



Written Statement of Victoria S. Shabo
National Partnership for Women & Families
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Subcommittee on Children and Families
Hearing on "Paid Family Leave: The Benefits for Businesses and Working Families"

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Good morning, Chairman Hagan, Ranking Member Enzi and members of the Committee. It is an honor to be here with you today to discuss the benefits of paid family and medical leave for workers and families, businesses and the economy.

My name is Vicki Shabo, and I am Vice President at the National Partnership for Women & Families, where I lead the organization's workplace issues portfolio. The National Partnership is a nonprofit, nonpartisan advocacy organization based in Washington, D.C. For more than four decades, we have fought for every major policy advance that has helped women and families. 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.

Introduction: A Moment to Create a Strong Economy that Works for All

This hearing comes at an exciting time. Last month at an historic White House Summit on Working Families, advocates, researchers, business leaders and elected officials came together to address the transformation of America's economy and its workforce. Executives from premier Fortune 500 companies and medium and small employers alike made strong business cases for family friendly policies, demystified the act of offering such policies, and shared the tangible returns they have seen for their brands, their revenues and their people. Workers from across the country spoke about the difference these policies make in helping them position their children for success, care for ailing or injured elderly parents, attend to their own serious health issues, and meet other life responsibilities.

There is a growing understanding that the need for paid family and medical leave is nearly ubiquitous, but for too long we have left individuals and families to search for solutions on their own, rather than adopting solutions that work for the nation. The moment to change that is now. The urgent needs of families, the strong public demand, compelling employer testimonials, positive data from states and cities that have adopted family friendly policies, and clear interest from those in the private and public sectors all signal that it's time for progress. At this moment, lawmakers, employers and all of us must do all we can to transform America into a nation that truly reflects its family values rather than what it has been – a nation that pays lip service to family values but takes little action.

In my remarks this morning, I will touch briefly on the new economic and demographic truths about work, wages and family that make this conversation about paid family and medical leave so important. I'll summarize the patchwork of laws and policies that leave too many people without the paid leave they need and deserve. I'll touch on economic, business and health evidence that makes paid leave so essential to our nation's progress. And I'll share thoughts on a roadmap for the way forward, toward an America where all workers can care for themselves and their loved ones without sacrificing their financial stability.

I. New Demographic and Economic Truths Reveal an Urgent Need for Change

The world of work, wages and family has changed dramatically, but our workplace policies and norms remain largely stagnant, addressing few of the challenges Americans face day to day as they struggle to manage the dual demands of work and family. Today, women make up nearly half the workforce and are the primary or sole breadwinners in 40 percent of families;¹ in just under another quarter of families, women's earnings contribute substantially to their families' incomes.² Most first children are born into households with mothers who were employed before and who return to work after giving birth,³ and most children live in households with a single parent or both parents who hold jobs as they grow.⁴

Despite dramatic increases in women's workforce participation and contributions as family breadwinners, women most often continue to be the primary caregivers for children at birth and during childhood – and for elderly parents.⁵ It is true and very welcome that men are increasingly interested in, and taking on, more family caregiving, but most of the work continues to be done by women.⁶

Economic pressures and precarious work conditions exacerbate the stresses that working families face. Stagnating wages and a persistent gender-based wage gap mean women – and all workers – are working later in life, for less, and are less able to save for the future.⁷

¹ The Council of Economic Advisers. (2014, June). *Nine Facts About American Families and Work*. Executive Office of the President of the United States Publication. Retrieved 24 July 2014, from

http://www.whitehouse.gov/sites/default/files/docs/nine_facts_about_family_and_work_real_final.pdf

² Glynn, S. J. (2014). *Breadwinning Mothers, Then and Now*. Center for American Progress Publication. Retrieved 24 July 2014, from

<http://cdn.americanprogress.org/wp-content/uploads/2014/06/Glynn-Breadwinners-report-FINAL.pdf>

³ Laughlin, L. (2011, October). *Maternity Leave and Employment Patterns of First-Time Mothers: 1961-2008*. U.S. Census Bureau

Publication. Retrieved 24 July 2014, from <http://www.census.gov/prod/2011pubs/p70-128.pdf>

⁴ U.S. Census Bureau. (2013). *American Community Survey 1-Year Estimates 2012, Table DP03: Selected Economic Characteristics*.

Retrieved 24 July 2014, from http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_12_1YR_DP03&prodType=table (Unpublished calculations)

⁵ Eisler, R., & Otis, K. (2014). Unpaid and Undervalued Care Work Keeps Women on the Brink. In O. Morgan, & K. Skelton (Eds.), *The Shriver Report: A Woman's Nation Pushes Back from the Brink*. New York, NY: Palgrave Macmillan Trade; Bianchi, S. M. (2011). Changing families, changing workplaces. *The Future of Children*, 21(2), 15-36; National Alliance for Caregiving. (2009, November). *Caregiving in the U.S.* National Alliance for Caregiving and AARP Publication. Retrieved 24 July 2014, from

http://www.caregiving.org/data/Caregiving_in_the_US_2009_full_report.pdf

⁶ The Council of Economic Advisers. (2014, June). *The Economics of Fatherhood and Work*. Executive Office of the President of the United States Publication. Retrieved 24 July 2014, from

http://www.whitehouse.gov/sites/default/files/docs/working_fathers_presentation.pdf; See also note 1.

⁷ Mishel, L., & Shierholz, H. (2013). *A decade of flat wages: the key barrier to shared prosperity and a rising middle class*. Economic Policy

Institute Publication. Retrieved 27 July 2014, from <http://www.epi.org/publication/a-decade-of-flat-wages-the-key-barrier-to-shared-prosperity-and-a-rising-middle-class/>; National Partnership for Women and Families. (2014, April). *America's Women and the Wage Gap Fact Sheet*. National Partnership for Women & Families Publication. Retrieved 27 July 2014, from

<http://www.nationalpartnership.org/research-library/workplace-fairness/fair-pay/americas-women-and-the-wage-gap.pdf>; Helman, R.,

Keeping a job – whatever the conditions, wages or access to basic standards like paid sick days, paid leave, retirement security or health benefits – is of paramount importance because wages from work mean the difference between staying afloat or falling down a financial rabbit hole and hitting rock bottom.

In addition, demographic trends underscore the urgent need to create family friendly policies. Women’s workforce participation, which climbed substantially in the United States in the 1970s and 1980s, has stagnated relative to other developed countries.⁸ We would add about five percent to our GDP if women participated in the workforce to the same extent as men,⁹ and it stifles our economic standing when women can’t make work work. Part of the reason many women can’t is that the United States lacks basic family friendly workplace and child care policies.¹⁰

Our birthrates are also falling relative to other developed nations, which has significant implications for our nation and our workforce now and in the future.¹¹ Concerns about making ends meet, coupled with our nation’s lack of family friendly policies and inflexible business cultures, play a role in this decline. Young people, in particular, see work demands as incompatible with parenting and say they may put off or avoid the latter altogether.¹²

At the same time, our population is aging: Over the next 25 years, the number of adults 65 and older is expected to double.¹³ By 2060, there will be 92 million older adults – accounting for more than 20 percent of the U.S. population.¹⁴ This means many more workers will need time away from work to care for seriously ill parents and spouses.¹⁵ Our nation needs to address the impending elder care crisis now.

All these factors make it absolutely critical that our country update its workplace policies and standards. In particular, we must ensure all workers in the United States have paid family and medical leave so that people can take the time they need to welcome a new child or address serious medical challenges without jeopardizing their family’s economic security.

Adams, N., & VanDerhei, J. (2014). The 2014 Retirement Confidence Survey: Confidence Rebounds—for Those With Retirement Plans. *EBRI Issue Brief*, (397); Saving: Too Thin a Cushion. (2013, April 3). *The Economist*. Retrieved 27 July 2014, from <http://www.economist.com/blogs/freeexchange/2013/04/saving>

⁸ See note 1.

⁹ Aguirre, D., Hoteit, L., Rupp, C., & Sabbagh, K. (2012). *Empowering the Third Billion. Women and the World of Work in 2012*. Booz & Company Publication. Retrieved 25 July 2014, from http://www.strategyand.pwc.com/media/file/Strategyand_Empowering-the-Third-Billion_Full-Report.pdf

¹⁰ Ibid.; See also The Council of Economic Advisers. (2014, June). *Nine Facts About American Families and Work*. Executive Office of the President of the United States Publication. Retrieved 24 July 2014, from http://www.whitehouse.gov/sites/default/files/docs/nine_facts_about_family_and_work_real_final.pdf

¹¹ Douthat, R. (2012, December 1). More Babies, Please. *The New York Times*. Retrieved 25 July 2014, from http://www.nytimes.com/2012/12/02/opinion/sunday/douthat-the-birthrate-and-americas-future.html?_r=1& (Citing Livingston, G. (2012). *In a Down Economy, Fewer Births*. Pew Research Center Publication. Retrieved 26 July 2014, from <http://www.pewsocialtrends.org/2011/10/12/in-a-down-economy-fewer-births/>)

¹² Ibid.; Friedman, S. D. (2013, October). *Baby Bust: New Choices for Men and Women in Work and Family*. Pennsylvania, PA: Wharton Digital Press.

¹³ Centers for Disease Control and Prevention. (2013). *The State of Aging and Health in America 2013*. Retrieved 26 July 2014, from http://www.cdc.gov/features/agingandhealth/state_of_aging_and_health_in_america_2013.pdf

¹⁴ U.S. Census Bureau. (2014, March 25). *Older Americans Month: May 2014*. Retrieved 26 July 2014, from http://www.census.gov/newsroom/releases/archives/facts_for_features_special_editions/cb14-ff07.html

¹⁵ 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 24 July 2014, from <https://www.metlife.com/assets/cao/mmi/publications/studies/2011/mmi-caregiving-costs-working-caregivers.pdf>

We simply must end the days when millions of workers across the nation face devastating economic hardships as a result of significant family and medical events. There is no time to wait.

II. The Patchwork of Family and Medical Leave Policies Fails Too Many Families

The National Partnership recently studied the landscape with regard to workers' access to family and medical leave, whether offered through employer policies or through public policies. Sadly, we discovered that, for the most part, the United States is failing its families.

A. Family and Medical Leave Act

First, although the Family and Medical Leave Act (FMLA) has been the law for 21 years and has been used more than 100 million times to help assure eligible workers the time they need to care for a new child, a seriously ill loved one or their own serious health condition, too many people are left out. In all, slightly less than 60 percent of the workforce (about 90 million workers) has access to *unpaid* leave under the FMLA.¹⁶ But that means that four in 10 workers – or about 60 million – are left out by the law's exclusions of employees in smaller businesses, employees with less than a year on the job and employees who work part-time.¹⁷ These workers have absolutely no right to take time away from their jobs to address serious family or medical issues, and if they do, they risk losing their jobs and their health benefits.

Second, the FMLA guarantees only *unpaid* leave, which means millions of workers who need leave cannot afford to take it. In fact, the share of workers who said they needed and did not take leave doubled from 2000 to 2012. The most common reason provided by workers who needed FMLA leave but did not take it was that they couldn't take time off without some income. Other workers took shorter leaves, dipped into savings earmarked for other needs, went into debt, or had to accept public assistance as a result of taking unpaid leave.¹⁸

Recognizing the gaps, we looked beyond the FMLA to study whether the private sector or state laws better address workers' need for paid time off. A report we issued earlier this summer, *Expecting Better: A State-by-State Analysis of Laws That Help New Parents*, answered that question with a resounding “no” – the same conclusion we reached in 2005 and 2012 when we conducted similar analyses.¹⁹

¹⁶ Klerman, J., Daley, K., & Pozniak, A. (2012, September 7). *Family and Medical Leave in 2012: Technical Report*. Abt Associates Publication. Retrieved 23 April 2014, from <http://www.dol.gov/asp/evaluation/fmla/FMLA-2012-Technical-Report.pdf>

¹⁷ National Partnership for Women & Families calculation based on FMLA access rate as reported in Klerman et al. multiplied by the number of employed civilian population reported in U.S. Bureau of Labor Statistics. (2014, July 3). *Table A-1, Employment status of the civilian population by age and sex*. Retrieved 26 July 2014, from <http://www.bls.gov/news.release/empsit.t01.htm>. Looking at just the private sector, about 50 million workers are not protected by the FMLA. Private sector calculations based on same calculation using *Table A-8. Employed persons by class of worker and part-time status*. Retrieved 26 July 2014, from <http://www.bls.gov/news.release/empsit.t08.htm>; See also Jorgensen, H., & Appelbaum, E. (2014, February 5). *Expanding Federal Family and Medical Leave Coverage: Who Benefits from Changes in Eligibility Requirements?* Center for Economic and Policy Research Publication. Retrieved 24 July 2014, from <http://www.cepr.net/documents/fmla-eligibility-2014-01.pdf>

¹⁸ See note 16.

¹⁹ National Partnership for Women & Families. (2014, June). *Expecting Better: A State by State Analysis of Laws That Help New Parents*. Retrieved 24 July 2014, from <http://www.nationalpartnership.org/research-library/work-family/expecting-better-2014.pdf>

B. Employer Policies

Expecting Better reveals a nation in which chance and inequality reign. Whether a mom or dad – or a son, daughter, husband or wife – has access to paid leave is purely a function of who they work for and where they live. And, unfortunately, most people are left out.

Overall, just 12 percent of private sector workers nationwide have access to employer-provided paid family leave that they can use to bond with a new baby or care for a seriously ill family member.²⁰ Only 40 percent have access to employer-provided short-term disability insurance to address a personal serious medical need that requires time away from work.²¹ And only about 61 percent have access to paid sick days, for when short-term illnesses strike.²²

Lower-wage workers are hit the hardest and face particular challenges when serious family and medical needs arise. Most workers in the bottom wage quartile (those who are paid \$11.00 per hour or less) lack access to paid time away from work. Just five percent have paid family leave, 18 percent have access to short-term disability insurance through their employers, 30 percent have paid sick time and 49 percent have paid vacation time (and any new parent or family caregiver or person suffering from a serious illness knows that none of these major life events are vacations).²³ That means fully half of lower-wage workers are without *any* source of pay when they need time away from their jobs.²⁴ This problem will only grow worse if there are no interventions because the jobs that employers are creating are disproportionately low-wage and low-benefit. It is noteworthy that the vast majority of these jobs tend to be held by women.²⁵

For the highest wage earners, the story is different, but even for them, access to paid family leave and short-term disability insurance is lacking. In addition, workplace cultures too often discourage people – especially men – from taking time away from their jobs to address family needs.²⁶

²⁰ U.S. Bureau of Labor Statistics. (2013, September). *National Compensation Survey: Employee Benefits in the United States, March 2013* (Table 32). Retrieved 24 July 2014, from <http://www.bls.gov/ncs/ebs/benefits/2013/ebbl0052.pdf>

²¹ U.S. Bureau of Labor Statistics. (2013, September). *National Compensation Survey: Employee Benefits in the United States, March 2013* (Table 16). Retrieved 24 July 2014, from <http://www.bls.gov/ncs/ebs/benefits/2013/ebbl0052.pdf>

²² See note 20.

²³ See notes 20 and 21.

²⁴ See table 1 in text below.

²⁵ Boushey, H. (2014). A Woman's Place Is in the Middle Class. In O. Morgan and K. Skelton (Eds.), *The Shriver Report: A Woman's Nation Pushes Back from the Brink*. New York, NY: Palgrave Macmillan Trade; Shabo, V. (2014, January 17). Employer Trends Signal Need for National Workplace Standards. *National Partnership "From the Desk of..." Blog*. Retrieved 26 July 2014, from <http://www.nationalpartnership.org/blog/general/employer-trends-signal-need-for-national-workplace-standards.html>

²⁶ Harrington B. et al. (2014). *The New Dad: Take Your Leave. Perspectives on paternity leave from father, leading organizations, and global policies*. Boston College Center for Work and Family Publication. Retrieved 24 July 2014, from <http://www.bc.edu/content/dam/files/centers/cwf/news/pdf/BCCWF%20The%20New%20Dad%202014%20FINAL.pdf>

Table 1: Percentage of Private Sector Workers with Access to Paid Time Off

	ALL WORKERS	WORKERS IN THE LOWEST WAGE QUARTILE (PAID \$11.00 PER HOUR OR LESS)	WORKERS IN THE HIGHEST WAGE QUARTILE (PAID \$26.18 PER HOUR OR MORE)
Paid family leave	12%	5%	21%
Short-term disability insurance	40%	18%	61%
Paid sick time	61%	30%	84%
Paid vacation leave	77%	49%	91%

Source: Bureau of Labor Statistics, 2012 National Compensation Survey of Employers

Focusing specifically on paid parental leave, only 50 percent of new moms take paid leave of any length after the birth of their first child, often cobbling together accrued sick, vacation and personal time, and that number hasn’t changed appreciably in more than a decade.²⁷ Among women with lower levels of education, less than one-fifth take any type of paid leave around the birth of their first child – the same percentage as in 1961.²⁸

The percentage of employers offering fully paid maternity leave has actually declined quite substantially in recent years, dropping from 17 percent in 2005 to nine percent in 2014.²⁹ For men, it’s no better. Just nine percent work for employers that offer paid paternity leave to all of their employees.³⁰ The “all” here is important. Even within workplaces, employers may offer maternity, paternity or parental leave to some of their workers but not to most or all.³¹

C. State Policies on Paid Family and Medical Leave

Fortunately, some states are taking the lead in addressing the challenges facing working families. Diverse coalitions of advocates, workers and business leaders have won significant policy changes, including paid sick days, paid family and medical leave, and expanded FMLA laws that cover more workers than federal law. Those advances have established basic protections for millions of working families across the country and, in turn, have paved the way for more state innovation, seeding the ground for this national conversation.

Most important for today, some states have created basic paid family and medical leave standards through statewide family leave insurance programs. California’s program has been in effect for a decade and was recently expanded to give workers the ability to care for a wider range of seriously ill family members, including siblings, grandparents and grandchildren.³² New Jersey’s program has been in effect for five years and Rhode Island’s program went into effect at the beginning of this year.³³ There is a growing body of evidence that paid leave in these states is working well – for workers and families as well as for employers.

²⁷ See note 3.

²⁸ Ibid.

²⁹ Matos, K., & Galinsky, E. (2014). *2014 National Study of Employers*. Families and Work Institute Publication. Retrieved 26 July 2014, from <http://familiesandwork.org/downloads/2014NationalStudyOfEmployers.pdf>; Galinsky, E., Aumann, K., & Bond, J. (2011, August). *2008 National Study of the Changing Workforce*. Families and Work Institute Publication. Retrieved 26 July 2014, from http://familiesandwork.org/site/research/reports/Times_Are_Changing.pdf

³⁰ See note 16.

³¹ Ibid.

³² Cal. Unemp. Ins. Code §§ 3300-3306.

³³ N.J. Stat. §§ 43:21-25 to 43:21-31; R.I. Gen. Laws §§ 28-41-34 to 28-41-36.

The California, New Jersey and Rhode Island programs build on longstanding temporary disability insurance (TDI) programs that these three states and two others – New York and Hawaii³⁴ – created decades ago to assure that most workers have access to a portion of their wages when a serious medical problem temporarily prevents them from working. Overall, about 22.5 million private sector workers live in states with paid family leave or temporary disability insurance laws in place – but that leaves out 89 million more.³⁵

D. International Comparisons

It is worth noting that the United States is virtually the only economically competitive nation in the world that puts its people in such a precarious position. All other countries in the Organisation for Economic Cooperation and Development (OECD) offer paid maternity leave to new mothers;³⁶ all but four (Ireland, Switzerland, Turkey and the United States) offer paid parental leave to new fathers;³⁷ and all but two (South Korea and the United States) guarantee paid sick leave to their workers.³⁸

The United States is an outlier worldwide as well. It's often said that we are one of three countries *in the world* out of the 185 surveyed by the International Labor Organization (ILO) that does not guarantee paid maternity leave to new mothers.³⁹ That turns out to be outdated – Oman, one of the other countries on that “bad apple” list, adopted a paid maternity leave standard in 2011.⁴⁰ One can only hope that the other outlier, Papua New Guinea, does not beat us to the punch.

III. Greater Access to Paid Leave Would Create More Economic Opportunity for All

All of the available research – from employer-generated studies to analyses of California's and New Jersey's paid leave programs to data that reflect the experiences of people fortunate enough to work for employers that offer some form of paid leave to analyses of parents in other countries – demonstrates the clear benefits of paid leave.

³⁴ Haw. Rev. Stat. §§ 392-3, 392-21, 392-23, 392-25; N.Y. Workers' Comp. Law §§ 201-205.

³⁵ National Partnership for Women & Families. (n.d.). *Map: 24 million Americans can better care and provide for their families when family and medical needs arise*. Retrieved 24 July 2014, from <http://www.nationalpartnership.org/issues/work-family/24-million-americans-benefit.html>

³⁶ World Policy Analysis Center. (2014). *Workplace policies before and after childbirth*. World Policy Forum Publication. Retrieved 24 July 2014, from <http://worldpolicyforum.org/tables/workplace-policies-childbirth/>

³⁷ Ibid.; Siegelshifer, V. (2010, July). *A Need for Non-Transferable Paternity Leave in Israel* (p. 5). Women's Budget Forum Publication. Retrieved 24 July 2014, from <http://wbf.org.il/Uploaded/paternityleaveenglish.pdf>; International Finance Corporation. (2014). *Women, Business, and the Law: Creating Economic Opportunity for Women: Mexico, 2013*. Retrieved 24 July 2014, from <http://wbl.worldbank.org/data/exploreeconomies/mexico/2013#getting-a-job>

³⁸ McGill Institute for Health and Social Policy. (2011, May 2). *Raising the Global Floor: Adult Labour, A WoRLD Legal Rights Database: Sick Leave*. Retrieved 24 July 2014, from <http://raisingtheglobalfloor.org/policies/single-policy-1.php>

³⁹ International Labor Organization. (2014). *Maternity and paternity at work: Law and practice across the world*. Retrieved 24 July 2014, from http://www.ilo.org/global/publications/ilo-bookstore/order-online/books/WCMS_242615/lang--en/index.htm

⁴⁰ Curtis, Mallet-Prevost, Colt & Mosle LLP. (2012, January 26). *New Amendments to Oman's Labour Law*. *Oman Law Blog*. Retrieved 24 July 2014, from <http://omanlawblog.curtis.com/2012/01/new-amendments-to-omans-labour-law.html>

A. Paid Leave Promotes Greater Economic Security and Financial Independence for Working Families

Guaranteeing workers access to paid leave can improve families' economic security and promote financial independence in the face of major life events. Paid leave encourages workforce attachment. Mothers who take paid leave are more likely than mothers who do not to be working nine to 12 months after a child's birth.⁴¹ They are also more likely to receive higher wages over time. In the year after the birth of a child, mothers who take paid leave are 54 percent more likely to report wage increases than mothers who do not and are 39 percent less likely to receive public assistance or food stamps, taking into account other socioeconomic and workplace factors that might explain these differences. When fathers take paid leave, they too are significantly less likely to receive public assistance or food stamps than fathers who do not.⁴² These figures are particularly important in context: Having a baby is the most expensive health event that families face during their childbearing years,⁴³ and it is estimated that 13 percent of families with a new infant become poor within a month.⁴⁴

Family caregivers and workers with serious health conditions, too, are more likely to be able to stay and contribute in the workplace if they have workplace accommodations, such as paid leave.⁴⁵ And helping older workers stay employed has real implications for their retirement security: A woman who is 50 years of age or older who leaves the workforce to care for a parent will lose more than \$324,000 in wages and retirement.⁴⁶ For men, the figure is substantial as well – close to \$284,000 in lost wages and retirement.⁴⁷ In addition, it is worth noting the role that personal and family illnesses play in personal bankruptcies.⁴⁸ Paid leave could ameliorate that result.

B. Paid Leave Benefits Businesses

Whether employers offer paid leave to attract and retain workers or workers gain access to paid leave through a state paid leave insurance program, businesses experience cost-savings and other benefits when workers can take paid leave to address family and medical needs. First-time mothers who take paid maternity leave are more likely than mothers who do not to return to work – and to return to work for the same employer – after taking time to

⁴¹ Houser, L., & Vartanian, T. (2012, January). *Pay Matters: The Positive Economic Impact 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 24 July 2014, from http://www.nationalpartnership.org/site/DocServer/Pay_Matters_Positive_Economic_Impacts_of_Paid_Family_L.pdf?docID=9681

⁴² Ibid.

⁴³ Amnesty International. (2010). *Deadly Delivery: The Maternal Health Care Crisis in the USA*. Amnesty International Publication. Retrieved 24 July 2014, from <http://www.amnestyusa.org/dignity/pdf/DeadlyDelivery.pdf>

⁴⁴ Rynell, A. (2008, October). *Causes of Poverty: Findings from Recent Research*. Heartland Alliance Mid-America Institute on Poverty Publication. Retrieved 24 July 2014, from http://www.woodsfund.org/site/files/735/69201/260704/363127/causes-of-poverty_report_by_Heartland_Alliance.pdf

⁴⁵ Ryan, E. (2014, June 30). Family Caregivers at Work. *AARP Blog*. Retrieved 26 July 2014, from <http://blog.aarp.org/2014/06/30/family-caregivers-at-work/>

⁴⁶ See note 15.

⁴⁷ Ibid.

⁴⁸ Himmelstein, D. U., Thorne, D., Warren, E., & Woolhandler, S. (2009, August). Medical Bankruptcy in the United States, 2007: Results of a National Study (Table 2). *The American Journal of Medicine*, 122(8), 741-746. Retrieved 28 July 2014, from [http://www.amjmed.com/article/S0002-9343\(09\)00404-5/fulltext#sec2.1](http://www.amjmed.com/article/S0002-9343(09)00404-5/fulltext#sec2.1)

recover and care for their children.⁴⁹ Workers who are dealing with personal health issues or caring for a loved one are better able to stay employed when they have paid leave and other family friendly policies.⁵⁰

Retaining workers is cost-effective because of the high costs that employers shoulder as a result of employee turnover. Researchers recently surveyed 31 company and academic case studies that calculate direct and/or indirect turnover costs for a variety of occupations across industries and wage levels. For high-wage, high-skilled workers, including in fields like technology, accounting and law, turnover costs can amount to 213 percent of workers' salaries.⁵¹ 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 20 percent of workers' annual wages.⁵² 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;⁵³ indirect costs can arise from lost productivity leading up to and after employee separations, diminished output as new workers ramp up, reduced morale and lost institutional knowledge.⁵⁴

Studies from states with paid leave programs demonstrate the impact paid leave can have on retention, particularly among workers who were less likely to have paid leave before. In surveys conducted with California employers and employees several years after the state paid leave program was implemented, nearly 83 percent of workers in "lower-quality" jobs (those paying less than \$20 per hour without providing health insurance) reported returning to their employers after taking paid family leave, a 10-point improvement in retention over workers who did not take paid leave through the California program.⁵⁵

In addition, 90 percent or more of California employers that were surveyed reported positive effects on profitability, performance and morale, or reported no effects – meaning that the negatives that some employers feared (concerns about shifting work to others, losing productivity, abuse, etc.) never materialized.⁵⁶ New Jersey employers interviewed recently as part of a study about that state's paid family leave insurance program noted that paid leave

⁴⁹ Laughlin, L. (2011, December 7). Presentation to the National Partnership for Women & Families' Work-Life Lunch Group, Washington, D.C. Calculations based on U.S. Census Bureau Survey of Income and Program Participation, 2008 Panel, Wave 2. Data on file with the National Partnership for Women & Families.

⁵⁰ See note 15.

⁵¹ Boushey, H., & Glynn, S. (2012, November 16). *There Are Significant Business Costs to Replacing Employees*. Center for American Progress Publication. Retrieved 24 July 2014, from <http://www.americanprogress.org/wp-content/uploads/2012/11/CostofTurnover.pdf>

⁵² Ibid.

⁵³ 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; See also note 51.

⁵⁴ 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 50.

⁵⁵ Appelbaum, E., & Milkman, R. (2011). *Leaves That Pay: Employer and Worker Experiences with Paid Family Leave in California*. Center for Economic and Policy Research Publication. Retrieved 24 July 2014, from <http://www.cepr.net/documents/publications/paid-family-leave-1-2011.pdf>

⁵⁶ Ibid.

helped reduce stress and improve morale among workers taking leave, as well as among their co-workers.⁵⁷

C. Paid Leave Promotes Better Health and Well-Being for Working Families

When people have time to care for themselves and their loved ones without jeopardizing their ability to make ends meet and afford basic expenses, their health and well-being improves. Newborns whose mothers take at least 12 weeks of paid leave are more likely to be breastfed, receive medical checkups and get critical immunizations.⁵⁸ Neonatal mortality is reduced when parents have access to paid leave.⁵⁹ A recent review of international literature concludes that there are benefits for maternal health when fathers take paid leave, including a reduction in maternal illness and depression and an increase in well-being.⁶⁰

California's paid leave program has helped parents – particularly those in lower-quality jobs – learn to care for their children and to find outside child care. Ninety-one percent of parents in lower-quality jobs who took paid family leave through the state program reported a positive effect on their ability to care for their children, compared with 71 percent of parents in lower-quality jobs who did not use the state paid leave program. In addition, 72 percent of parents in lower-quality jobs who used state paid family leave reported a positive effect on their ability to arrange child care, compared to just half of those who did not use the state paid family leave program (49 percent).⁶¹

Paid leave has important benefits when family members are ill as well. When children are critically ill – whether at birth or later – the presence of a parent shortens a child's hospital stay by 31 percent.⁶² Active parental involvement in a child's hospital care may head off future health care needs and reduce costs.⁶³ Similarly, family caregivers with paid leave who care for an elderly loved one are better able to help loved ones recover from illness, fulfill treatment plans, and avoid complications and hospital readmissions, which can help lower health care costs and improve health outcomes.⁶⁴ Family caregivers themselves are also better able to care for themselves when workplace policies anticipate and are responsive to their needs.⁶⁵

⁵⁷ 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 25 July 2014, from <http://www.cepr.net/documents/nj-fli-2014-06.pdf>

⁵⁸ 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), F44.

⁵⁹ Ruhm, C. J. (2000). Parental leave and child health. *Journal of Health Economics*, 19(6), 931-960.

⁶⁰ See note 26.

⁶¹ See note 55.

⁶² 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.

⁶³ 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.

⁶⁴ See e.g., Institute of Medicine. (2008, April 11). *Retooling for an Aging America: Building the Health Care Workforce* (p. 254). Retrieved 28 July 2014, from <http://www.iom.edu/Reports/2008/Retooling-for-an-Aging-America-Building-the-Health-Care-Workforce.aspx>; Arbaje et al. (2008). Postdischarge Environmental and Socioeconomic Factors and the Likelihood of Early Hospital Readmission Among Community-Dwelling Medicare Beneficiaries. *The Gerontologist* 48(4), 495-504. Summary retrieved 24 July 2014, from <http://www.rwjf.org/grantees/connect/product.jsp?id=34775>

⁶⁵ Met Life Mature Market Institute. (2010). *MetLife Study of Working Caregivers and Employer Health Care Costs: New Insights and Innovations for Reducing Health Care Costs for Employers*. Retrieved 26 July 2014, from <https://www.metlife.com/assets/cao/mmi/publications/studies/2011/mmi-caregiving-costs-working-caregivers.pdf>

D. Paid Leave Impacts Government Revenues and Spending

Paid leave is a wise public investment. More people at work, earning higher wages, means more people paying taxes and contributing to Social Security and other key public programs. Guaranteeing paid leave to more workers would likely lead to reductions in government spending. An analysis of states with paid leave programs found that women in those states are less likely than women in other states to receive public assistance or food stamp income following a child's birth, particularly when they use their state paid leave program.⁶⁶

In short, all of the evidence reveals that paid leave leads to stronger families and a stronger nation.

IV. The Path Forward: Toward an America Where All Workers Have Access to Paid Family and Medical Leave

The big question is how we get from an America where just 12 percent of hardworking people have paid family and medical leave to one where all do, so that working women and men, whether they live in California, New Jersey or Rhode Island – North Carolina, Wyoming or Massachusetts – or any other state, have the financial stability and peace of mind they need when a new child arrives or a serious health issue arises.

A. Celebrate Paid Leave as a Win-Win for Businesses and Working Families; Create Resources for Employers

First, there are a growing number of leaders at businesses of all sizes, and across industries, who can discuss and provide data about the tremendous benefits that paid leave policies offer. There are also a number of organizations that study business practices. They promote the good examples that leading employers set and can provide tools to other employers that want to follow suit.

It is important to hear from employers who are already doing the right thing, like my co-panelists today, and many others. I'm thinking here of employers like Annette Bonilla from Environmental Services Associates (ESA), a medium-sized firm of 300 employees which is headquartered in California with offices in Oregon, Washington and Florida. ESA's employees gained access to paid family leave as a result of California's law. Ms. Bonilla says that the company has noticed the positive impact on her employees. In her words, "[W]e began to notice that our employees who took time off when a new baby arrived or when a serious illness struck were less stressed than those in similar circumstances working in our other states. Less stressed workers mean more productive workers. We want to see all of our employees thriving in the same way as their Californian counterparts."⁶⁷

⁶⁶ Includes states with both paid family leave and temporary disability insurance (personal medical leave) programs. Houser, L., & Vartanian, T. (2012, April). *Policy Matters: Public Policy, Paid Leave for New Parents, and Economic Security for U.S. Workers*. Center for Women and Work at Rutgers, The State University of New Jersey Publication. Retrieved 25 July 2014, from <http://smlr.rutgers.edu/cww-report-policy-matters>

⁶⁷ Better Workplaces, Better Businesses (n.d.). *Businesses Support the Family and Medical Insurance Leave Act*. Retrieved 25 July 2014, from <http://betterworkplaces.org/business-support-for-paid-family-medical-leave-family-act/>

It is important to use meetings of business leaders, business publications and less formal business-to-business mentorships as vehicles to help allay concerns and answer questions about how employers can address business or management issues that arise when employees take family and medical leave – for example, best practices in cross-training employees, re-assigning work or hiring temporary replacements to pitch in while permanent employees deal with family or medical issues. Employers like Ernst & Young, Redwoods Group and many others can offer valuable guidance and dispel myths for others who want to do right by their employees.

And we must also hear from families like Jeannine’s, who can attest to the difference paid leave makes. Any of us who have been lucky enough to work for an employer that offers paid leave knows firsthand its impact.

B. Encourage More State Innovation

The state paid leave programs in California, New Jersey and now Rhode Island have helped countless people care for their sons and daughters, fathers and mothers, husbands and wives. These programs also teach important lessons about program design, reveal employer best practices, dispel unfounded concerns, and encourage changes in the workplace and broader culture so that men are better able to participate in family care.⁶⁸

Federal programs can incentivize more state action. For example, the United States Department of Labor (DOL) is making available \$500,000 to be divided among up to five states to analyze paid leave options. My understanding is that the DOL is expected to receive applications from more states than it can fund. That \$500,000 should be a down payment on an appropriations request of \$5 million for a state paid leave fund, which was included in the President’s budget this year and in prior years and should be funded.

C. Adopt a National Paid Leave Standard

Ultimately, the positive experiences of employers and states must pave the way for a national paid family and medical leave standard. We must replace today’s patchwork of policies, in which people’s family and medical leave experiences are dictated by chance and too often fraught with hardships or simply nonexistent. Our nation urgently needs a system that affords working families the financial stability they deserve, and helps employers to build workforces that are committed, happy and productive. When we do that, our nation will benefit from stronger families and a stronger economy, and we will be better able to compete in the 21st century and beyond.

An effective national paid family and medical leave solution must have, at minimum, the following attributes:

⁶⁸ California’s experience with men filing paid family leave claims to care for new children is remarkable. In the first year of the program (2004-2005), men filed 17.3 percent of all baby bonding claims; in the most recent program year for which data are available (2013-2014), men filed 33.6 percent of baby bonding claims. See State of California Employment Development Department. (2014). *Paid Family Leave: 10 Years of Assisting Californians with Care*. Retrieved 26 July 2014, from http://www.edd.ca.gov/disability/pdf/Paid_Family_Leave_10_Year_Anniversary_Report.pdf (2004-05 data); State of California Employment Development Department. (n.d.). *State Disability Insurance (SDI) Statistical Information: Paid Family Leave (PFL) Program Statistics*. Retrieved 26 July 2014, from http://www.edd.ca.gov/disability/pdf/qspfl_PFL_Program_Statistics.pdf

First, it must make paid family and medical leave available to all workers, regardless of their employer's size, and whether they work full-time, part-time or are self-employed. It must reflect an aspiration that is core to the American Dream, that people should have the freedom and mobility to be able to seek better opportunities for themselves and their families without worrying about losing key paid family and medical leave protections when they move jobs or relocate to a new state. And it must do so at a wage replacement level that lets families meet basic expenses.

Second, it must reflect all the well-established reasons people need family and medical leave, including for caring for a new child, a loved one with a serious health condition, a worker's own serious health condition and for certain military family caregiving purposes; it must provide leave for an adequate length of time; and it must apply equally to women and men. It should recognize the Supreme Court's decision in *United States v. Windsor* when defining "spouse."⁶⁹

Third, it must protect workers against retaliation for needing or taking leave.

Fourth, it must be affordable for workers, cost-effective for employers, and offer efficiencies with existing employer and state-based programs. Benefit levels can be capped at reasonable dollar amounts to avoid unduly high payments for higher-wage workers.

Others features are critical, but these are among the most important.

* * *

We at the National Partnership for Women & Families applaud you, Chairman Hagan, and members of the committee for taking the time today to consider the immense benefits to families and businesses when working people have access to paid family and medical leave. Demographic and economic factors make it essential that we come to terms with the fact that our current patchwork of policies is not working.

I hope this hearing and other conversations in Congress and around the nation spark intensive efforts to craft paid leave solutions that will assure working people the security and stability they need when they 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. We look forward to working with you until we reach the day when all working families are assured that they are not one new baby or serious illness away from financial devastation. Thank you for your time and consideration.

⁶⁹ *United States v. Windsor*, 133 S.Ct. 2675 (2013); U.S. Department of Labor, Wage and Hour Division. (2014, June 27). *Notice of Proposed Rulemaking on the Family and Medical Leave Act*. Retrieved 25 July 2014, from <https://www.federalregister.gov/articles/2014/06/27/2014-14762/the-family-and-medical-leave-act>