

The Family And Medical Insurance Leave (FAMILY) Act

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People across the country are working hard to make ends meet, yet the nation fails to provide the support they need to manage the demands of job and family, and that businesses and our economy need to thrive. Just 23 percent of the workforce has paid family leave through their employers, and just 40 percent has personal medical leave through an employer-provided short-term disability program.¹

The Family And Medical Insurance Leave (FAMILY) Act would address America's paid family and medical leave crisis and benefit working people, their families, businesses and our nation's economy.

Legislative Overview

Sponsored by Rep. Rosa DeLauro (D-Conn.) and Sen. Kirsten Gillibrand (D-N.Y.), the Family And Medical Insurance Leave (FAMILY) Act (H.R. 804/S. 248) would create a **comprehensive national program that helps meet the needs of new mothers and fathers and people with serious personal or family health issues** through a shared fund that makes paid leave affordable for employers of all sizes and for workers and their families.

The FAMILY Act would:

- Provide workers with **up to 12 weeks of partial income when they take time** for their own serious health conditions, including pregnancy and childbirth recovery; the serious health condition of a child, parent, spouse or domestic partner; the birth or adoption of a child; and/or for particular military caregiving and leave purposes.
- Enable workers to earn **66 percent** of their monthly wages, up to a capped amount – ensuring that low- and middle-wage workers have a higher share of their wages replaced.
- **Cover workers in all companies, no matter their size.** Younger, part-time, lower-wage, contingent and self-employed workers would be eligible for benefits.

- Be funded responsibly by **small employee and employer payroll contributions** of two-tenths of 1 percent each (two cents per \$10 in wages), or less than \$2.00 per week for a typical worker.²
- Be administered through a **new Office of Paid Family and Medical Leave**. Payroll contributions would cover both insurance benefits and administrative costs.

Benefits for Workers, Families, Businesses and Our Economy

Strengthens Families’ Economic Independence

Working families lose an estimated \$20.6 billion in wages each year due to a lack of access to paid family and medical leave.³ The FAMILY Act would cut by nearly 75 percent the share of families who fall into poverty after taking the unpaid leave provided by the federal Family and Medical Leave Act.⁴

Promotes Parents’ Workforce Participation and Equity

Paid leave can help new parents keep their families on track to meet new expenses. In the year following a birth, new mothers who take paid leave are more likely than those who take no paid leave to stay in the workforce and 54 percent more likely to report wage increases.⁵ When fathers take paid leave, their involvement at home increases and is more equitable, making it easier for women to return to the workforce.⁶

THE FAMILY ACT WOULD CREATE A COMPREHENSIVE NATIONAL PROGRAM THAT HELPS MEET THE NEEDS OF NEW MOTHERS AND FATHERS AND PEOPLE WITH SERIOUS PERSONAL OR FAMILY HEALTH ISSUES THROUGH A SHARED FUND THAT MAKES PAID LEAVE AFFORDABLE FOR EMPLOYERS OF ALL SIZES AND FOR WORKERS AND FAMILIES.

Protects Older Workers’ Income and Retirement Security

Nearly half of employed caregivers who take time off to fulfill their responsibilities at home report losing income.⁷ On average, workers

50 or older who leave the workforce to care for a parent lose more than \$300,000 in wages and retirement – and, for women, losses are even greater.⁸ Paid leave would help keep more family caregivers – and people with their own health conditions – employed and strengthen their financial positions over time.

Improves Health Outcomes for Children, Ill Adults and Seniors

Paid leave contributes to improved newborn and child health. New mothers are better able to initiate and continue breastfeeding, and new parents can more easily get babies to the doctor for check-ups and immunizations.⁹ Paid leave also allows ill or injured adults to get critical care and take needed recovery time, and it enables caregivers to help ill parents, spouses and children fulfill treatment plans and avoid complications and hospital readmissions.¹⁰

Improves Bottom Lines for Businesses

The FAMILY Act would spread the cost of leave, reducing the burden on individual employers and allowing many more workers to access paid leave. Paid leave contributes to reduced turnover and increased employee engagement and loyalty, leading to significant employer cost savings.¹¹ In California, where a family leave insurance program has existed for more than a decade, workers in low-wage, high-turnover industries are much more likely to return to their jobs after using the program, and nine out of 10 businesses report positive or neutral effects on profitability and productivity.¹²

A Stronger National Economy

The United States would add billions of dollars to its GDP if women were fully employed, which would be more likely if paid leave were widely available.¹³ A national paid leave insurance program would help keep new parents and family caregivers in the workforce and boost their incomes and savings over time, all of which would contribute to economic productivity and growth. In contrast, when people have to forgo pay or lose a job when a serious medical or caregiving need arises, they often jeopardize their ability to afford even the most basic necessities. This hurts workers, their families and the businesses that depend on revenue from these purchases, and it stifles economic growth.

Demonstrated Effectiveness

The FAMILY Act builds on successful state family and medical leave insurance programs. Seven states have paid family and medical leave insurance programs in effect (California, Massachusetts, New Jersey, New York, Rhode Island, Washington state and the District of Columbia) and paid family leave programs will take effect in Colorado, Connecticut and Oregon in coming years.¹⁴ Analyses of California's program show that employers and employees have benefitted.¹⁵ In New Jersey, program costs are even lower than expected and public attitudes toward the program are favorable.¹⁶ Research on Rhode Island's program also shows favorable results for new parents and small- and medium-sized businesses.¹⁷

It is well past time for a national paid leave policy that meets the country's needs and truly honors families. It's time for the FAMILY Act. **For more information, visit NationalPartnership.org.**

¹ U.S. Bureau of Labor Statistics. (2021, September). *National Compensation Survey: Employee Benefits in the United States, March 2021* (Tables 17 and 33). Retrieved 29 September 2021, from <https://www.bls.gov/ncs/ebs/benefits/2021/employee-benefits-in-the-united-states-march-2021.pdf>

² U.S. Census Bureau. (2019, September). *Wage and Salary Workers--People 15 Years Old and Over by Total Wage and Salary Income in 2018, Work Experience in 2018, Race, Hispanic Origin, and Sex* (Table PINC-10). Retrieved 24 March 2021, from <https://www.census.gov/data/tables/time-series/demo/income-poverty/cps-pinc/pinc-10.html> (Unpublished calculation based on median wage or salary for full-time, year-round workers in 2018.)

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- ⁴ Joshi, P., Earle, A., & Baldiga, M. (2016). *Data-for-Equity Pipeline: Family and Economic Security*. Institute for Child, Youth, and Family Policy Presentation. Available from the National Partnership for Women & Families upon request.
- ⁵ Houser, L., & Vartanian, T. P. (2012, January). *Pay Matters: The Positive Economic Impacts of Paid Family Leave for Families, Businesses and the Public*. Center for Women and Work at Rutgers, the State University of New Jersey Publication. Retrieved 25 March 2021, from <http://www.nationalpartnership.org/our-work/resources/workplace/other/pay-matters.pdf>
- ⁶ Bartel, A., Rossin-Slater, M., Ruhm, C., Stearns, J., & Waldfogel, J. (2015, November). *Paid Family Leave, Fathers' Leave-Taking, and Leave-Sharing in Dual-Earner Households* (Working Paper No. 21747). Retrieved 25 March 2021, from National Bureau of Economic Research website: <http://www.nber.org/papers/w21747.pdf>
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- ⁹ Berger, L., Hill, J., & Waldfogel, J. (2005). Maternity Leave, Early Maternal Employment and Child Health and Development in the US. *The Economic Journal*, 115(501), F29-F47.
- ¹⁰ Institute of Medicine of the National Academies. (2008, April 11). *Retooling for an Aging America: Building the Health Care Workforce* (p. 254). Retrieved 25 March 2021, from <https://www.nap.edu/read/12089/chapter/1>; Arbaje, A. I., Wolff, J., L., Yu, Q., Powe, N. R., Anderson, G. F., & Boulton, C. (2008, August). Postdischarge Environmental and Socioeconomic Factors and the Likelihood of Early Hospital Readmission Among Community-Dwelling Medicare Beneficiaries. *The Gerontologist* 48(4), 495-504. DOI: 10.1093/geront/48.4.495
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- ¹³ Aguirre, D., Hoteit, L., Rupp, C., & Sabbagh, K. (2012). *Empowering the Third Billion: Women and the World of Work in 2012*. Retrieved 25 March 2021, from strategy& website: http://www.strategyand.pwc.com/media/file/Strategyand_Empowering-the-Third-Billion_Full-Report.pdf
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The National Partnership for Women & Families is a nonprofit, nonpartisan advocacy group dedicated to promoting fairness in the workplace, access to quality health care and policies that help all people meet the dual demands of work and family. More information is available at NationalPartnership.org.

