explains, over 60 percent of all U.S. households that receive entitlement program benefits have incomes above the poverty line before the receipt of those benefits.²⁵ Cogan further notes that over 30 percent of the benefits go to households in the upper half of the income distribution. The same general pattern is found across federal programs from food stamps to Social Security Disability Insurance to Medicaid.

The same will happen under a paid parental leave policy, especially since it will take decades to implement intended budget offsets. We can, for example, expect future profamily interest groups to argue that beneficiary parents who are later required to delay retirement are being subjected to a "retirement penalty" or a "baby penalty" compared to nonparents. We can also expect other interest groups to demand that the four-quarter work requirement be eliminated so that everyone can benefit, and we expect those interest groups will have statistics at their disposal demonstrating that the work requirements are unfairly regressive. Other possible changes in eligibility might include allowing nonparents and parents alike to tap their future Social Security benefits to pay for college tuition, the care of an aging parent, or the purchase of a house or a car. The Shapiro proposal itself anticipates future expansions, saying that "after the program has existed for several years, pol-

²³ Hearing on "What Workers Need to Know About Social Security as They Plan for Their Retirement," hearing before the Subcommittee on Social Security of the House Committee on Ways and Means, 113th Congress (2014) (statement of C. Eugene Steuerle, Institute Fellow and Richard B. Fisher Chair, Urban Institute).

²⁴ Tyler Cowen and Veronique de Rugy, "Reframing the Debate," in *The Occupy Handbook*, ed. Janet Byrne (New York: Back Bay Books, 2012), 411–21.

²⁵ John F. Cogan, *The High Cost of Good Intentions: A History of U.S. Federal Entitlement Programs* (Stanford, CA: Stanford University Press, 2017), 2 9–3; Clifton B. Parker, "Federal Entitlements Intended to Lift People out of Poverty Now Benefit the Middle Class, Stanford Scholar Says," *Stanford News Service*, February, 21, 2018, <https://news.stanford.edu/press-releases/2018/02/21/medicare-social-ity-keep-growing/>.

icymakers can study its operation and effects and better evaluate whether it would be appropriate to offer more generous benefits or to open up the program to other populations (such as individuals needing paid medical or family leave).²⁶ Given that Social Security's retirement benefits are already inadequately financed, the program simply cannot afford the risk of these myriad benefit obligations being added without reliable assurance that budget neutrality principles will be upheld over all time.

History may not always repeat itself. But it sure does rhyme. If history is our guide, it is unrealistic to expect that any new policy to provide paid parental leave through the Social Security system will remain in its original form and merely redistribute tax dollars to parents in the short run from their future retirement benefits. More likely, it will devolve into another welfare program-funded from a Social Security trust fund that was not designed for that purpose and shouldn't be used for it now.

Social Security Can't Afford Paid Family Leave

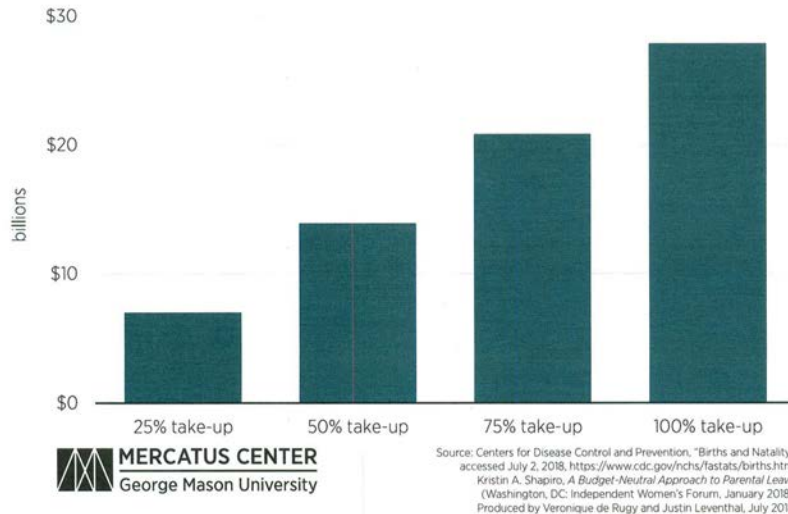
Veronique de Rugy and Justin Leventhal

Several plans have been proposed for the federal government to provide paid family leave. One proposed plan by the Independent Women's Forum would provide 12 weeks of leave paid leave with compensation calculated through the current disability benefits formula (estimated to be an average of \$3,528 for 12 weeks). If an individual chose to take this benefit, that individual would pay back the Social Security system by deferring old-age benefit payments by 6 weeks. The theory behind this deferral is that over the long term, the deferral of payments will allow Social Security program to remain deficit neutral. However, even if the program remained deficit neutral over the 30–40 years it would take to reclaim family leave benefits, this proposal would add to the problems already faced by Social Security. Even without this proposal, the Social Security trust fund is expected to be depleted in 2034, long before the benefits are repaid.

Using the number of births in 2016 as a baseline, one can estimate the future cost of parental leave payments each year, depending on the percentage of new parents who take advantage of their new entitlement. If only half of all new parents collected family leave payments from this system, the cost would be \$14 billion per year.

²⁶ Shapiro, *A Budget-Neutral Approach to Parental Leave*.

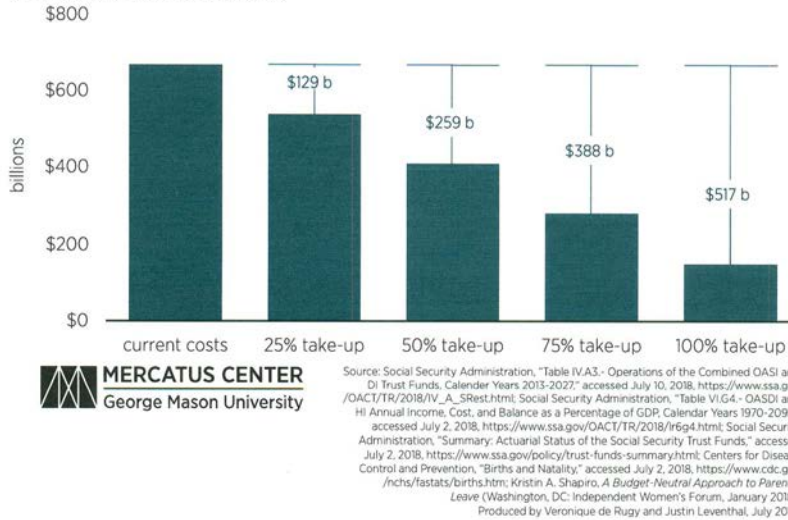
Parental Leave through Social Security: Cost per Year
Annual cost of proposed parental leave program



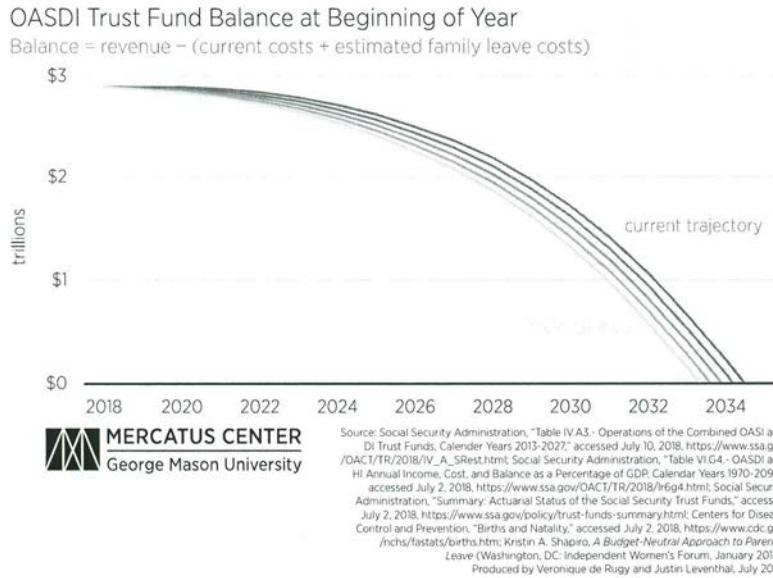
After accounting for smaller interest payments (owing to a smaller trust fund each year), if only half of new parents used this system, the Social Security trust fund would be \$259 billion lower at the beginning of 2033 than otherwise.

Balance of OASDI Trust Fund at the Beginning of 2033

At 50 percent take-up, the OASDI trust fund would be depleted during 2033 if used to fund paid family leave.



The lower starting position of the Social Security trust fund means that it would be depleted one year early. This poses a problem not just for retirees, but also for those people who would be collecting payments for family leave from this system, which will soon be bankrupt.



NATIONAL ACTIVE AND RETIRED FEDERAL EMPLOYEES ASSOCIATION (NARFE)

606 N. Washington Street
Alexandria, VA 22314
phone 703-838-7760
fax 703-838-7785
www.NARFE.org

Richard G. Thissen
National President

Jon Dowie
National Secretary/Treasurer

July 24, 2018

Subcommittee on Social Security, Pensions, and Family Policy
Committee on Finance
United States Senate
Washington, DC 20510

Dear Chairman Cassidy, Ranking Member Brown, and members of the Senate Subcommittee on Social Security, Pensions, and Family Policy:

Thank you for holding the hearing titled "Examining the Importance of Paid Family Leave for American Working Families" on Wednesday, July 11, 2018.

I am writing to submit for the hearing record the views of the National Active and Retired Federal Employees Association (NARFE) in support of paid parental leave for federal employees.

Specifically, NARFE supports H.R. 6275, the Federal Employees Paid Parental Leave Act of 2018, introduced by Congresswoman Barbara Comstock, R-VA, which would provide 12 weeks of paid leave to federal employees for the birth, adoption or foster placement of a child.

This policy is long overdue. The United States of America is the only industrialized country in the world without a national law requiring paid parental leave—including for its civil servants. Within the United States, many large private-sector employers have recognized the value of this policy. In fact, in 2008, the Joint Economic Committee surveyed Fortune 100 companies and found that nearly three-quarters (74 percent) of the responding companies offered a specific paid parental-leave program to new mothers. The federal government should follow their lead and join every other developed nation.

The policy reflects smart human-resource-management practice. Paid parental-leave policies have been shown to facilitate the recruitment and retention of young workers. With only 6 percent of the federal workforce under the age of 30, and more than 40 percent eligible to retire within 3 years, federal government recruitment of young workers is becoming increasingly important. Additionally, the policy has been shown to improve employee morale, which increases productivity.

Offering paid parental leave would actually save the federal government money. The Congressional Budget Office estimated that previous versions of the legislation mentioned above would not impact direct spending. Additionally, Institute for Women's Policy Research (IWPR) calculates that the federal government could prevent 2,650 departures per year among female employees by offering paid parental leave, preventing \$50 million per year in turnover costs.¹

The study went on to say, "Recruiting new employees, the relatively low productivity of new hires, drains on the productivity of colleagues and supervisors, human resources processing time, training, and lost productivity between the departure of an employee and the hiring of a replacement are all real costs to employers."

A separate report from the Institute for Women's Policy Research on first-time mothers stated: "Controlling for observed differences, first-time mothers who utilized paid leave had only a 2.6% probability of quitting their jobs and a 92.3% probability of returning to the same employer post-birth of their children. In contrast, first-time mothers who did not utilize paid leave experienced a 34.3% probability of quitting their job and had a 73.3% probability of working for the same employer after birth."²

Paid parental leave also demonstrates the value we place on family and parenting. Parents should not be forced to make difficult trade-offs between spending invaluable time to bond with their new child, or being able to pay their bills and save for their child's future.

This hearing focused on a nationwide paid family-leave policy. We support that pathway as well. But if that is too heavy a lift, I urge Congress, the federal government's board of directors, to at least institute such a policy for the federal government's own employees. It is past time to do so.

Thank you for considering NARFE's views. If you have any questions or comments regarding this letter, please contact NARFE Staff Vice President, Advocacy, Jessica Klement at 703-838-7760 or jklement@narfe.org.

Sincerely,

Richard G. Thissen
National President

NEW YORK CITY DEPARTMENT OF CONSUMER AFFAIRS
42 Broadway, 8th Floor
New York, NY 10004
Dial 311
(212-NEW-YORK)
nyc.gov/consumers

**Statement of Lorelei Salas, Commissioner of the New York City
Department of Consumer Affairs**

The New York City Department of Consumer Affairs ("DCA") strongly urges Congress to create a comprehensive national program that makes paid leave affordable for employers of all sizes and available for workers to care for a new child upon their birth or adoption, a family member with a serious health condition, or themselves if they have a serious health condition. The Family and Medical Insurance Leave (FAMILY) Act (S. 337/H.R. 947), sponsored by Representative Rosa DeLauro and Senator Kirsten Gillibrand does just that, and would create a baseline right that may be supplemented by greater protections provided by state and local governments.

¹"The Need for Paid Parental Leave for Federal Employees: Adapting to a Changing Workforce," from the Institute for Women's Policy Research, 2009.

²"Paid Leave and Employment Stability of First-Time Mothers," from the Institute for Women's Policy Research, 2017.

DCA, particularly its Office of Labor Policy and Standards (“OLPS”), has firsthand knowledge of how local government’s role in labor law enforcement is essential to promoting individual financial security and improving family and public health without sacrificing a vigorous and growing economy.¹ OLPS is charged with implementing and enforcing New York City’s workplace laws, developing innovative policies to raise job standards, and providing a central resource to help working New Yorkers assert their rights under local, state, and federal law.

Through DCA’s enforcement of the City’s Paid Safe and Sick Leave Law (PSSL), we have witnessed the necessity of paid leave for the health of workers, their families, and the City’s economy. PSSL guarantees almost all workers in New York City, regardless of immigration status and whether they are full-time, part-time, or contingent, a strand of basic human dignity—up to forty hours of paid time off to care for themselves or their loved ones when they are ill or to seek medical treatment, without fear of penalty or retribution from their employer. Evidence of PSSL’s success since its adoption in 2014 are the recent amendments to it that passed without controversy. These amendments expanded the Law’s definition of family member to include “chosen family” and its uses to those related to taking safety measures from domestic violence, human trafficking, stalking or sexual assault.

Paid Family Leave Is Especially Critical for the Long-term Economic Security of Women and Low-income Workers

DCA welcomed New York State’s implementation of a family and medical leave insurance program in 2108. By joining California, New Jersey and Rhode Island, workers in New York City and across the State will have increased protections when confronted with the most consuming of life events that require workers to temporarily devote their full time and attention to the care of a loved one—whether a new baby or family member battling a long-term illness—or to recover from their own serious illness or injury.² Approximately 85% of American workers lack paid family leave through their jobs.³ Paid family leave is especially critical for some of the most vulnerable workers—women and those who earn the lowest wages.⁴ Women shoulder most unpaid caregiving responsibilities, of children, the elderly and the disabled: two-thirds of unpaid caregivers are women.⁵ Women are more likely than men to leave their jobs to meet caregiving obligations and this has a direct impact on women’s economic security and stability and the lifetime earnings gap between men and women.⁶ Paid family leave enables women to remain in their jobs, acquire seniority, increase their earnings and, subsequently, their retirement savings.⁷

A lack of paid family leave makes the ability to provide long-term temporary care to a family member particularly elusive for low-wage workers, who cannot afford to take unpaid time off from work, even if they might be entitled to it under the Family Medical Leave Act (FMLA) or an employer’s policy. Low-income workers often lack a financial cushion or safety net on which to rely while absent from work.⁸ Losing income while taking care of their own or a family member’s health condition has a compounding effect on family finances that is particularly acute for low-income

¹New York City, Office of the Mayor, “Two Years After Mayor De Blasio Expands Paid Sick Leave to One Million New Yorkers, City’s Economy Stronger Than Ever,” April 1, 2016, available at <http://www1.nyc.gov/office-of-the-mayor/news/318-16/two-years-after-mayor-de-blasio-expands-paid-sick-leave-one-million-new-yorkers-city-s-economy>.

²Washington State and the District of Columbia will join the growing list of jurisdictions with paid family leave programs in 2020.

³FAMILY Act Coalition letter, July 11, 2018, available at <http://www.nationalpartnership.org/research-library/work-family/coalition/family-act-coalition-letter.pdf>.

⁴Jasmine Tucker and Kayla Patrick, National Women’s Law Center, *Women in Low-Wage Jobs May Not Be Who You Expect* (August 30, 2017), <https://nwlc.org/resources/women-in-low-wage-jobs-may-not-be-who-you-expect/>.

⁵*Women and Caregiving: Facts and Figures* (December 31, 2003), <https://www.caregiver.org/women-and-caregiving-facts-and-figures>.

⁶*Women’s Bureau Report*, U.S. Department of Labor, 2, 3 (February 2015), available at https://www.dol.gov/wb/resources/older_women_economic_security.pdf.

⁷Claire Cain Miller, “Paid Leave Encourages Female Employees to Stay,” *The New York Times*, July 28, 2014, <https://www.nytimes.com/2014/07/29/upshot/how-paid-leave-helps-female-employees-stay.html>.

⁸National Women’s Law Center, *Set Up to Fail: When Low-Wage Work Jeopardizes Parents’ and Children’s Success*, 4, 2016, <https://nwlc-ciw49tixgw5lbab.stackpathdns.com/wp-content/uploads/2016/01/FINAL-Executive-Summary-Set-Up-to-Fail.pdf>; Board of Governors of the Federal Reserve System, *Report on the Economic Well-Being of U.S. Households in 2016*, 1, 2 (May 2017), <https://www.federalreserve.gov/publications/files/2016-report-economic-well-being-us-households-201705.pdf>.

workers, creating a risk that they will fall into poverty. Many of the reasons for which employees would be eligible to use family leave bring new expenses, like the cost of diapers, child care, or prescription medications,⁹ in addition to costs associated with lost wages.¹⁰ An analysis of FMLA found that nearly 1 in 10 employees went on public assistance program (such as food stamps or welfare) when on leave.¹¹ When paid leave is offered, those with paid leave are 39% less likely to access public assistance than those not offered the benefit.¹² Additionally, among families who receive public assistance in the year after birth, new mothers who were offered paid leave report \$413 less in public assistance than those mothers who were not offered paid leave.¹³ Thus, implementing paid leave programs appears to reduce the need for public assistance, which can also free up government spending to invest in other activities supportive of economic growth.¹⁴ Paid family leave would begin to break the cycle in which economic deprivation leads to hazards, including poor health, which in turn perpetuate poverty.

Paid Family Leave Is Associated With Improved Health Outcomes and Lower Healthcare Costs

Paid family leave would help meet the growing health needs of the population and has the potential to improve public health.¹⁵ The United States has a growing aged population,¹⁶ and “within just a couple decades, older people are projected to outnumber children for the first time in U.S. history.” At the same time, “the number of Americans who are providing unpaid care to people who are older, disabled, or otherwise in need of assistance is expected to increase from 40 million to nearly 45 million unpaid caregivers by 2020.”¹⁷ Further, over 1 in 7 Americans are simultaneously raising a child and caring for a parent.¹⁸

Access to paid sick and family medical leave may reduce a family’s total medical care expenses.¹⁹ Elderly patients cared for by family members have significantly shorter hospital stays and recover faster from illness.²⁰ And, in addition to the importance of postpartum leave for maternal and newborn health, research has also shown the benefits of other types of paid family leave. For example, when parents take longer work leaves to care for their seriously ill children, child physical and emotional health is positively impacted.²¹

⁹Nancy Rankin and Margaret Mark, The Community Service Society of New York, *A Necessity, Not a Benefit*, 9 (May 2015), available at <http://www.cssny.org/publications/entry/a-necessity-not-a-benefit>.

¹⁰Patricia Stoddard-Dare et. al., “How Does Paid Sick Leave Relate to Health Care Affordability and Poverty Among US Workers?”, 2018, *Social Work in Health Care*, 57:5, 376–392, <https://www.tandfonline.com/doi/full/10.1080/00981389.2018.1447532>.

¹¹*Id.* at 377.

¹²Patricia Stoddard-Dare et. al., “How Does Paid Sick Leave Relate to Health Care Affordability and Poverty Among US Workers?”, 2018, *Social Work in Health Care*, 57:5, 376–392, <https://www.tandfonline.com/doi/full/10.1080/00981389.2018.1447532>.

¹³Gault, Barbara et al., *Paid Parental Leave in the United States*, 13, March 2014, https://www.dol.gov/wb/resources/paid_parental_leave_in_the_united_states.pdf.

¹⁴*Id.*

¹⁵New York City, Office of the Mayor, “Two Years After Mayor De Blasio Expands Paid Sick Leave to One Million New Yorkers, City’s Economy Stronger Than Ever,” April 1, 2016, available at <http://www1.nyc.gov/office-of-the-mayor/news/318-16/two-years-after-mayor-de-blasio-expands-paid-sick-leave-one-million-new-yorkers-city-s-economy>.

¹⁶U.S. Census Bureau, “Older People Projected to Outnumber Children for First Time in U.S. History,” March 13, 2018, available at www.census.gov/newsroom/press-releases/2018/cb18-41-population-projections.html.

¹⁷American Association of Retired Persons, “AARP Report Finds Caregiving Market Will Grow 13% to Become \$279 Billion Disruptive Opportunity 2016–2020,” January 12, 2016, available at <https://press.aarp.org/2016-01-12-AARP-Report-Finds-Caregiving-Market-Will-Grow-13-To-Become-279-Billion-Disruptive-Opportunity-2016-2020>.

¹⁸Kim Parker and Eileen Patten, *The Sandwich Generation: Rising Financial Burdens for Middle-Aged Americans*, January 30, 2013, <http://www.pewsocialtrends.org/2013/01/30/the-sandwich-generation/>.

¹⁹Patricia Stoddard-Dare et. al., “How Does Paid Sick Leave Relate to Health Care Affordability and Poverty Among US Workers?”, 2018, *Social Work in Health Care*, 57:5, 376–392, <https://www.tandfonline.com/doi/full/10.1080/00981389.2018.1447532>.

²⁰Courtney Van Houtven and Edward C. Norton, “Informal Care and Health Care Use of Older Adults,” *Journal of Health Economics*, 2004:23 (6):1159.

²¹Schuster MA, Chung PJ, Elliott MN, Garfield CF, Vestal KD, and Klein DJ. “Perceived Effects of Leave From Work and the Role of Paid Leave Among Parents of Children With Special Health Care Needs.” *Am J Public Health*, 698–705, (2009), <https://doi.org/10.1080/00981389.2018.1447532>.

Programs Like the FAMILY Act Are Proven to Strengthen Business

Evidence from existing state programs shows that family leave programs can be financially sound, self-sustaining, and strengthen business. A study conducted when California's program had been in effect for over six years found that most employers reported that the paid family leave program has either a positive effect or no noticeable effect on productivity, profitability, turnover, and employee morale.²² Additionally, small businesses were less likely than larger businesses to report negative effects.²³ And 91 percent of employers responded "no" when asked if they were aware of instances of employees abusing the program.²⁴ Early studies about the effect on business of Rhode Island's paid family leave program are leading to a similar conclusion: the effect on business is neutral or positive.²⁵

The Path to National Family Leave Must Leave Room for Local Governments to Create Additional Protections and Not Take Away From Other Important Benefits

As Congress, and this Committee, in particular, continue to study workplace policies it should recognize that the federal government has an important role to play in supporting local enforcement needs and should not consider policies that would dilute or repeal progressive local labor laws, or exacerbate the power imbalance between employers and employees such as by denying employees their ability to control their work schedules and time off. One piece of legislation being debated in Congress that is particularly troubling is H.R. 4219, the "Workflex in the 21st Century Act" ("H.R. 4219" or the "bill"). H.R. 4219 undermines local labor standards that are tailored to maintain robust local economies by removing local control that benefits workers and businesses. The bill purports to require paid time off comparable to state and local paid sick leave laws, but in fact replaces meaningful rights to paid time off, which are the product of grassroots democratic processes, with individual employers' own parameters for when and how employees can use time and what employees will be paid when they use the time. Accordingly, we urge Congress to reject H.R. 4219.²⁶

Similarly, efforts to respond to a national bipartisan call for paid family leave by allowing workers to draw from Social Security contributions when on leave from work due to circumstances addressed by the FAMILY Act only exacerbates an existing problem and creates another. Such a proposal does nothing to address the lifetime wage gap between men and women that results from women shouldering most unpaid caregiving responsibilities. Moreover, it will translate into a delayed retirement age, with a disproportionate impact on lower-income workers²⁷ and, potentially, defund retirement for some workers.

The benefits of paid family leave for workers, business, and society at large are well-documented and well-understood, yet most workers do not have access to this basic, common-sense protection. Any such program providing this protection must be affordable, cost-effective, and sustainably funded with new revenue—not by cutting or reducing benefits from other programs that people rely on. The FAMILY Act is the only national policy proposal that meets these criteria and provides baseline

²² Eileen Applebaum and Ruth Milkman, *Leaves That Pay: Employer and Worker Experiences With Paid Family Leave in California*, 4 (2011), <http://cepr.net/documents/publications/paid-family-leave-1-2011.pdf>.

²³ Eileen Applebaum and Ruth Milkman, *Leaves That Pay: Employer and Worker Experiences With Paid Family Leave in California*, 4 (2011), <http://cepr.net/documents/publications/paid-family-leave-1-2011.pdf>.

²⁴ Eileen Applebaum and Ruth Milkman, *Leaves That Pay: Employer and Worker Experiences With Paid Family Leave in California*, 4 (2011), <http://cepr.net/documents/publications/paid-family-leave-1-2011.pdf>.

²⁵ National Partnership for Women and Families, *First Impressions: Comparing State Paid Family Leave Programs in Their First Years* (2015), <http://www.nationalpartnership.org/research-library/work-family/paid-leave/first-impressions-comparing-state-paid-family-leave-programs-in-their-first-years.pdf>; Ann Bartel et al., *Assessing Rhode Island's Temporary Caregiver Insurance Act: Insights From a Survey of Employers* (2016), https://www.dol.gov/asp/evaluation/completed-studies/AssessingRhodeIslandTemporaryCaregiverInsuranceAct_InsightsFromSurveyOfEmployers.pdf.

²⁶ See House Education and Workforce Committee Subcommittee on Health, Education, Labor, and Pensions hearing on "Workplace Leave Policies: Opportunities and Challenges for Employers and Working Families," December 2017 (testimony from Lorelei Salas, Commissioner of the New York City Department of Consumer Affairs), available at <https://www1.nyc.gov/assets/dca/downloads/pdf/partners/Advocacy-WorkplaceLeavePolicies-121917.pdf>.

²⁷ Michael Hiltzik, "Paid Family leave is a great idea, but not if we hit up Social Security for the money," *Los Angeles Times*, January 29, 2018, available at <http://www.latimes.com/business/hiltzik/la-fi-hiltzik-family-leave-20180129-story.html>.

rights making it financially possible for all working people to take leave when they need it most. The United States is long overdue in taking this important step.

Respectfully Submitted,

Lorelei Salas
Commissioner

1,000 DAYS
1029 19th Street, NW, Suite 250
Washington, DC 20036
www.ThousandDays.org

July 18, 2018

U.S. Senate
Committee on Finance
Dirksen Senate Office Bldg.
Washington, DC 20510-6200

RE: Subcommittee on Social Security, Pensions, and Family Policy hearing “Examining the Importance of Paid Family Leave for American Working Families”

On behalf of 1,000 Days, I would like to thank the Senate Finance Committee for holding the hearing on the importance of paid family leave for America’s working families. This is a critically important issue and we urge Congress to support comprehensive paid family and medical leave that helps all working parents in the U.S. give their children the strongest start to life. Specifically, paid leave policy must (1) provide sufficient time off; (2) cover all employers and all employees; (3) ensure economic security; and (4) cover the full range of family caregiving and medical needs comprehensively.

1,000 Days is the leading non-profit organization working in the U.S. and around the world to ensure that women and children have a healthy first 1,000 days. We know that good nutrition in the first 1,000 days from a woman’s pregnancy through her child’s 2nd birthday sets the foundation for all the days that follow.

Unlike in most other countries in the world, in the U.S. parents are often forced to choose between taking time off from work to care for their young children and earning the income they need to support their families. In fact, only a small minority of private sector workers in the U.S.—typically those who work in higher paid jobs—have access to paid leave through their employers. Even more troubling is the fact that 1 in 4 women in America return to work just 2 weeks after giving birth, putting their health and that of their infant at risk. Ultimately, it is young children and their families paying the price for the country’s inaction on paid leave.

There is strong evidence that shows that paid leave contributes to healthier outcomes for babies and their families. Parental leave can help reduce infant death and illness, increase the likelihood that babies get their pediatric check-ups and immunizations, and lower mothers’ risk of health complications after childbirth and postpartum depression. Studies show that paid leave helps women breastfeed, more successfully and for longer periods of time, enabling both mom and baby to reap the powerful long-term health benefits of breastfeeding. Finally, science tells us that babies brains are nourished by time spent with parents and caregivers. Policies that enable parents to spend time nurturing and caring for their babies—particularly in the early weeks after birth and for babies that are born pre-term, low birth weight or with illness—are critical to the healthy cognitive, social and emotional development of children.

To support a healthy first 1,000 days, Congress must move quickly to pass a comprehensive national paid family and medical leave program that covers all workers, including small business employees and the self-employed. 1,000 Days looks forward to working with Congress to develop a policy that will:

- 1. Provide sufficient time off.** At a minimum, 12 weeks of paid leave should be provided to working parents upon the birth or adoption of a child. 1,000 Days supports efforts to increase paid leave up to 24 weeks annually, which is especially critical to supporting women to breastfeed exclusively for six months, as recommended by the American Academy of Pediatrics, the American Congress of Obstetricians and Gynecologists and the World Health Organization.

2. **Cover all employers and all employees.** Paid leave must be available to all workers regardless of the size of their employer, the sector they work in, the length of their employment or whether they work full-time, part-time or are self-employed. Leave must be available to both women and men, regardless of marital status, and policies must be designed in a way to prevent unequal treatment in the workplace and hiring discrimination based on age, gender, sexual orientation and other criteria.
3. **Ensure economic security.** Employees' wages and benefits must be maintained so that workers are not forced to decide between their caregiving obligations and their jobs. Employees must also retain the right to resume full paid employment after taking leave.
4. **Cover comprehensively.** Any plan should be available for the full range of personal medical and family caregiving needs, such as those established by the Family and Medical Leave Act.

The first 1,000 days is critical to the long-term health and well-being of both women and children. A strong and comprehensive national paid leave policy is a long-overdue investment in the future of this country's families and in turn our country as a whole.

1,000 Days thanks the Subcommittee on Social Security, Pensions, and Family Policy for its work and we look forward to working with you to advance a comprehensive national paid leave policy.

Sincerely,

Lucy Sullivan
Executive Director
1,000 Days

STRENGTHEN SOCIAL SECURITY COALITION
1440 G Street, NW
Washington, DC 20005

The Strengthen Social Security Coalition (SSSC) is a broad-based coalition of over 350 national and state organizations representing 50 million Americans, including seniors, workers, women, people with disabilities, children, young adults, veterans, people of low income, people of color, communities of faith, and others. We are united in our support of Social Security, a promise made to Americans of all generations. We support expanding Social Security, including adding paid family leave. We strongly oppose, however, proposals that advance paid family leave at the expense of Social Security retirement benefits. It is unnecessary to do so.

The provision of paid family leave is long past due in the United States. All Americans should have access to paid family leave, but paid family leave should not jeopardize anyone's retirement security. Americans are overwhelmingly supportive of paid family leave *and* Social Security. The nation is wealthy enough both to provide paid family leave to all working families and to increase Social Security's vital, but modest, retirement, disability, and survivor benefits.

Social Security was created in 1935 to replace wages lost as a result of old age, so that Americans would have guaranteed income in retirement. In the decades following, Social Security was expanded to protect workers from other events that lead to loss of wages—long-term disability and the death of a family breadwinner. It is a universal social insurance program. Nearly all workers pay in, and in return they are eligible for benefits when they experience one of the insured events—old age, disability, or death leaving dependents.

While Social Security successfully covers long-term income losses, our nation, unlike many other countries, lacks a paid family and medical leave system for when workers take time out of the workforce for short-term reasons like having a child, caring for a loved one, or receiving medical treatment. It's long past time for us to join the rest of the world in providing paid family and medical leave.

Proposals, like the Independent Women's Forum (IWF) plan, are harmful to American families. The IWF proposal would allow new parents to take up to twelve weeks of leave with partial wage replacement—but only in return for delaying their Social Security benefits when it comes time to retire. This "deal" is simply a Social Security benefit cut. Our country is facing a looming retirement crisis caused by the decline of traditional pensions, the inadequacy of 401(k)s, decades of rising inequal-

ity and stagnating wages. The last thing American families need is to be forced to cut their future benefits to pay for pressing immediate financial needs like those that occur at the birth of a child. Nor is there any reason to force them to make that choice: we are the wealthiest country in the history of the world. Protecting and expanding Social Security's retirement, disability, and survivor benefits, while also providing working families with paid family and medical leave is a matter of political will and values, not affordability.

While the IWF proposal is supposed to help women, in reality women would be most hurt. Women's retirement security would take the biggest hit from this plan because women provide the substantial majority of caregiving, and so, would disproportionately see their own Social Security benefits reduced under this proposal.

Moreover, women disproportionately rely on Social Security. As a result of longer life expectancies, on average, lower-paying jobs, often without access to supplementary retirement plans, and more time out of the workforce caring for family members, women's average monthly Social Security benefits are already 20 percent lower than men's. We should be crediting time out of the workforce caring for family members towards the calculation of Social Security, not forcing women to reduce their earned Social Security benefits even further for the invaluable, but monetarily uncompensated work of caregiving.

In addition to forcing new parents who need leave to cut their own future retirement benefits, the IWF plan is also very narrowly targeted to only cover parental leave. It does nothing for those who need medical leave either for themselves or to care for a loved one.

American families can and should have paid family leave and a secure retirement. Every member of Congress should reject the IWF plan and any other plan that tries to disguise a Social Security benefit cut behind the promise of other worthwhile goals. Our coalition, and the American people, will not stand idle as leaders try to dismantle our effective Social Security system in the name of paid parental leave. Rather, we urge Congress to develop a paid family leave system in addition to, not instead of, adequate Social Security benefits.

We look forward to your support in this matter and extend our assistance to create paid family leave while also expanding economic security in the form of increased Social Security benefits for retirees, people with disabilities, children who have lost parents, and others.

ZERO TO THREE

1255 23rd Street, NW, Suite 350
Washington, DC 20037
Phone: (202) 638-1144
Fax: (202) 638-0851

U.S. Senate
Committee on Finance
Subcommittee on Social Security, Pensions, and Family Policy
Dirksen Senate Office Bldg.
Washington, DC 20510-6200

July 11, 2018

Chairman Cassidy and Members of the Subcommittee:

My name is Matthew Melmed. For the past 23 years I have been the Executive Director of ZERO TO THREE, a national nonprofit organization, located in Washington, DC, whose mission is to ensure that all babies and toddlers have a strong start in life. I thank the Subcommittee for bringing attention to this critical family support. For babies, the precious time paid family leave allows them with their parents begins laying the foundations for all learning and relationships. For parents, paid leave reduces anxiety over making ends meet by providing job security and consistent income during a time when focusing on their new families should be paramount. State paid leave programs show such policies garner support from employers, who realize the benefit of a more stable workforce. And our nation takes the first steps toward building the strong workers, innovators, and citizens that our country will need to secure a vibrant future.

At ZERO TO THREE, we translate the science of early childhood development into useful knowledge and strategies for parents, practitioners, and policymakers. We work to ensure that babies and toddlers benefit from the family and community con-

nections critical to their well-being and healthy development. And the science tells us that nothing is more important to who we become in life than the early close relationships we form from birth.

The current focus on paid family leave among policymakers is indeed welcome. As your Subcommittee takes its first steps into this policy area, I would raise two other points. At ZERO TO THREE, we are passionate about advocating for the needs of babies and their parents. But I underscore that while forming or augmenting a family by welcoming a new baby is an important and joyful event, parents also need paid medical leave when other situations require family caregiving. For example, if their children suffer from chronic illnesses or need surgery to correct congenital problems; one parent contracts a disease such as cancer requiring ongoing treatment; or an elderly parent needs care following a debilitating fall; caregiving falls on family members. As a caring society, where the family is the core unit, we should support families' ability to care for each other throughout life.

Finally, we often hear that we should take incremental steps in enacting such a far-reaching policy that could potentially benefit every family in America. I submit that we have already taken that step, with the Family and Medical Leave Act 25 years ago. I think American families do an incredible job in weaving the fabric of our society, but they are stressed to the limit and need more than another baby step forward. They cannot afford to wait another generation to have supports that enable them to nurture their families *and* be productive workers. So, I welcome the opportunity to discuss the critical importance of a comprehensive paid family and medical leave social insurance program for our nation's youngest families, those with newborn or newly adopted babies, infants, and toddlers, and for all families.

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.¹ A baby's brain produces one million new neural connections every second, influenced most significantly by the everyday moments they experience with parents and caregivers.² 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.

Most critical for the issue at hand, 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 caregivers' 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.

According to the groundbreaking report released by the National Academies of Science, *From Neurons to Neighborhoods: The Science of Early Childhood Development*, a young child's parents structure the experience and shape the environment within which early development unfolds.³ 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.⁴ Early attachments also set the stage for other relation-

¹Shonkoff, J., and Phillips, D. 2000. *From neurons to neighborhoods: The science of early childhood development*. Washington, DC: National Academy Press.

²Center on the Developing Child (2009). *Five Numbers to Remember About Early Childhood Development* (brief). Retrieved from www.developingchild.harvard.edu.

³*Ibid.*

⁴*Ibid.*

ships and play an important role in shaping the systems that underlie children's reactivity to stressful situations.⁵

All infants need ample time with their parents at the very beginning of their lives to form these critical relationships. It takes several months of focused attention to become a responsive caregiver to a young child, establishing a pattern that will influence the child's long-term cognitive, social, and emotional development.⁶ 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. 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 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.

In addition to building secure and healthy early attachments, unhurried time at home with a newborn allows parents the time they need to facilitate breastfeeding, attend well-child medical visits, and ensure that their children receive the immunizations necessary to lower infant mortality and reduce the occurrence and length of childhood illnesses.^{7, 8, 9} The capacity to recognize a caregiver's voice, smell, and face develops around three months of age.¹⁰ Paid time to care gives parents and babies important time to foster these connections. Parents and caregivers may also need time with a new baby to identify and intervene in a variety of developmental difficulties. This is especially important for caregivers of infants who are considered at high risk, such as babies born preterm or at low birth weights and those who have illnesses or birth defects.¹¹

Studies of two-parent, opposite-sex households show a number of positive outcomes when fathers take leave. Fathers who take two or more weeks off after the birth of a child are more involved in that child's direct care nine months after birth than fathers who take no leave.¹² Involved fathers also promote children's educational attainment and emotional stability.¹³ And, a father's involvement in a newborn's care in the first six months can mean both mother and baby sleep better.¹⁴

Paid leave also reduces economic uncertainty by providing job security and consistent income during a time in which it is essential for parents to focus on their new families rather than worrying about how to make ends meet. Time at home also benefits employers by reducing staff turnover and the subsequent training and hiring costs associated with new staff.¹⁵

Family and medical leave

The 1993 Family and Medical Leave Act (FMLA) allows employees to take up to twelve weeks of unpaid, job-protected leave to care for newborns, newly adopted and foster children, and seriously ill family members, including themselves. I want to emphasize the lifelong nature of family caregiving needs, not just the occasion of

⁵ *Ibid.*

⁶ *Ibid.*, pp. 44–49.

⁷ 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 January 19, 2017 from http://www.leavenetwork.org/fileadmin/Leavenetwork/Annual_reviews/2006_annual_report.pdf.

⁸ *Ibid.*

⁹ Zigler, Muenchow, and Ruhm, *Time off with baby*.

¹⁰ *Ibid.*, p. 47.

¹¹ *Ibid.*, p. 41.

¹² Nepomnyaschy, L., and Waldfogel, J. "Paternity Leave and Fathers' Involvement With Their Young Children: Evidence From the American Ecls-B." *Community, Work, and Family*, 10(4), 427–453, 2007.

¹³ Michael Lamb, *The role of the father in child development*, 4th ed. (pp. 1–18, 309–313), 2004. Hoboken, N.J.: John Wiley and Sons, Inc.; Kristin Smith, *After the Great Recession, More Married Fathers Providing Child Care*. Carsey School of Public Policy, 2005. Retrieved from <https://carsey.unh.edu/publication/after-great-recession-more-married-fathers-providing-child-care>.

¹⁴ Liat Tikotzky, Avi Sadeh, Ella Volkovich, Rachel Manber, Gal Meiri, and Golan Shahar, "Infant sleep development from 3 to 6 months postpartum: links with maternal sleep and paternal involvement." *Monographs of the Society for Research in Child Development*, 80(1), p. 107–124, 2015.

¹⁵ Boushey, H., and Glynn, S. (2012, November 16). *There Are Significant Business Costs to Replacing Employees*. Center for American Progress publication. Retrieved from <http://www.americanprogress.org/wp-content/uploads/2012/11/CostofTurnover.pdf>.

the birth or adoption of a child. Of the more than 100 million Americans who have taken time off from work under the FMLA since it was enacted 25 years ago,¹⁶ only 21 percent did so to take care of a new child.¹⁷ Although FMLA has had great success, far too many workers are still unable to take leave. Nearly half of eligible employees (46 percent) reported that they could not afford to take the leave that they needed because it was unpaid.¹⁸ Furthermore, a full 40 percent of the workforce is currently not covered by the federal law because they work for smaller employers, work part time, or have not been on the job long enough to qualify.¹⁹ That is a lot of families, both newly forming and established, without the ability to tend to the caregiving that falls to them.

I would like to emphasize one other very important fact about FMLA: it was a bipartisan effort, the result of dedicated lawmakers from both sides of the aisle having respectful discussions that involved real give and take. I firmly believe such fruitful conversations and negotiations can occur again, with the well-being of both families and our economy as the goal.

Twenty-five years after the passage of the FMLA, the research about paid and unpaid leave is clear: unpaid leave is not enough. A strong body of evidence shows that paid family and medical leave strengthens families and supports public health and child development. Research also shows that paid leave helps employers recruit and retain valued employees, benefitting businesses and our economy.²⁰ Data from states with paid leave show health and economic benefits and strong levels of support from employers.²¹

Given that caregiving needs affect many families, it is not surprising that eighty-two percent of 2016 voters—across party lines—say it is important for the President and Congress to consider a paid family and medical leave law.²² But currently where you live largely determines what guarantees you have, as states and communities lead the way. Five states and the District of Columbia have all passed state paid leave laws, providing a strong body of evidence upon which to build a robust federal policy. Data from states with paid leave²³ show health and economic benefits, as well as strong levels of support from employers.

Twenty-five years is too long to wait to fulfill the promise of the FMLA. It is time for Congress to stand up for hard-working families, businesses, and the economy by supporting a comprehensive, inclusive paid family and medical leave program.

What a real paid family and medical leave program looks like

We need a strong, inclusive national paid family and medical leave insurance program and to set a nationwide paid leave baseline. It is well past time for the United States to adopt a national standard, but policy details matter tremendously. Disparities in people's access to paid leave, changing demographics, and the realities working families face today require that any national plan:

- Be comprehensive of working people's needs as reflected in the FMLA, such as for their own serious health conditions, including pregnancy and childbirth recovery; to bond with and care for a newborn or newly adopted child; care for a parent, child, spouse, or domestic partner with a serious health condition; and/or for particular military caregiving and leave purposes.

¹⁶Klerman, J., Daley, K., and Pozniak, A. *Family and Medical Leave in 2012: Technical Report*. U.S. Department of Labor, 2012. Retrieved from www.dol.gov/whd/fmla/survey.

¹⁷Klerman, Jacob, Kelly, Daley, and Alyssa Pozniak. (2012). *Family and Medical Leave in 2012: Technical Report*. Cambridge, MA: Abt Associates. Retrieved from <https://www.dol.gov/asp/evaluation/fmla/FMLA-2012-Technical-Report.pdf>.

¹⁸*Ibid.*

¹⁹*Ibid.*

²⁰EY. (2017, March). *Viewpoints on paid family and medical leave: Findings from a survey of US employers and employees* (Fig. 26). Retrieved 26 January 2018, from [http://www.ey.com/Publication/vwLUAssets/EY-viewpoints-on-paid-family-and-medical-leave/\\$FILE/EY-viewpoints-on-paid-family-and-medical-leave.pdf](http://www.ey.com/Publication/vwLUAssets/EY-viewpoints-on-paid-family-and-medical-leave/$FILE/EY-viewpoints-on-paid-family-and-medical-leave.pdf).

²¹Bartel, A., Baum, C., Rossin-Slater, M., Ruhm, C., and Waldfogel, J. (2014, June) *California's Paid Family Leave Law: Lessons From the First Decade*. U.S. Department of Labor publication. Retrieved from <http://www.dol.gov/asp/evaluation/reports/PaidLeaveDeliverable.pdf>.

²²National Partnership for Women and Families. (2016). *Key Findings: 2016 Election Eve/ Election Night Survey*. Retrieved from <http://www.nationalpartnership.org/research-library/work-family/key-findings-2016-election-eve-election-night-survey.pdf>.

²³Isaacs, J., Healy, O., and Peters, E. (2017). *Paid Family Leave in the United States: Time for a New National Policy*. Urban Institute. Retrieved from https://www.urban.org/sites/default/files/publication/90201/paid_family_leave_0.pdf.

- Be inclusive of all working people across the United States, covering workers in all companies, no matter their size. Younger, part-time, lower-wage, contingent, and self-employed workers would all be eligible for benefits.
- Provide a meaningful duration of leave, at least 12 weeks, and wage replacement rate to make taking leave financially possible for all working people—ensuring low- and middle-wage workers have a higher share of their wages replaced.
- Be affordable, cost-effective, and sustainably funded with new revenue—not funded by cutting or reducing benefits from programs people rely on.
- Make it illegal to fire or discriminate against an individual who has applied, intends to apply for, or who uses family and medical leave insurance benefits.

Any plan that fails to meet these standards is unacceptable

These key elements create crucial job and financial security so employees can take the time they need to heal, provide the nurturing their babies need to get off to a strong start, and get back to work more focused and confident. In all, investing in a paid family and medical leave policy means a stronger likelihood of getting kids off to a healthy start, keeping parents in the workforce, and keeping the economy strong.

The current proposal, originally put forth by the Independent Women’s Forum (IWF) and embraced by Senators Rubio, Ernst, and Lee, as well as advisors in the White House, is not an acceptable policy solution. Parents should not be faced with the false choice between caring for a newborn or adopted baby and cutting their Social Security retirement or disability benefits later. In effect, parents are being penalized for undertaking an endeavor—taking on raising a child—that benefits all of society, especially if they have the time to get that child’s development off to a good start. People can and should be able to have paid family and medical leave while they’re working and safe and secure benefits for retirement.

New moms and dads should not have to jeopardize their retirement by using Social Security to fund their parental leave. Workers shouldn’t be asked to pay for paid leave today by rolling the dice on their future needs for Social Security retirement benefits later. Research consistently finds that it is difficult to estimate financial needs in retirement, and workers often underestimate.²⁴ According to the Urban Institute, under the IWF proposal, parents who participate in the program would have to delay collecting Social Security retirement benefits for about twice as many weeks as they collected leave. Participants who take 12 weeks of paid leave would experience a 3 percent decline in lifetime Social Security retirement benefits, but losses would be significantly higher for people with larger families who take multiple leaves.²⁵ Asking workers in their prime reproductive years to make decisions based in part on their prediction of future Social Security retirement benefit needs is an unnecessary and unwise gamble. This does not take into account scenarios where parents may become disabled and need their Social Security benefits to make ends meet.

Any plan that leaves behind people caring for family members or dealing with their own serious health issue does not address the needs of America’s working families. Creating a plan that covers only parental leave excludes the vast majority of workers who need time to care. Three-quarters of people using FMLA had to care for their own health or that of a seriously ill family member. Any U.S. paid leave plan should reflect the well-established reasons set out in the FMLA, which are parental leave, family care leave, personal medical leave and military caregiving leave. Parental-only leave would also lead to stark inequities within the workplace, even for people with young children: a parent of a newborn would have access to paid time away from work for bonding, but a coworker whose six-month-old is critically ill or whose spouse needs postpartum care would have no guarantee of time or income support.

The proposed program design—providing parental leave only, and with benefits that are too small a share of most workers’ typical wages—will reinforce rather than help to equalize caregiving disparities between women and men and will not meet the needs of lower-wage workers. Data from California’s and New Jersey’s paid family

²⁴ Society of Actuaries. *Consumer concern over financial risks of retirement increase*. (2018). Retrieved from <https://www.soa.org/press-releases/2018/consumer-concern-financial-risk/>.

²⁵ Favreault, M.M., and Johnson, R.W. (2018). *Paying for Parental Leave With Future Social Security Benefits*. Retrieved from https://www.urban.org/sites/default/files/publication/98101/paying_for_parental_leave_with_future_social_security_benefits_0.pdf.

leave programs show that low wage-replacement rates and low benefit caps lessen the likelihood of men taking leave and reduce the ability of lower-wage workers to take leave. That's why California recently raised wage replacement rates to 70 percent for lower-wage workers and 60 percent for all other workers,²⁶ and why New Jersey lawmakers last year passed a bill that would have provided both wage-replacement rate increases and updates to New Jersey's low benefits cap.²⁷

A program that only covers new parents and offers low wage replacement rates will be used primarily by lower-wage women who have given birth and have no other option and a significant need. Indeed, one reason the FMLA was designed to cover family caregiving leave and personal medical leave was to minimize the potential for employment discrimination.²⁸ While fathers increasingly want to, and do, provide care for their families,²⁹ norms and stereotypes about gender, work and caregiving mean that some employers perceive mothers and young women as less committed workers. A paid leave program that is only accessible to parents, especially one with low wage replacement and low maximum benefits, could exacerbate implicit bias and discrimination, undermining the potential of gender-equal leave to help create workplace equity and foster women's employment opportunities.

At a time where the country is facing a falling birth rate, we should enact public policies that support America's working families. Just this month, *The New York Times* investigated this phenomenon in the article, "Americans Are Having Fewer Babies. They Told Us Why." The top reason young adults reported they had or expected to have fewer children than they considered ideal, was that child care is too expensive. Another of the most-cited reasons was lack of or not enough paid family leave.³⁰ Forcing parents to risk their future economic security for a low-wage replacement paid leave plan during their child bearing years is not a viable policy solution to a critical problem for today's families.

Paid maternity and/or paternity leave by itself is not sufficient for working families. It covers only one life event and may not even be the only time an infant or toddler needs her parents' constant presence. For example, the rates of childhood cancer have been increasing over the past 20 years. Almost half of all pediatric cancer occurs during early childhood, with the peak incidence of invasive childhood cancer occurring during infancy. Unquestionably, all children and particularly very young ones need the reassuring presence of their parents at such times. Families who care for a child with cancer incur considerable costs during the diagnostic, treatment, and follow-up care phases of the disease. Four major factors contribute to these expenses: necessary travel; loss of income because of a reduction or termination of parental employment; out-of-pocket treatment expenses; and inability to draw on assistance programs to supplement or replace lost income.³¹ As with most caregiving duties, the majority falls on the mother and therefore her career and financial stability is most at risk. Typically, the mother is the one who terminated or reduced work hours, which affects the entire family's financial well-being. This economic burden can have long-term effects on the financial security, quality of life, and future well-being of the entire family, including the siblings of the affected child. Paid family and medical leave would help to alleviate the financial burden and eliminate the fear of retaliation when returning to work after caring for a chronically ill child.

The reality is that workers need both a comprehensive paid family and medical leave plan *and* Social Security. The U.S. can create a paid leave plan affordably and

²⁶ State of California Employment Development Department. *About Paid Family Leave*. Retrieved from https://www.edd.ca.gov/Disability/About_PFL.htm

²⁷ Hetrick, C. "NJ assembly approves expanding paid family leave." (2017). *Observer*. Retrieved from <http://observer.com/2017/06/nj-assembly-approves-expanding-paid-family-leave/>.

²⁸ Family and Medical Leave Act of 1993, Pub. L. No. 103-3, § 2, 107 Stat. 6, 6-7 (1993). Retrieved from https://www.dol.gov/whd/fmla/fmlaAmended.htm#SEC_2_FINDINGS_AND_PURPOSES.

²⁹ Harrington, B., Van Deusen, F., Sabatini Fraone, J., Eddy, S., and Haas, L. (2014). *The New Dad: Take Your Leave. Perspectives on paternity leave from fathers, leading organizations, and global policies*. Boston College Center for Work and Family publication. Retrieved from http://www.theneudad.org/yahoo_site_admin/assets/docs/BCCWF_The_New_Dad_2014_FINAL.157170735.pdf; Heilman, B., Cole, G., Matos, K., Hassink, A., Miñey, R., and Barker, G. (2016). *State of America's Fathers*. A MenCare Advocacy publication. Retrieved from http://men-care.org/soaf/download/PRO16001_Americas_Father_web.pdf.

³⁰ Miller, C. "Americans Are Having Fewer Babies. They Told Us Why." *The New York Times*. Retrieved from <https://www.nytimes.com/2018/07/05/upshot/americans-are-having-fewer-babies-they-told-us-why.html>.

³¹ Miedema, B., Easley, J., Fortin, P., Hamilton, R., and Mathews, M. (2008). "The economic impact on families when a child is diagnosed with cancer." *Current Oncology*, 15(4), 173-178. Retrieved from <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2528308/>.

responsibly without reducing workers' Social Security or forcing them to delay retirement. Policymakers should reject this proposal and instead consider a paid leave plan that is responsibly and sustainably funded, guarantees leave for the full range of family and medical needs covered in the FMLA and offers adequate benefits that enable all working people to take the leave they need.

Conclusion

With more than 4 million babies born in the United States and 135,000 children adopted each year, the pool of just these tiny beneficiaries is vast and deserving. Paid family and medical leave is an issue that states continue to grapple with as more mothers with very young children enter the workforce—almost 60 percent of mothers with infants are in the labor force.³² Before heading back to the workplace, 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. This time together helps babies take the first critical step toward the strong, foundational development that in time will make them successful learners, workers, citizens—and parents, themselves. But as critical as that time is, it is not the only time when family members are called upon to become caregivers. If we truly value families, we should recognize the worth and dignity of their fulfilling these responsibilities that preserve the very fabric of our society.

I urge the Subcommittee to consider the unique needs of our nation's youngest families as you explore ways in which to create a national paid family and medical leave program. I urge you to work together in the spirit of the creators of the Family and Medical Leave Act, take the full step, and agree on what families really need to fulfill their responsibilities to each other and the nation's economy.

Thank you for your time and for your commitment to our nation's infants, toddlers, and their families.

Sincerely,

Matthew E. Melmed
Executive Director, ZERO TO THREE

ZEVIN ASSET MANAGEMENT, LLC
2 Oliver Street, Suite 806
Boston, MA 02109
617-742-6666
www.zevin.com
invest@zevin.com

July 10, 2018

U.S. Senate
Committee on Finance
Dirksen Senate Office Bldg.
Washington, DC 20510-6200

RE: STATEMENT FOR THE RECORD—Hearing of the Subcommittee on Social Security, Pensions, and Family Policy “Examining the Importance of Paid Family Leave for American Working Families,” July 11, 2018

Chairman Hatch, Ranking Member Wyden, and members of the Subcommittee on Social Security, Pensions, and Family Policy:

I write today on behalf of Zevin Asset Management, a firm that invests globally, integrating environmental, social, and governance (ESG) issues into our financial analysis. Zevin Asset Management wishes to encourage the efforts of this subcommittee on paid family leave and to underscore the importance of improving paid family leave policy—not only for workers, but for the companies and investors which rely on their long-term health and human capital.

As a testament to the investment community's keen interest in improving paid family leave policy, I refer the subcommittee to the following investor statement on paid family leave published last month and endorsed by 58 investment companies and

³²U.S. Department of Labor Bureau of Labor Statistics. 2017. *Employment status of mothers with own children under 3 years old by single year of age of youngest child and marital status, 2016–2017 annual averages*. Table 6. Retrieved from <https://www.bls.gov/news.release/famee.t06.htm>.

asset owners with assets totaling \$169 billion. Please review the statement in its entirety. Very clearly, investors are seeking greater equality, adequacy and accessibility in companies' paid family leave policies.

As discussed in the investor statement, suitable paid family leave positions workers and companies to seize long-term opportunities and guard against human capital risk. However, more support from government is needed. Federal policy certainty and targeted resources would promote the long-term interests of U.S. employers. As an investment company focused on sustainable and socially responsible performance, therefore, Zevin Asset Management urges Congress to act to improve paid family leave.

Most sincerely,

Pat Miguel Tomaino
Director of Socially Responsible Investing
Zevin Asset Management, LLC

INVESTOR STATEMENT ON PAID FAMILY LEAVE

Published June 1, 2018

Available online at <http://www.zevin.com/documents/familvleave.pdf>

We write today as representatives of investors with assets totaling \$169 billion and a keen interest in investment risks and opportunities related to human capital management. Paid Family Leave is a critical issue impacting U.S. families, as well as our portfolio companies' long-term performance. Federal inaction on paid family leave has increased pressure on large employers to enhance their policies for all employees. Investors are concerned about the long-term performance and risk management of companies that maintain unequal and inadequate paid family leave policies.

Companies that fail to review, disclose, and improve their approach to paid family leave could be left behind. In the last few months alone, Starbucks, Walmart, CVS Health, and other large employers have announced extended paid parental leave policies.¹ Companies are finally taking action in response to public advocacy by employees, as well as pressure from investors, including shareholder proposals urging companies to address critical caregiving needs.²

It is well known that the current state of paid family leave is not working for U.S. families in general and has negative impacts on certain segments of the population in particular. Approximately 9 out of 10 private sector workers in the U.S. do not have access to a single day of paid family leave, and one in four new moms is back at work just ten days after childbirth.³ The lack of proper paid family leave, as further defined below, can disproportionately impact women, forcing them to leave their career track in order to care for children, and contributing to systemic and long-term gender pay gap issues.

The status quo is also bad for business—subjecting companies to avoidable long-term risks and costs, such as workforce retention issues and higher turnover, loss of high-quality talent, and diminishing diversity levels. For example, it is costly for companies to replace workers (and train their replacements) when poor paid family leave policies cause them to leave the workforce. On the other hand, according to the Center for Economic and Policy Research, companies offering paid family leave to all workers report increased morale, as well as cost savings, from less employee turnover.⁴ In a recent *New York Times* report, a Starbucks official stated that im-

¹“Walmart and Now Starbucks: Why More Big Companies Are Offering Paid Family Leave.” *The New York Times*, 24 January 2018, <https://www.nytimes.com/2018/01/24/upshot/parental-leave-company-policy-salaried-hourly-gap.html>.

²“Starbucks investors press coffee chain for change on unequal family leave.” *The Guardian*, 2 October 2017, <https://www.theguardian.com/business/2017/oct/02/starbucks-investors-coffee-family-parental-birth-leave>.

³“13 Percent of Private Industry Workers Had Access to Paid Family Leave in March 2016: The Economics Daily.” U.S. Department of Labor Bureau of Labor Statistics, 4 November 2016. Web 9 May 2017.

⁴“Leaves That Pay: Employer and Worker Experiences With Paid Family Leave in California.” Center for Economic and Policy Research, January 2011, <http://cepr.net/publications/reports/leaves-that-pay>.

proved paid family leave “brings the talent we’re looking for, and industry-leading retention.”⁵

Unequal paid family leave can also lead to litigation risk. For example, last year, the Equal Employment Opportunity Commission sued Estee Lauder, citing disparities between paid leave for mothers and fathers.

Recent progress at the companies mentioned above signals a wave of action among U.S. corporations and a potential watershed moment for paid parental leave in the U.S. As the labor market tightens, more and more companies are positioning themselves to attract and keep talent with incentives such as paid family leave and other family-friendly policies. Policies that leave out hourly or part-time workers, that ignore fathers and adoptive parents, or that do not provide adequate length of leave for families to recover or bond with newly arrived children will no longer suffice. We believe that the “Paid Leave Arms Race”⁶ that has played out in the professional services, financial, and knowledge economy sectors is now moving into the service and retail sectors. As such, we are urging companies across our portfolios to revisit their approach.

Companies should strive for best practice to realize all of the benefits of paid family leave. Policies in this area should:

- **Be equal** . . . between classes of employees, salaried and hourly, full-time and part-time, corporate office and field . . . between new parents regardless of gender or family circumstance. Providing an additional 6 to 8 weeks of short-term disability for birth mothers is acceptable.
- **Be adequate** . . . in length for the health of newly arrived children and birthing mothers, and provide the necessary bonding time for new parents. Although Walmart excluded their part-time workforce, the length of Walmart’s new policy sets the baseline standard for companies: 16 weeks of fully paid parental leave to employees who give birth, and 6 weeks fully paid to all other new parents.
- **Be accessible** . . . to all employees. Policies should be easy to find and understand, and managers should encourage employees of all genders to fully utilize their paid family leave . . . to the public and investors. Increasingly, investors and jobseekers desire transparency in companies’ human capital management policies in a range of areas, from diversity and inclusion to compensation and benefits. We believe that these factors are material for large employers. Sound management of these factors can increase future opportunities (just as mismanagement can increase future costs).

We are keen to pursue dialogues with companies on how sound human capital management, including strong paid family leave policies, can support long-term investor value. As investors, we urge large employers to review and expand policies consistent with the above standards.

SIGNATORIES

Zevin Asset Management	Walden Asset Management
Clean Yield Asset Management	The Sustainability Group of Loring, Wolcott, and Coolidge
Tri-State Coalition for Responsible Investment	NorthStar Asset Management, Inc.
Arjuna Capital	Impax Asset Management LLC
Trillium Asset Management	Sisters of the Presentation of Aberdeen, S.D.
Progressive Asset Management	Franciscan Sisters of Perpetual Adoration
Sisters of Saint Joseph of Chestnut Hill, Philadelphia, PA	Everence and the Praxis Mutual Funds
International Brotherhood of Teamsters	Sisters of Charity of Nazareth
Seventh Generation Interfaith Inc.	Dominican Sisters—Grand Rapids

⁵“Walmart and Now Starbucks: Why More Big Companies Are Offering Paid Family Leave,” *The New York Times*, 24 January 2018, <https://www.nytimes.com/2018/01/24/upshot/parental-leave-company-policy-salaried-hourly-gap.html>.

⁶“Deloitte Enters the Paid Family Leave Arms Race With 16 Weeks of Family Leave.” *Fortune*, September 8, 2016, <http://fortune.com/2016/09/08/deloitte-family-leave/>.

Region VI Coalition for Responsible Investment	Skye Advisors
Sisters of St. Agnes Justice, Peace, and Integrity of Creation Office	Manaaki Foundation
Community Capital Management, Inc.	Northwest Coalition for Responsible Investment
Midwest Coalition for Responsible Investment	Sisters of Charity, Halifax
Tri-State Coalition for Responsible Investment	Socially Responsible Investment Coalition
JLens	Mercy Investment Services
Congregation of St. Joseph	Daughters of Charity, Province of St. Louise
Mirova	Stance Capital
SharePower Responsible Investing, Inc.	Vert Asset Management
Epic Capital Wealth Management	Three Corners Capital
Greenvest/VFG	Newground Social Investment
CtW Investment Group	Nathan Cummings Foundation
AFL-CIO	FNV
Sisters of St. Dominic of Caldwell, NJ	Dominican Sisters of Hope
Ursuline Sisters of Tildonk, U.S. Province	Friends Fiduciary Corporation
Bon Secours Health System, Inc.	Socially Responsible Investment Coalition
Congregation of Sisters of St. Agnes	Nia Impact Capital
Nia Community Foundation	

