

Statement for the Record

U.S. Senate Committee on Finance "Exploring Paid Leave: Policy, Practice, and Workforce" October 25, 2023

Dear Chairman Wyden, Ranking Member Crapo, and Members of the Committee:

Thank you for convening the first ever Senate Finance Committee hearing on paid family medical leave. The Center for Law and Social Policy (CLASP) is grateful for the opportunity to submit this statement for the record to the Senate Finance Committee on "Exploring Paid Leave: Policy, Practice, and Impact on the Workforce."

CLASP is a national, nonpartisan, nonprofit advancing anti-poverty policy solutions that disrupt structural and systemic racism and sexism and remove barriers blocking people from economic security 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, including labor unions and worker centers, 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 seeks to improve the quality of jobs for low-income workers, especially workers of color, women, immigrants and youth. Our work includes working with policymakers to raise wages, increase access to benefits, implement and enforce new and existing labor standards, and ensure workers can strengthen their voice through collective bargaining. Quality jobs enable workers to balance their work, school, family, religious, community, and other responsibilities—promoting economic wellbeing and strengthening our society.

Almost all working people will experience a caregiving need at some point in their lives, whether they are in need of care or need to care for a close family member. Despite this nearly universal need, the U.S. does not guarantee working people any paid time away from work, and many workers aren't even entitled to unpaid leave. In the absence of a federal policy, 14 states, including Washington, DC, have established state family and medical leave programs. Under these state programs, working people can take time away from work to care for a new child, a seriously ill loved one, or recover from a medical illness or injury, and receive a portion of their income. State programs demonstrate the numerous employment, income and health impacts paid family and medical leave can have on families, and how it can help strengthen families and businesses. The state programs also provide tested models for how to create and administer a federal paid leave program.

The State of Paid Leave in the US

The U.S. remains the only Organization for Economic Development (OECD) member country without even a paid *parental* leave program.¹ According to the U.S. Bureau of Labor Statistics (BLS), only 27 percent of U.S. workers have access to paid family (including parental) leave through their employers, leaving 106 million workers without pay when caring for a new child, aging parent or sick family member.² The situation is more pronounced for workers paid low-wages. While 48 percent of the highest-paid workers have access to paid family leave, only 6 percent of the lowest paid workers have access.³ Similar inequities are generally true for access to paid medical leave, typically through employer-provided temporary disability insurance (TDI). Sixty-five percent of the highest paid workers have access to paid medical leave through an employer provided TDI plan, while only 10 percent of the lowest paid workers have access.⁴

While the data doesn't break out access by gender or race and ethnicity, occupational segregation means women of color are disproportionately likely to work in low-paid jobs,⁵ so this data suggests gender and racial inequities in access to paid leave are likely. Additionally, due to gendered caregiving norms, women bear a disproportionate share of family caregiving responsibilities,⁶ compounding the impact that the lack of paid leave has on women and their families.

The Family and Medical Leave Act (FMLA) provides unpaid, job-protected leave to millions of working people for family caregiving or medical needs. While passage of the FMLA was a monumental achievement for its time, coverage and eligibility restrictions mean that over 40 percent of the workforce are excluded from its protections.⁷ Since the FMLA guarantees only *un*paid leave, it's inaccessible to the millions of low-paid workers who can't afford to lose their paychecks for any period of time.

It's important to note that working people in the U.S. are not guaranteed paid sick leave either. According to the BLS, 78 percent of private sector workers have access to paid sick leave. Among the lowest paid workers, only 39 percent have access, compared to 96 percent of the highest paid workers.⁸

The Consequences a Lack of Paid Leave has on Women and Families

Without access to paid leave, workers are forced to return to work instead of taking care of their health or their loved ones, while others receive and provide care at the cost of their economic security. This

¹ "PF2.1. Parental leave systems," Organisation for Economic Co-operation and Development, last accessed Oct. 2023 <u>https://www.oecd.org/els/soc/PF2_1_Parental_leave_systems.pdf</u>.

 ² "Employee Benefits in the United States, March 2023," U.S. Bureau of Labor Statistics, Sept. 2023, <u>https://www.bls.gov/ebs/publications/employee-benefits-in-the-united-states-march-2023.htm#Overview</u>.
³ Ibid.

⁴ Ibid.

⁵ Jessica Mason and Katherine Gallagher Robbins, "Women's Work Is Undervalued, and It's Costing Us Billions" National Partnership for Women and Families, Sept. 2023,

https://nationalpartnership.org/wp-content/uploads/2023/04/womens-work-is-undervalued.pdf.

⁶ Sarah Jane Glynn, "An Unequal Division of Labor," Center for American Progress, May 2018, <u>https://www.americanprogress.org/article/unequal-division-labor/</u>.

⁷ "Employee and Worksite Perspectives of the Family and Medical Leave Act: Results from the 2018 Surveys," Abt Associates, July 2020,

https://www.dol.gov/sites/dolgov/files/OASP/evaluation/pdf/WHD_FMLA2018SurveyResults_FinalReport_Aug2020.pdf. ⁸ "Employee Benefits in the United States," 2023.

impossible choice often leads to work and income instability, or worse. The scope of unmet leave extends beyond the workplace—not taking needed leave can lead to compounding health and financial costs.

Economic Insecurity

Research from the Urban Institute finds that access to paid leave is lowest among workers with the greatest needs, including workers of color, and part-time and hourly workers. While 72 percent of white workers surveyed have access to paid leave, only 58 percent of Latinx and 67 percent of Black workers have access.⁹

Some part-time workers work part-time involuntarily due to a lack of full-time jobs, earning less income than they would prefer. Part-time jobs offer relatively lower hourly wages and benefits and have more variable and unpredictable work schedules, resulting in incomes that can fluctuate weekly.¹⁰ Some employers—especially in the service sector—are reluctant to offer full-time positions. Instead, they hire multiple part-time staff so they can adjust staffing on short notice and reduce wage costs. As a result, many part-time workers are denied opportunities to advance into full-time jobs where access to paid leave may be greater.¹¹

The Center for American Progress estimates that the total cost to workers due to a lack of access to comprehensive paid family and medical leave and affordable child care is \$31.9 billion in annual lost wages: \$9.4 billion in lost wages due to child care challenges and \$22.5 billion in lost wages due to a lack of paid family and medical leave.¹²

While the need for paid leave stretches across race, ethnicity and gender, the impacts are not borne equally. Working mothers play a critical role in their families' economic security, and women of color are more likely to have an outsized role. The vast majority of Black mothers—68 percent—are primary breadwinners¹³ and are also most likely to be pushed into industries that pay low wages.¹⁴ The compounding impacts of systemic racism and sexism means that women of color face the most dire consequences of unmet need for leave. Six out of ten Black women—who are disproportionately primary breadwinners—either don't take leave or do so without pay, costing them an estimated \$3.9 billion in lost wages *each year*. Overall, 5.9 million leaves are needed but not taken by women each year.¹⁵

⁹ Chantel Boyens, Michael Karpman, and Jack Smalligan, "Access to Paid Leave Is Lowest among Workers with the Greatest Needs," Urban Institute, July 2022,

https://www.urban.org/research/publication/access-paid-leave-lowest-among-workers-greatest-needs.

¹⁰ Lonnie Golden and Jaeseung Kim, "Underemployment Just Isn't Working for U.S. Part-Time Workers," Center for Law and Social Policy, May 2020,

https://www.clasp.org/publications/report/brief/underemployment-just-isnt-working-us-part-time-workers/#:~:text=Thus%2C% 20about%20one%20in%20every.harms%20of%20more%20widespread%20underemployment.

¹¹ Daniel Schneider and Kristen Harknett, "Working in the Service Sector in Connecticut, The Shift Project, March 2018, <u>https://shift.hks.harvard.edu/working-in-the-service-sector-in-connecticut</u>.

¹² Sarah Jane Glynn, "The Rising Cost of Inaction on Work-Family Policies," Center for American Progress, Jan. 2020, <u>https://www.americanprogress.org/article/rising-cost-inaction-work-family-policies/</u>.

¹³ Sarah Jane Glynn, "Breadwinning Mothers Are Critical to Families' Economic Security," Center for American Progress, Mar. 2021,

https://www.americanprogress.org/article/breadwinning-mothers-critical-familys-economic-security/.

¹⁴ Sarah Jane Glynn, "Breadwinning Mothers Continue to be the U.S. Norm," Center for American Progress, May 2019, https://www.americanprogress.org/article/breadwinning-mothers-continue-u-s-norm/.

¹⁵ Jessica Milli, Jocelyn Frye, and Maggie Jo Buchanan, "Black Women Need Access to Paid Family and Medical Leave, Center for American Progress, Mar. 2022,

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

Maternal Health Crisis

The inability to take leave also results in serious health complications that jeopardize the lives of pregnant people. One in four U.S. employed mothers return to work within two weeks of giving birth,¹⁶ forcing back into the workplace mothers who are exhausted from a major medical event—and who may have trouble walking up stairs or standing for long periods of time—or who have wounds that are still stitched and healing. The U.S. has the highest maternal mortality rate of any OECD country, averaging over three times the rate of most other high-income countries.¹⁷ According to the Centers for Disease Control, 53.3 percent of pregnancy-related deaths occur between 7 days and one year postpartum, and over 80 percent of all pregnancy-related deaths are preventable.¹⁸ Moreover, the U.S. continues to face a harrowing Black maternal mortality crisis—Black women are three times more likely to experience fatal outcomes from pregnancy-related complications than white women.¹⁹ Reflecting the impact of racism in our health care system and beyond, maternal mortality rates for Black women increased 87 percent from 2018 to 2021.²⁰

Paid Leave Can Lead to Positive Health Outcomes

It's critical we deploy all the tools necessary to protect maternal and infant health, including guaranteed paid leave to recover from childbirth and bond with a new child. Without a federal guarantee to paid family and medical leave, the vast majority of people giving birth lack the ability to take time off to heal after delivery and care for themselves and their newborn. The postpartum period brings with it emotional changes, recovery from birth, and the challenges of caring for an infant that can all feel overwhelming.²¹

Research suggests that paid parental leave improves maternal mental and physical health.²² Paid parental leave is associated with a decline in depressive symptoms, a reduced likelihood of severe depression, as well as improvement in overall maternal health,²³ and lowered rates of hospital admissions for mental health conditions.²⁴ Federal action to ensure all workers have access to paid family leave is critical to

 ¹⁶ Pronita Gupta, "Statement of Pronita Gupta Testimony Before the U.S. House of Representatives Committee on Ways and Means "Paid Family and Medical Leave: Helping Workers and Employers Succeed" Center for Law and Social Policy, May 2019, <u>https://www.clasp.org/wp-content/uploads/2022/04/20192005200820Pronita20Gupta20PFML20testimony20.pdf</u>.
¹⁷ Munira Z. Gunja, Evan D. Gumas, and Reginald D. Williams II, "U.S. Health Care from a Global Perspective, 2022:

Accelerating Spending, Worsening Outcomes," The Commonwealth Fund, Jan. 2023,

https://www.commonwealthfund.org/publications/issue-briefs/2023/jan/us-health-care-global-perspective-2022. ¹⁸ Susanna Trost, Jennifer Beauregard, Gyan Chandra, et. al, "Pregnancy-Related Deaths: Data from Maternal Mortality Review Committees in 36 US States, 2017–2019" Center for Disease Control and Prevention, last reviewed Sep. 2022, https://www.cdc.gov/reproductivehealth/maternal-mortality/erase-mm/data-mmrc.html.

¹⁹ "Working Together to Reduce Black Maternal Mortality," Center for Disease Control and Prevention, last reviewed Apr. 2023, <u>https://www.cdc.gov/healthequity/features/maternal-mortality/index.html</u>.

²⁰ Donna L. Hoyert, Maternal Mortality Rates in the United States, 2021, Center for Disease Control and Prevention, last reviewed Mar. 2023,

https://www.cdc.gov/nchs/data/hestat/maternal-mortality/2021/maternal-mortality-rates-2021.htm#anchor_1559670130302. ²¹ "A Mother's Guide to the Fourth Trimester," Columbia University Irving Medical Center, Nov. 2021, https://www.cuimc.columbia.edu/news/mothers-guide-fourth-trimester#:~:text=The%20fourth%20trimester%E2%8 0%94the%2012,mothers%20need%20it%20the%20most.

²² Sarah Coombs, "Paid Leave is Essential for Healthy Moms and Babies," National Partnership for Women and Families, 2021, <u>https://nationalpartnership.org/wp-content/uploads/2023/02/paid-leave-is-essential-for-healthy-moms-and-babies.pdf</u>.

²³ Pinka Chatterji and Sarah Markowitz, "Family leave after childbirth and the mental health of new mothers," Journal of Mental Health Policy and Economics, Jun 2012, 15(2):61-76, <u>https://pubmed.ncbi.nlm.nih.gov/22813939/</u>.

²⁴ "Parental Leave Brings Mental Health Benefits, Especially for Mothers," American Psychiatric Association, Jan. 2023, https://www.psychiatry.org/News-room/APA-Blogs/Parental-Leave-Mental-Health-Benefits#:~:text=Benefits%20of%20Parent. al%20Leave&text=Longer%20parental%20leave%20was%20associated,longer%20leave%2C%20paid%20or%20unpaid.

address the alarming rates of maternal health concerns, the related maternal mortality rates, and the disproportionate harm borne by Black women and families.

Improving parental outcomes can also lead to better health outcomes for infants. The early years of a child's life are shown to have significant future learning, behavior and health impacts. This time period is critical for a child's development, and research demonstrates that positive interactions with caregivers during these years can produce long-term benefits for children, families and society.²⁵

Paid Leave is Good for the Economy

Peer countries like Canada, Germany, and the United Kingdom, provide working people with paid family leave.²⁶ The National Partnership for Women and Families estimated that if labor force participation for American prime-age women – those aged 25 to 54 - was at rates similar to those of women in those counties, there would have been up to 4.85 million more women in the workforce in 2021. That amounts to \$237 billion in lost wages per year for women and families, and \$650 billion per year to the economy overall – 2.9 percent of total GDP.²⁷

Evidence from states with paid leave programs shows us that access to comprehensive paid leave is essential to maintaining economic stability for families in the midst of health crises and life changes. For example, in California, the paid family leave program has increased labor force attachment and long-term wages for households with lower incomes.²⁸ Access to paid leave in California has also lowered the risk of poverty among mothers of infants by 10.2 percent and increased household income for those mothers by 4.1 percent.²⁹

Paid Leave is Good for Business

Paid family and medical leave is good for businesses. Paid leave can help lower turnover costs through greater retention, and increase worker morale and business productivity. In California, 93 percent of employers reported that leave had a positive or neutral effect on employee turnover, while also seeing increased productivity (89 percent) and boosted employee morale (99 percent).³⁰ Additionally, firm-level analysis of employers in California before and after paid family leave was implemented confirmed that for the average firm, wage costs had not increased.³¹ In New Jersey, employers noted that the state paid

https://nationalpartnership.org/wp-content/uploads/2023/02/cost-of-inaction-lack-of-family-care-burdens-families.pdf.

https://www.journals.uchicago.edu/doi/abs/10.1086/703138?journalCode=ssr.

²⁵ "In Brief: The Science of Early Childhood Development," Center on the Developing Child, Harvard University, Mar. 2007, https://developingchild.harvard.edu/resources/inbrief-science-of-ecd/.

²⁶ PF2.1. Parental leave systems, 2023.

²⁷ Amanda Novello, "The Cost of Inaction: How a Lack of Family Care Policies Burdens the U.S. Economy and Families," National Partnership for Women and Families, Jul, 2021,

²⁸ Ann Bartel, Charles Baum, Maya Rossin-Slater, Christopher Ruhm, and Jane Waldfogel, "California's Paid Family Leave Law: Lessons from the First Decade," U.S. Department of Labor, Jun. 2014,

https://www.dol.gov/sites/dolgov/files/OASP/PaidLeave-California_2014.pdf.

²⁹ Alexandra Boyle Stancyk, "Does Paid Family Leave Improve Household Economic Security Following a Birth? Evidence from California," *Social Service Review*, Vol. 93, No. 2, Jun. 2019,

³⁰ Eileen Appelbaum and Ruth Milkman, "Leaves That Pay: Employer and Worker Experience with Paid Family Leave in California." Center for Economic and Policy Research, 2011,

https://cepr.net/documents/publications/paid-family-leave-1-2011.pdf

³¹ Kelly Bedard and Maya Rossin-Slater, "The Economic and Social Impacts of Paid Family Leave in California: Report for the California Employment Development Department," California Employment Development Department, Oct. 2016, https://edd.ca.gov/siteassets/files/disability/pdf/PFL_Economic_and_Social_Impact_Study.pdf.

leave program helped decrease stress and improve morale among employees who took leave and their co-workers.³² The Federal Employees Paid Leave Act, which provides up to 12 weeks of paid parental leave to gualifying federal employees, is anticipated to save the federal government \$50 million annually in costs related to employee turnover.³³

Paid family and medical leave also helps level the playing field between small businesses and larger firms. Small businesses may have trouble matching more generous leave benefits offered by larger employers, potentially putting them at a hiring disadvantage. A federal paid leave program would help small businesses provide this critical benefit, without having to shoulder the entire cost.

In states with paid leave, small businesses have adapted well to new programs. The California Society for Human Resource Management, which initially opposed the law, stated that it is less onerous than expected, and few businesses reported challenges resulting from workers taking leave.³⁴ In New Jersey, a survey conducted for the New Jersey Business and Industry Association found that businesses of all sizes had little trouble adjusting to the paid leave law.³⁵ In New York, a survey among businesses with fewer than 100 employees, found that the majority were supportive of the paid family leave program. The program also led to an increase in employers' ease of handling long employee absences.³⁶

Why We Need a Federal Paid Leave Social Insurance Program

The state paid leave programs offer tested models on how to create a comprehensive, equitable federal paid family and medical leave program. A federal paid leave program should include the following components:

- Provide twelve weeks of paid leave to address the full range of serious personal and family • medical and caregiving needs people experience. This includes being able to heal from a serious personal medical condition, and care for a seriously ill loved one or a new child. Treating all of the caregiving needs people have minimizes the risk of unintended consequences with respect to gender or age discrimination. This is particularly vital for women of color who are less likely to have meaningful paid leave provided by employers but are more likely to take on family caregiving responsibilities.
- **Cover all working people.** A federal program should cover all workers, whether full-time or • part-time; in the private, non-profit, or public sector; traditional employees, self-employed and

³² Sharon Lerner and Eileen Appelbaum, "Business As Usual: New Jersey Employers' Experiences with Family Leave Insurance," Center for Economic and Policy Research, Jun. 2014, http://www.cepr.net/documents/nj-fli-2014-06.pdf.

³³ Kevin Miller, Allison Suppan Helmuth, and Robin Farabee-Siers, "The Need for Paid Parental Leave for Federal Employees: Adapting to a Changing Workforce," Institute for Women's Policy Research, Nov. 2020, https://iwpr.org/wp-content/uploads/2020/11/FEPPLAExecSumm.pdf.

³⁴ Jennifer Redmond and Evgenia Fkiaras, "California's Paid Family Leave Act Is Less Onerous Than Predicted," Society for Human Resources Management Publication, Jan. 2010,

https://www.sheppardmullin.com/media/article/809 CA%20Paid%20Family%20Leave%20Act%20Is%20Less%20Onerous%2 0Than%20Predicted.pdf.

³⁵ Mirian Ramirez, "The Impact of Paid Family Leave on New Jersey Businesses," New Jersey Business and Industry Association and Bloustein School of Planning and Public Policy at Rutgers University, 2012, http://bloustein.rutgers.edu/wp-content/uploads/2012/03/Ramirez.pdf.

³⁶ "Paid Family Leave: 2018 Year in Review," Office of the Governor of New York, 2018, https://www.governor.nv.gov/sites/default/files/atoms/files/PFL_EOYReport_2018_FINAL.pdf

independent workers; younger workers; people with intermittent work histories; and people with limited earnings but recent attachment to the labor force.

- **Provide progressive wage replacement.** Replacing up to 100 percent of wages for low-paid workers and a high share of wages, for middle-wage workers, using a sliding scale for wage replacement, is critical to ensure the program is accessible. Workers in the lowest paid jobs are least likely to have access to any paid leave and most in need of a federal program, but the least likely to be able to afford to take leave if it requires taking a pay cut. Too-low wage replacement may also reinforce gender and racial disparities in leave-taking.
- Include family caregiving rules that reflect the diversity of caregiving relationships people have. Virtually all states with paid leave programs now provide paid leave for workers to care for loved ones beyond immediate family and several include family members related by affinity as well as blood.
- Ensure that paid leave is job protected. Working people must feel secure using the paid leave that is available without risking job loss. There must also be robust anti-retaliation protections in place. This is especially important in any system that is funded fully or partially through worker contributions to ensure workers can access benefits they've paid for in part or whole.
- Harmonize federal and state programs' administration. Workers in states where paid leave is available and either equal to or more generous than a federal program can maintain the value of their state policies and state benefit administration. Federal legislation should provide states the time and financial resources they need to adapt their existing programs to a new federal landscape.
- **Include sufficient resources for implementation**. This includes funding for education and outreach about the program, research and evaluation, and enforcement so that the promise of the program can be realized. State paid leave experience underscores the importance of continued investments in ensuring people understand and can use the benefits available. It's also critical to measure and analyze the way benefits are administered and delivered to ensure equitable utilization.

The FAMILY Act

A state by state approach to providing paid family and medical leave means that millions of families remain without this critical protection. The majority of Black Americans live in Southern states, which—due to nearly universal Republican control of state legislatures—will not soon enough pass a statewide paid family and medical leave program.³⁷

It's critical that Congress pass a comprehensive paid family and medical leave plan. The Family and Medical Insurance Leave (FAMILY) Act, recently reintroduced by Senator Kirsten Gillibrand (D-NY) and Representative Rosa DeLauro (D-CT) builds off of the hard-won victories and lessons of the state programs. It provides the majority of workers in the U.S. access to up to 12 weeks of job- protected paid family and medical leave. Workers would be able to take paid leave to address their own serious health

³⁷ Christine Tamir, "The Growing Diversity of Black America," Pew Research Center, Mar. 2021, https://www.pewresearch.org/social-trends/2021/03/25/the-growing-diversity-of-black-america/.

needs, which research shows is the most common reason workers use leave;³⁸ care for a seriously sick family member; bond with a new child; or address the impact of military deployment. It also provides "safe leave"—time to deal with the impact of sexual or domestic violence.³⁹

It's time for Congress to act and provide all workers in all states with 12 weeks of paid family and medical leave to care for a new child, a seriously ill loved one, or their own serious health condition. We thank you for holding a hearing on this important topic and for the opportunity to submit this written statement. If you have any questions regarding this topic, please contact Sapna Mehta, Senior Policy Analyst with the Education, Labor & Worker Justice Team at CLASP, at <u>smehta@clasp.org</u>.

Sincerely,

Sapna Mehta Senior Policy Analyst Center for Law and Social Policy <u>smehta@clasp.org</u>

³⁸ Scott Brown, Jane Herr, Radha Roy, and Jacob Alex Klerman, "Employee and Worksite Perspectives of the FMLA Employee Leave-Taking Patterns," Abt Associates, Jul. 2021,

https://www.dol.gov/sites/dolgov/files/OASP/evaluation/pdf/WHD_FMLA2018PB2LeaveTaking_StudyBrief_Aug2020.pdf. ³⁹ "Americans Need Access to Paid Safe Leave," Futures Without Violence and National Partnership for Women and Families, May 2023, https://policy.futureswithoutviolence.org/wp-content/uploads/2023/05/Futures.NPWF-Fact-Sheet-5.12.23.pdf.