

106TH CONGRESS  
1ST SESSION

# H. R. 2500

To establish demonstration projects to provide family income to respond to significant transitions, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

JULY 13, 1999

Ms. WOOLSEY introduced the following bill; which was referred to the Committee on Education and the Workforce

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## A BILL

To establish demonstration projects to provide family income to respond to significant transitions, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Family Income to  
5       Respond to Significant Transitions Insurance Act”.

6       **SEC. 2. FINDINGS.**

7       Congress finds that—

8               (1) nearly every industrialized nation other than  
9       the United States, and most developing nations, pro-  
10      vide parents with paid leave for infant care;

1           (2)(A) parents' interactions with their infants  
2       have a major influence on the physical, cognitive,  
3       and social development of the infants; and

4           (B) optimal development of an infant depends  
5       on a strong attachment between an infant and the  
6       infant's parents;

7           (3) nearly  $\frac{2}{3}$  of employees, who need to take  
8       family or medical leave, but do not take the leave,  
9       report that they cannot afford to take the leave;

10          (4) although some employees in the United  
11       States receive wage replacement during periods of  
12       family or medical leave, the benefit of wage replace-  
13       ment is not shared equally in the workforce, as dem-  
14       onstrated by the fact that—

15               (A) employees with less education and  
16       lower income are less likely to receive wage re-  
17       placement than employees with more education  
18       and higher salaries; and

19               (B) female employees, employees from ra-  
20       cial minority groups, and younger employees  
21       are slightly less likely to receive wage replace-  
22       ment than male employees, white employees,  
23       and older employees, respectively;

1           (5) in order to cope financially with taking fam-  
2           ily or medical leave, of persons taking that leave  
3           without full wage replacement—

4                   (A) 40 percent cut their leave short;

5                   (B) 39 percent put off paying bills;

6                   (C) 25 percent borrowed money; and

7                   (D) 9 percent obtained public assistance;

8           (6) taking family or medical leave often drives  
9           employees earning low wages into poverty, and 21  
10          percent of such low-wage employees who take family  
11          or medical leave without full wage replacement re-  
12          sort to public assistance;

13          (7) studies document shortages in the supply of  
14          infant care, and that the shortages are expected to  
15          worsen as welfare reform measures are implemented;  
16          and

17          (8) compared to 30 years ago, families have ex-  
18          perienced an average decrease of 22 hours per week  
19          in time that parents spend with their children.

20 **SEC. 3. PURPOSES.**

21          The purposes of this Act are—

22               (1) to establish a demonstration program that  
23               supports the efforts of States and political subdivi-  
24               sions to provide partial or full wage replacement,  
25               often referred to as FIRST insurance, to new par-

1       ents so that the new parents are able to spend time  
2       with a new infant or newly adopted child, and to  
3       other employees; and

4               (2) to learn about the most effective mecha-  
5       nisms for providing the wage replacement assistance.

6   **SEC. 4. DEFINITIONS.**

7       In this Act:

8               (1) SECRETARY.—The term “Secretary” means  
9       the Secretary of Labor, acting after consultation  
10      with the Secretary of Health and Human Services.

11              (2) SON OR DAUGHTER; STATE.—The terms  
12      “son or daughter” and “State” have the meanings  
13      given the terms in section 101 of the Family and  
14      Medical Leave Act of 1993 (29 U.S.C. 2611).

15   **SEC. 5. DEMONSTRATION PROJECTS.**

16      (a) GRANTS.—The Secretary shall make grants to eli-  
17      gible entities to pay for the Federal share of the cost of  
18      carrying out projects that assist families by providing,  
19      through various mechanisms, wage replacement for eligi-  
20      ble individuals that are responding to caregiving needs re-  
21      sulting from the birth or adoption of a son or daughter  
22      or other family caregiving needs. The Secretary shall make  
23      the grants for periods of 5 years.

1       (b) ELIGIBLE ENTITIES.—To be eligible to receive a  
2 grant under this section, an entity shall be a State or polit-  
3 ical subdivision of a State.

4       (c) USE OF FUNDS.—

5           (1) IN GENERAL.—An entity that receives a  
6 grant under this section may use the funds made  
7 available through the grant to provide partial or full  
8 wage replacement as described in subsection (a) to  
9 eligible individuals—

10               (A) directly;

11               (B) through an insurance program, such  
12 as a State temporary disability insurance pro-  
13 gram or the State unemployment compensation  
14 benefit program;

15               (C) through a private disability or other  
16 insurance plan, or another mechanism provided  
17 by a private employer; or

18               (D) through another mechanism.

19           (2) ADMINISTRATIVE COSTS.—No entity may  
20 use more than 10 percent of the total funds made  
21 available through the grant during the 5-year period  
22 of the grant to pay for the administrative costs re-  
23 lating to a project described in subsection (a).

1 (d) ELIGIBLE INDIVIDUALS.—To be eligible to re-  
2 ceive wage replacement under subsection (a), an individual  
3 shall—

4 (1) meet such eligibility criteria as the eligible  
5 entity providing the wage replacement may specify  
6 in an application described in subsection (e); and

7 (2) be—

8 (A) an individual who is taking leave,  
9 under the Family and Medical Leave Act of  
10 1993 (29 U.S.C. 2601 et seq.), other Federal,  
11 State, or local law, or a private plan, for a rea-  
12 son described in subparagraph (A) or (B) of  
13 section 102(a)(1) of the Family and Medical  
14 Leave Act of 1993 (29 U.S.C. 2612(a)(1));

15 (B) at the option of the eligible entity, an  
16 individual who—

17 (i) is taking leave, under that Act,  
18 other Federal, State, or local law, or a pri-  
19 vate plan, for a reason described in sub-  
20 paragraph (C) or (D) of section 102(a)(1)  
21 of the Family and Medical Leave Act of  
22 1993 (29 U.S.C. 2612(a)(1)); or

23 (ii) leaves employment because the in-  
24 dividual has elected to care for a son or  
25 daughter under age 1; or

1 (C) at the option of the eligible entity, an  
2 individual with other characteristics specified by  
3 the eligible entity in an application described in  
4 subsection (e).

5 (e) APPLICATION.—To be eligible to receive a grant  
6 under this section, an entity shall submit an application  
7 to the Secretary, at such time, in such manner, and con-  
8 taining such information as the Secretary may require, in-  
9 cluding, at a minimum—

10 (1) a plan for the project to be carried out with  
11 the grant;

12 (2) information demonstrating that the appli-  
13 cant consulted representatives of employers and em-  
14 ployees, including labor organizations, in developing  
15 the plan;

16 (3) estimates of the costs and benefits of the  
17 project;

18 (4)(A) information on the number and type of  
19 families to be covered by the project, and the extent  
20 of such coverage in the area served under the grant;  
21 and

22 (B) information on any criteria or characteris-  
23 tics that the entity will use to determine whether an  
24 individual is eligible for wage replacement under

1 subsection (a), as described in paragraphs (1) and  
2 (2)(C) of subsection (d);

3 (5) if the project will expand on State and pri-  
4 vate systems of wage replacement for eligible indi-  
5 viduals, information on the manner in which the  
6 project will expand on the systems;

7 (6) information demonstrating the manner in  
8 which the wage replacement assistance provided  
9 through the project will assist families in which an  
10 individual takes leave as described in subsection  
11 (d)(1); and

12 (7) an assurance that the applicant will partici-  
13 pate in efforts to evaluate the effectiveness of the  
14 project.

15 (f) SELECTION CRITERIA.—In selecting entities to re-  
16 ceive grants for projects under this section, the Secretary  
17 shall—

18 (1) take into consideration—

19 (A) the scope of the proposed projects;

20 (B) the cost-effectiveness, feasibility, and  
21 financial soundness of the proposed projects;

22 (C) the extent to which the proposed  
23 projects would expand access to wage replace-  
24 ment in response to family caregiving needs,



1 particularly for low-wage employees, in the area  
2 served by the grant; and

3 (D) the benefits that would be offered to  
4 families and children through the proposed  
5 projects; and

6 (2) to the extent feasible, select entities pro-  
7 posing projects that utilize diverse mechanisms, in-  
8 cluding expansion of State unemployment compensa-  
9 tion benefit programs, and establishment or expan-  
10 sion of State temporary disability insurance pro-  
11 grams, to provide the wage replacement.

12 (g) FEDERAL SHARE.—

13 (1) IN GENERAL.—The Federal share of the  
14 cost described in subsection (a) shall be—

15 (A) 50 percent for the first year of the  
16 grant period;

17 (B) 40 percent for the second year of that  
18 period;

19 (C) 30 percent for the third year of that  
20 period; and

21 (D) 20 percent for each subsequent year.

22 (2) NON-FEDERAL SHARE.—The non-Federal  
23 share of the cost may be in cash or in kind, fairly  
24 evaluated, including plant, equipment, and services

1 and may be provided from State, local, or private  
2 sources, or Federal sources other than this Act.

3 (h) SUPPLEMENT NOT SUPPLANT.—Funds appro-  
4 priated pursuant to the authority of this Act shall be used  
5 to supplement and not supplant other Federal, State, and  
6 local public funds and private funds expended to provide  
7 wage replacement.

8 (i) EFFECT ON EXISTING RIGHTS.—Nothing in this  
9 Act shall be construed to supersede, preempt, or otherwise  
10 infringe on the provisions of any collective bargaining  
11 agreement or any employment benefit program or plan  
12 that provides greater rights to employees than the rights  
13 established under this Act.

14 **SEC. 6. EVALUATIONS AND REPORTS.**

15 (a) AVAILABLE FUNDS.—The Secretary shall use not  
16 more than 2 percent of the funds made available under  
17 section 5 to carry out this section.

18 (b) EVALUATIONS.—The Secretary shall, directly or  
19 by contract, evaluate the effectiveness of projects carried  
20 out with grants made under section 5, including  
21 conducting—

22 (1) research relating to the projects, including  
23 research comparing—

24 (A) the scope of the projects, including the  
25 type of insurance or other wage replacement

1 mechanism used, the method of financing used,  
2 the eligibility requirements, the level of the  
3 wage replacement benefit provided (such as the  
4 percentage of salary replaced), and the length  
5 of the benefit provided, for the projects;

6 (B) the utilization of the projects, includ-  
7 ing the characteristics of individuals who ben-  
8 efit from the projects, particularly low-wage  
9 workers, and factors that determine the ability  
10 of eligible individuals to obtain wage replace-  
11 ment through the projects; and

12 (C) the costs of and savings achieved by  
13 the projects, including the cost-effectiveness of  
14 the projects and their benefits for children and  
15 families;

16 (2) analysis of the overall need for wage re-  
17 placement; and

18 (3) analysis of the impact of the projects on the  
19 overall availability of wage replacement.

20 (c) REPORTS.—

21 (1) INITIAL REPORT.—Not later than 3 years  
22 after the beginning of the grant period for the first  
23 grant made under section 5, the Secretary shall pre-  
24 pare and submit to Congress a report that contains

1 information resulting from the evaluations conducted  
2 under subsection (b).

3 (2) SUBSEQUENT REPORTS.—Not later than 4  
4 years after the beginning of that grant period, and  
5 annually thereafter, the Secretary shall prepare and  
6 submit to Congress a report that contains—

7 (A) information resulting from the evalua-  
8 tions conducted under subsection (b); and

9 (B) usage data for the demonstration  
10 projects, for the most recent year for which  
11 data are available.

12 **SEC. 7. AUTHORIZATION OF APPROPRIATIONS.**

13 There are authorized to be appropriated to carry out  
14 this Act \$400,000,000 for fiscal year 2000 and such sums  
15 as may be necessary for each subsequent fiscal year.

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