



Testimony of Vicki Shabo

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

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Making Leave for Parental, Family Care and Personal Medical Leave Possible for More than 100 Million People – Supporting Families, Businesses and the Economy

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 & Families. The National Partnership is a nonprofit, nonpartisan advocacy organization based in Washington, D.C. 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

1 U.S. Bureau of Labor Statistics. (2017, September). *National Compensation Survey: Employee Benefits in the United States, March 2017* (Table 32 & Appendix 2). Retrieved 2 July 2018, from <https://www.bls.gov/ncs/ebs/benefits/2017/ebbl0061.pdf>

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 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.

2 U.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 & 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

3 Glynn, S. J., & 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>

4 Boushey, H., & 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>

5 Menasce Horowitz, J., Parker, K., & 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)

6 Divecha, D., & 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 *Aging 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 & 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>

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 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

10 ZERO TO THREE & National Partnership for Women & 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>

11 Houser, L., & 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., & 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.

12 Houser, L., & 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., & 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

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.

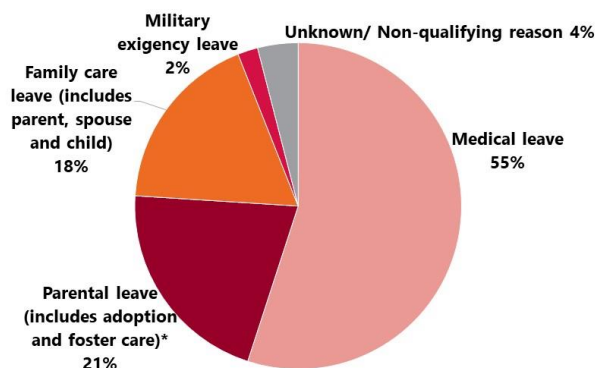
14 Heymann, J., & Earle, A. (2010). *Raising the global floor: dismantling the myth that we can’t afford good working conditions for everyone*. Stanford, CA: Stanford Politics and Policy.

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) 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

¹⁵ diversitydatakids.org. (2018). *Full-Year Working Adults Ages 21-64 Living in Families Estimated to be Below 200% 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 & Families)

¹⁶ Klerman, J. A., Daley, K., & 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 & 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*

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 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 policymakers 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

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., & 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/RIPaidLeaveFinalRpt0416URL.pdf>

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_familyleaveetakeaways_2/

20 National Partnership for Women & 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., & Goldvale, C. (2017, October 1). *Security & 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., & 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, & 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., & 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>

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 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

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

29 Redfoot, D., Feinberg, L., & 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/usbirth-complications_n_2008771.html

34 See note 23; see also Bodenheimer, T., Chen, E., & Bennett, H. D. (2009, January 1). Confronting the Growing Burden of Chronic Disease: Can the U.S. Health Care Workforce Do the Job? *HealthAffairs*, 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.irle.berkeley.edu/files/2009/The-Aging-Workforce-and-Paid-Time-Off.pdf>; see also note 20.

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 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 four in ten 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

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., & Boulton, C. (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 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.acscan.org/sites/default/files/ACS%20CAN%20Paid%20Leave%20Surveys%20Key%20Findings%20Press%20Memo%20FINAL.pdf>

38 Ibid.

39 Arora, K., & 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., & 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 & 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 & 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., & 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>

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, 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

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/>

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., & 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., & Vardaman, J. M. (2010). Retaining talent: Replacing misconceptions with evidence-based strategies. *The Academy of Management Perspectives*, 24(2), 48-64

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.

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 are 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

53 Hausknecht, J. P., & Holwerda, J. A. (2013). When does employee turnover matter? Dynamic member configurations, productive capacity, and collective performance. *Organization Science*, 24(1), 210-225; see also note 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>

56 Milkman, R., & 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., & 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., & 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-fli-2014-06.pdf>

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.

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

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://wahospitality.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/7fRz5Pv0VCy8WDbeG32VeP/story.html?event=event25?event=event25>

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 two 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 & 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:

- **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

63 National Partnership for Women & 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>

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 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

64 Bana, S., Bedard, K., & 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., & 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 & Families, January 2018; see also Bana, S., Bedard, K., & 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>

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 six 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 four 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 parent-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 six weeks of family and parental leave⁷⁹ and 0.126 percent in New York for eight weeks of family leave (taxed on the first

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 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

\$67,908 in wages), to up to one percent of wages in California (taxed on employees' first \$114,967 in wages), which funds a statewide program offering 52 weeks of TDI and six 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 four 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, D.C. 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

⁸⁰ See note 63.

⁸¹ Hayes, J., & 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 & 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 & 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.mbadmin.jaunt.cloud/wp-content/uploads/2016/07/Paid-Leave-Updated-Report-3.pdf>; Glynn, S. J., Goldin, G., & 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 & 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., & 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., & 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 & 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>

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-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 two 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

86 Ibid.

87 National Partnership for Women & 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 & 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.

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 occurs.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

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/>

93 Main Street Alliance. (2017). *National Paid Family and Medical Leave: A Proposal for Small Business Success*. Retrieved 2 July 2018, from https://d3n8a8pro7vhm.cloudfront.net/mainstreetalliance/pages/10/attachments/original/1486411533/PFML_2017_Report.pdf?1486411533

94 Lake 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>

95 We 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://iwf.org/publications/2805496/Policy-Focus-A-Budget-Neutral-Approach-to-Parental-Leave>

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 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.

96 Social 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>

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., & 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 & 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., & 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

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 three percent benefit cut.¹⁰⁰ Two 12-week leaves – the duration that a mother with two children might take – would require a six 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 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

100 Favreault, M. M., & 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 & Families by E. Del Morone, E. Hamilton, E. Krevsky, A. Sprover, & C. Viall, The George Washington University Trachtenberg School of Public Policy & Public Administration, May 2018 (on file with the National Partnership for Women & Families)

103 Dushi, I., Iams, H. M., & 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>

104 Social 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>

105 McCulloch, 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>

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 one 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 & 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 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.

106 Romig, 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>

107 Lukas, 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.")

108 See note 99.