TESTIMONY ON HB 988
FAMILY AND MEDICAL LEAVE INSURANCE PROGRAM - MODIFICATIONS

House Economic Matters Committee
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SUPPORT

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The Center for Law and Social Policy (CLASP) strongly supports HB 988, which updates the Family and Medical Leave Insurance (FAMLI) Program by specifying various aspects of programmatic implementation, administration, and the cost-sharing split.

Passing the Time to Care Act of 2022 last legislative session was a historic victory for all Marylanders - and it was just the first step in realizing paid family and medical leave in Maryland. The critical work to create and implement an accessible, equitable, and robust FAMLI program is the next major step in fulfilling the promise of the Time to Care Act of 2022, and the General Assembly still has a key role to play in this collective effort. Passing HB 988 will set important parameters for the FAMLI program, putting the program firmly on the path toward successful implementation.

CLASP is a national, nonpartisan, nonprofit advancing anti-poverty policy solutions that disrupt structural, systemic racism and remove barriers blocking people from economic justice and opportunity. With deep expertise in a wide range of programs and policy ideas, longstanding relationships with anti-poverty, child and family, higher education, workforce development, and economic justice stakeholders, and over 50 years of history, CLASP works to amplify the voices of directly-impacted workers and families and help public officials design and implement effective programs. CLASP also seeks to improve job quality for low-income workers. That includes increasing wages and providing access to paid sick days, paid family and medical leave, and stable work schedules. Quality jobs enable individuals to balance their work, school, and family responsibilities – promoting economic stability as well as career advancement.

In particular, HB 988 sets the contribution rate for the program with a cost-sharing split of 50 percent employees, 50 percent employers. This is fundamentally important, as it keeps the program affordable and equitable for both employers and employees. A 50/50 cost-sharing split is in line with most other states - including in Maryland’s neighboring state of Delaware - that have recently passed FAMLI programs. Other states with a cost-sharing split include Oregon and

Colorado. In New York and New Jersey, employers and employees share the cost of temporary disability insurance (TDI), which can be used for a worker's own off the job serious illness or injury. Washington and Massachusetts also share the cost of medical leave, which provides leave for a worker's own serious health condition.[1] Additionally, both Social Security and Medicare are funded through a 50/50 cost-sharing split between employees and employers.[2]

If a lopsided cost-sharing split is implemented, with employees paying more than employers, low-paid, part-time and precarious workers could be harmed. The FAMLI program currently requires employees to have worked at least 680 hours in the preceding 12 months to qualify for leave. Some lower paid workers - in jobs with unstable schedules that may prohibit them from working enough hours in a calendar year to qualify for the program - could be harmed if they pay into the program at higher rates, yet aren't eligible to access paid leave.

Maryland should be proud that it passed a strong and comprehensive paid family and medical leave program. The sponsor amendment to create a 50/50 cost-sharing split is vital to ensuring the program centers the needs of both employers and employees, especially workers earning low wages.

CLASP also supports the inclusion of domestic partners in the definition of "family members" in HB 988. This aligns with virtually every other state program.[3] Research shows that family structures are evolving and families today take many forms, including multi-generation families, mutli-national families, blended step families and LGBTQ families and close loved ones who are not biologically or legally related. It's critical that the FAMLI program is reflective of these structures so all working Marylanders have the ability to take the time to care for their loved ones. Many states also include the following language in the family definition: "an individual related to the employee by blood or affinity whose close association the employee shows to be the equivalent of those family relationships."[4] This recognizes extended relatives or loved ones who are like family, but not biologically or legally related to the worker.

Paid leave programs in other states have demonstrable benefits to workers and families, public health, the economy and business, and the FAMLI program is poised to confer these benefits on Marylanders.

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[1] A Better Balance. January 2023. Comparative Chart of Paid Family and Medical Leave Laws in the US. https://www.abetterbalance.org/resources/paid-family-leave-laws-chart/

[2] The Internal Revenue Service. January 30, 2023. Topic No. 751 Social Security and Medicare Withholding Rates. https://www.irs.gov/taxtopics/tc751#:~:text=The%20current%20tax%20rate%20for,employee%2C%20or%202.9%25%20total

[3] A Better Balance. January 2023. Comparative Chart of Paid Family and Medical Leave Laws in the US. https://www.abetterbalance.org/resources/paid-family-leave-laws-chart/

[4] Ibid.

Public Health benefits:

Paid leave is strongly linked with infant and maternal health. Researchers estimate that providing 12 weeks of paid leave, similar to the FAMLI program, would result in nearly 600 fewer infant deaths per year.[5] Similarly, paid leave reduces the odds of a new mother experiencing postpartum depressive symptoms.[6] New Jersey's paid leave program is also strongly associated with improvements in new mothers' physical health.[7]

State paid leave programs also increase economic security for new parents. Paid leave increases household incomes and reduces the likelihood that new mothers will experience poverty,[8] strengthening economic security for Maryland families. Parents are also significantly less likely to use the Supplemental Nutrition Assistance Program (SNAP) or other public support programs in the year after a child's birth.[9]

Marylanders who struggle with substance and opioid dependency need time to seek treatment, and paid leave programs allow individuals the paid time they need to improve their health and then return to the workforce as productive employees.[10] Access to comprehensive behavioral health treatment improves the public health and safety of all Marylanders.

Economic benefits:

Black and Latino workers are far more likely to forgo needed time off when they lack paid leave and take on more debt if they do take leave. Research finds that six out of 10 Black women either don't take leave or do so without pay, costing them $3.9 billion in lost wages each year. Black women's paid leave needs often go unmet, forcing them to make difficult choices between caring for a loved one or keeping their paycheck.[11] The FAMLI program will help advance racial equity and build economic security for workers of color.[12]

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[5] National Partnership for Women and Families. December 2018. The Child Development Case for a National Paid Family and Medical Leave Program. https://www.nationalpartnership.org/our-work/resources/economic-justice/paid-leave/the-child-development-case-for-a-national-paid-family-and-medical-leave-insurance-program.pdf

[6] Kornfeind, K. R., & Sipsma, H. L. 2018. Exploring the Link between Maternity Leave and Postpartum Depression. Women's Health Issues, 28(4), 321-326.

[7] Pal, I. 2016. Work, Family and Social Policy in the United States - Implications for Women's Wages and Wellbeing. Doctoral thesis, Columbia University. https://doi.org/10.7916/D87W6C74

[8] Stanczyk, A. 2019. Does Paid Family Leave Improve Household Economic Security Following a Birth? Evidence from California. Social Service Review, 93(2), 262-304. DOI: 10.1086/703138

[9] Houser, L., & Vartanian, T. P. January 2012. 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. https://www.nationalpartnership.org/our-work/resources/economic-justice/other/pay-matters.pdf

[10] National Partnership for Women and Families. 2017. Treatment for Drug Use and the Need for Paid Family and Medical Leave. https://www.nationalpartnership.org/our-work/resources/economic-justice/paid-leave/treatment-for-drug-use-and-the-need-for-paid-family-and-medical-leave.pdf

[11] https://www.americanprogress.org/article/black-women-need-access-to-paid-family-and-medical-leave/

[12] Maryland Center on Economic Policy. 2022. The Time to Care Act Is a Huge Win for Maryland Workers and Families. https://www.mdeconomy.org/the-time-to-care-act-is-a-huge-win-for-maryland-workers-and-families/

Studies show that paid leave programs have a substantial impact on increasing women's labor force participation.[13] Despite recent gains in women's labor force participation, rates haven't returned to pre-pandemic levels. Over 600,000 women are still missing from the labor force.[14] Paid leave can help reverse the economic fallout of women leaving the labor force due to caregiving needs.

Benefits to Business:
Employee turnover is estimated to cost businesses 20 percent of an employee's annual salary. When workers don't have access to paid leave, they are more likely to need to leave their jobs for medical or caregiving reasons. Paid leave reduces turnover costs and improves employee retention.[15] Paid leave programs also increase worker productivity. In California, nearly 90 percent of businesses surveyed about the effects of the paid leave program said that the program had either a positive effect on productivity or no noticeable effect.[16] Reduced employee turnover and increased worker productivity is good for the bottom line of all Maryland employers.

Paid leave also helps small businesses compete with larger businesses. Small businesses often have trouble matching the more robust paid leave benefits offered by larger employers – potentially creating a hiring and retention challenge. When all employers must abide by the same rules, the playing field is more level. In California, all sized employers report positive program outcomes overall, while small businesses (fewer than 50 employees) report more positive or neutral outcomes than larger businesses (100+ employees).[17]

The United States is the only industrialized nation that does not offer paid family leave, and Maryland's FAMLI program makes it one of only 11 states plus Washington D.C. that provide or will soon provide paid family leave.[18] The FAMLI program heightens Maryland's competitiveness both within the county and across the world.

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[13] Institute for Women's Policy Research. January 2020. Paid Family Leave Increases Mothers' Labor Market Attachment. https://iwpr.org/iwpr-iss ues/esme/paid-family-leave-increases-mothers-labor-market-attachment/

[14] National Women's Law Center. January 6, 2023. While Overall Unemployment Rate Edges Down, Rates Increase for Black Women and Latinas. https://nwlc.org/resource/while-overall-unemployment-rate-edges-down-rates-increase-for-black-women-and-latinas/

[15] Boushey, H., & Glynn, S. J. November 16, 2012. There Are Significant Business Costs to Replacing Employees. Center for American Progress. https://cdn.americanprogress.org/wp-content/uploads/2012/11/CostofTurnover.pdf

[16] Milkman, R., & Appelbaum, E. 2014. Low-Wage Workers and Paid Family Leave: The California Experience. What Works for Workers?: Public Policies and Innovative Strategies for Low-Wage Workers (p. 305). New York: Russell Sage Foundation Publications.

[17] Milkman, R., & Appelbaum, E. January 19, 2011.Paid Family Leave Pays Off in California. Harvard Business Review. http://blogs.hbr.org/2011/01/paid-family-leave-pays-off-in/

[18] Organisation for Economic Co-operation and Development. December 2022. PF2.1 Key characteristics of parental leave systems. https://www.oecd.org/els/soc/PF2_1_Parental_leave_systems.pdf

Maryland should be proud of establishing the FAMLI program in 2022 and the positive impact it will have on Marylanders. It's now critical to lay the groundwork for an equitable and accessible implementation process to ensure all Marylanders can benefit from the program.

CLASP appreciates your consideration and strongly urges a favorable report on HB 988.