



Oral Statement of Vicki Shabo

**United States Senate Committee on Finance
Subcommittee on Social Security, Pensions, and Family Policy
Hearing on *Examining the Importance of Paid Family Leave for American Working Families***

July 11, 2018

Good afternoon, Chairman Cassidy, Ranking Member Brown and members of the Committee. Thank you for inviting me to testify today.

America's need for paid leave is clear – and doesn't distinguish by political party, family type, or care need. No one should be forced to miss their baby's first smile, prevented from helping a parent – or God forbid, a child – get to cancer treatments, or kept away from caring for a spouse as she recovers from an injury sustained in military service.

We at the National Partnership for Women & Families fervently hope today marks 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'll touch on three things:

- The importance of addressing family *and* medical leave and not just parental leave;
- The FAMILY Act's reasonable features, supported by state paid leave evidence; and
- Grave concerns about the Social Security penalty approach Mr. Biggs described.

First, to reflect America's needs, any plan must be comprehensive, for a 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 – while critically important for all the reasons Mr. Biggs mentioned and more – would leave millions of people behind.

Health emergencies should not trigger financial emergencies, yet for too many people, an unavoidable *unpaid* family or medical leave means dipping into savings 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, injured or disabled loved ones; most also hold jobs. Our aging population means the demand for family care will grow dramatically. Already, in states like Louisiana, one-fifth of adults are family caregivers. And, for communities across

the country ripped apart by opioids and substance abuse disorders, paid leave means family members can provide care and support recovery.

People also need – and most do not have – paid leave to address their own serious health issues. Disparities in paid leave access exacerbate the race- and income-based health disparities that plague our nation. These are new or expecting working mothers-with life-threatening complications; working people with serious injuries; and older people 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 lower-wage, low-quality jobs often held by women. And contingent and “gig” workers face especially precarious circumstances.

This takes me to my second point: As you consider policy options, I urge you to see the FAMILY Act as the modest and reasonable approach it is. Many conservative voters in recent focus groups said that it seems like a “Republican idea” and preferred it to a parents-only plan, a personal tax-free savings account or an employer tax credit.

Six states and D.C. have passed paid leave plans. Nearly all go beyond the FAMILY Act in one or more ways – and we’ve learned a lot from seeing how they have worked. Paid leave has supported women’s workforce participation and wage growth, men’s caregiving, children’s health, reduced nursing home use and more – with no negative and some positive effects on businesses of all sizes.

The FAMILY Act would provide **family, personal medical and parental leave for up to 12 weeks.** The reasons people can take leave are consistent with state plans, while the duration is modest in comparison to many.

It would replace **two-thirds of a workers’ wages** – the minimum level for affordability and gender equity. New state laws, passed with substantial bipartisan support, will do more.

People who need to take time away from their jobs would be **protected from retaliation.** This is essential, especially for lower-wage workers.

The FAMILY Act fund would be **self-sustaining and cover all benefits and administrative costs.** State plans often run surpluses and – to anticipate an area of concern – I have never heard anything to suggest that paid leave payroll deductions in states cause consternation or hardship, even among lower-wage workers. National and state polling shows voters are willing to pay; businesses are too.

The FAMILY Act fund would be run and administered **through a new SSA Office of Paid Family and Medical Leave** to create efficiencies. **Program integrity** measures would help ensure appropriate use, as has worked in states. And **employers that seek competitive advantages** could top-up FAMILY Act benefits.

The FAMILY Act would provide the comprehensiveness and affordability that voters want in a paid leave plan, the help small businesses need, and the consistency and certainty many multi-state businesses desire.

That takes me to my third point – imposing a Social Security penalty for taking paid leave is reckless and unnecessary.

There are four disqualifying problems – and I'll be quick:

First, the *costs to working people* are not at all trivial. The IWF plan would result in huge losses – a 6 percent benefit cut, equal to more than \$12,000, for a typical mother of two. And women, people of color and lower-wage workers will be harmed most.

Second, any plan that only covers parents caring for new children excludes 75 percent of leave-takers. That is unacceptable and would create especially cruel ironies for people who use paid parental leave and have family or personal medical needs later on.

Third, its wage replacement rate and maximum benefit amount are too low to help most working and middle class people and could exacerbate gender bias instead of promoting gender equity.

Fourth, it doesn't contemplate any new resources for SSA, an agency that sorely needs them. It is not budget-neutral and would slightly accelerate trust fund challenges, according to experts at the Urban, Heritage and American Action Forum.

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The FAMILY Act, a real paid leave plan, would support families, businesses and our economy. It reflects shared values of work, family and care without forcing new, impossible choices – and it has the potential to unite people at a time when there's so much division.

Thank you. I look forward to your questions.