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INVESTING IN THE FUTURE OF THE FEDERAL WORKFORCE: PAID PARENTAL LEAVE IMPROVES RECRUITMENT AND RETENTION

JOINT HEARING

BEFORE THE

SUBCOMMITTEE ON FEDERAL WORKFORCE, POSTAL SERVICE, AND THE DISTRICT OF COLUMBIA

OF THE

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

AND THE

JOINT ECONOMIC COMMITTEE
HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

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INVESTING IN THE FUTURE OF THE FEDERAL WORKFORCE: PAID PARENTAL LEAVE IMPROVES RECRUITMENT AND RETENTION

THURSDAY, MARCH 6, 2008

HOUSE OF REPRESENTATIVES, SUBCOMMITTEE ON FEDERAL WORKFORCE, POSTAL SERVICE, AND THE DISTRICT OF COLUMBIA, COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM, JOINT WITH THE JOINT ECONOMIC COMMITTEE,

Washington, DC.

The subcommittees met, pursuant to notice, at 9:30 a.m., in room 2154, Rayburn House Office Building, Hon. Danny K. Davis (chairman of the Federal Workforce, Postal Service, and the District of Columbia Subcommittee) presiding.

Present: Representatives Davis of Illinois, Marchant, Maloney, and Sarbanes.

Staff present from the Federal Workforce, Postal Service, and the District of Columbia Subcommittee: Tania Shand, staff director; Lori J. Hayman, counsel; Mason Alinger, minority legislative director; Alex Cooper, minority professional staff member; and LaKeshia N. Myers, clerk.

Staff present from the Joint Economic Committee: Nan Gibson, deputy staff director; Stephanie Dreyer, policy analyst; and Heather Bouchey, senior economist.

Mr. DAVIS OF ILLINOIS. The subcommittees will come to order.

This is an hearing entitled, "Investing in the Future of the Federal Workforce: Paid Parental Leave to Improve Recruitment and Retention."

I want to welcome Vice Chair Maloney, Ranking Member Marchant, members of the subcommittee and members of the Joint Economic Committee, hearing witnesses and all of those in attendance. I welcome you to the Federal Workforce, Postal Service, and the District of Columbia Subcommittee and Joint Economic Committee Hearing entitled, "Investing in the Future of the Federal Workforce: Paid Parental Leave to Improve Recruitment and Retention."

The purpose of the hearing is to examine the merits of the Federal Employees Paid Parent Leave Act of 2007, H.R. 3799, which provides that all Federal employees receive 8 weeks of full pay and benefits for leave taken for the birth or adoption of a child.

Hearing no objection, the Chair, Vice Chair, ranking member and subcommittee members will each have 5 minutes to make opening

statements, and all Members will have 3 days to submit statements for the record. I will begin with mine.

Members of the subcommittee, members of the Join Economic Committee, especially Vice Chair Carolyn Maloney, and hearing witnesses, welcome to the subcommittee's joint hearing on paid parental leave for Federal employees.

Today's hearing will examine the merits of H.R. 3799, the Federal Employees Paid Parental Leave Act of 2007, the act introduced by Vice Chair Carolyn Marilyn. The act provides that all Federal employees receive 8 weeks of full pay and benefits for leave taken for the birth or adoption of a child.

The issue of parental leave is an important one, and I am pleased to be a cosponsor of this legislation.

The United States is far behind the world in offering paid leave for parents: 168 countries offer guaranteed paid leave to women in connection with childbirth; 98 of these countries offer 14 or more weeks paid leave. The United States guarantees no paid leave for mothers in any segment of the work force.

The Family Medical Leave Act, enacted in 1993, added 12 weeks of job-protected leave for the birth or adoption of a child. While this unpaid leave has helped millions of families, many employees have been unable to take time off to care for a new child or a seriously ill loved-one, because they cannot afford the lost pay.

H.R. 3799 remedies this problem for Federal employees and will bring the United States in line with the rest of the world.

The United States is supposed to be a world leader. In this area, we have been followers. It is time for us to catch up and provide paid family leave for Federal employees.

During the markup of H.R. 3799, I will offer an amendment that directs the Government Accountability Office to study the feasibility of providing a disability insurance benefit to Federal employees. The disability insurance benefit, excluding paternal leave, would include paid time off for Federal employees caring for a spouse, child or parent that has a serious health condition and cannot care for themselves and/or a Federal employees that has a serious health condition that renders him or her unable to perform their job functions.

GAO would also analyze disability insurance benefits that are currently being offered by States, local governments and the private sector.

Today, I will introduce legislation that will extend the maximum age to quality for coverage for dependents under the Federal Employees Health Benefits Program from age 22 to age 25. Young adults are the fastest growing age group among the uninsured.

While the current law provides health insurance until age 22, studies such as the one done by the Commonwealth Edison Fund, which is an organization that aims to promote a high performing healthcare system in the United States, found that college-educated or not, 22 year olds face waiting periods, temporary positions and lower wage jobs as they enter the job market. Healthcare is not available to them at a price they can afford.

Several States have enacted new legislation to avert this health crisis.

Providing Federal employees with paid parental leave and raising the maximum age to quality for the FEHBP from 22 to 25 will increase worker morale and improve productivity by creating a more family friendly environment for Federal employees.

I thank all of you for being here today and look forward to the witness testimonies.

I now yield to the Vice Chair of the Joint Economic Committee, Mrs. Maloney.

Mrs. MALONEY. Thank you so much, Chairman Davis, for holding this hearing on this incredibly important issue and, ranking member, we thank you.

Danny and I have a long history of successes, first with the census. We worked hand in glove to get a more accurate count and later with the Postal Bill that took us maybe 10 years to pass. It just never seemed to get done, but we did get a balanced and fair bill passed.

I hope that our success will be a winning streak on this, and we will be able to report this out of the committee and pass it and get this important issue into the lives of Federal employees and their families.

I do want to thank the witnesses for being here to testify today.

Very clearly, I know all of us understand that the American workplace has not kept pace with the changing needs of workers and families. Both Ozzie and Harriet go to work now. So most families no longer have a stay at home parent to care for a new child, and they can't afford to forego pay for any length of time.

Experts in child development tell us that mothers need time to recover from childbirth and that mothers and fathers alike need time to care for and bond with their new baby.

All Americans have the right to job-protected leave under the Family and Medical Leave Act. I must say that was the first bill I voted for in 1993 when I came here as a new Member of Congress. Yet, very little since then has passed to help parents balance work and family. For a country that talks about family values, we should be doing more to help our hardworking men and women.

I just feel very strongly about this. When I was expecting my first child, I was working for the State of New York, and I called them up and I asked them about their leave policies. They told me, and this is a true story. They said, we don't have any leave policies. Women just leave.

There was no consideration, no Family and Medical Leave. You just left.

She said, maybe you should apply for disability.

Well, pregnancy is not disability, and I would never do that for pregnancy.

But, in any event, many women have been afraid of losing their jobs because of doing the wonderful thing of having a child, and the United States is very, very far behind the rest of the world. We are the only industrialized country that does not ensure paid family leave for all our workers.

In fact, a recent report by the Government Accountability Office that I requested shows that the United States lags far behind other industrialized countries in providing policies that help families bal-

ance the competing demands of work and family responsibilities. You can go to my government Web site and get this entire report.

The European Union requires that member countries offer a minimum of 14 weeks of paid maternity leave as a basic employment standard, but most countries offer more than the minimum.

Federal workers, like many U.S. workers, do not have access to paid parental leave, so they are forced to choose between their paycheck and their new child. Federal employees who become new parents do have the option of using their accrued sick days and vacation time or tapping into a leave bank.

This may work for the lucky families who never get sick, never need a vacation and are happy to rely on the kindness of strangers but, as one of our witnesses will tell us this morning, even the best prepared workers face difficult choices when children need their care.

As our country's largest employer, the Federal Government should be leading the way in providing a family friendly work environment, but it is not. The Joint Economic Committee released a report yesterday that I requested, which shows that the Federal Government lags far behind Fortune 100 companies in providing paid family leave as part of their benefits package. You can read the report on my Web site, www.maloney.house.gov.

Fortune 100 companies overwhelmingly offer mothers paid leave lasting 6 to 8 weeks long, yet the Federal Government has no family leave policy beyond Family and Medical Leave. With only 319 days left of the Bush administration, the President's Office of Management and Personnel is here today to tell us only about their plan for a short-term disability, but this plan falls fall short of being a paid family leave policy.

The lack of paid family leave puts Federal agencies at a disadvantage when competing for the best and the brightest employees. Our Federal work force is aging as agencies have found it difficult to recruit and retain younger workers.

It is probably one of my children calling. I will take it in the other room.

Providing paid parental leave would encourage younger workers, who may be considering having a family, to stay with the Federal Government. We need to keep these workers. If we as a country truly value families, then we need new policies and investments that support our working families and set out children on a path of success early in life.

In the absence of a Federal paid leave program, California and Washington have passed paid family leave laws. I am told New Jersey just passed one. New York has a bill pending before their legislature.

When we pass H.R. 3799, over 2.6 million workers in the United States will have the right to paid parental leave, and we will be setting a standard for the rest of the Nation to follow.

Mr. Chairman, I thank you for your outstanding leadership and commitment to this really important issue to American families and Federal workers. Thank you.

Mr. DAVIS OF ILLINOIS. Thank you, Representative Maloney.

We will now go to the ranking member, Mr. Marchant.

Mr. MARCHANT. Good morning, Mr. Chairman, members of the subcommittee. I want to thank the chairman today for holding this hearing.

If you visit any suburban soccer field in America today, parent after parent will tell you that trying to balance work responsibilities and family responsibilities is an ongoing battle. Obviously, this battle is the most intense in the weeks right after the time a child is born or joins a family through adoption.

So I come to today's hearing, interested to hear how this suggested expansion of paid Federal leave might be viewed by Federal employees. Is there call for increased paid family leave or are Federal employees asking for other types of new coverage instead? How will this new increased benefit square against private sector benefits?

It is important to make sure that Federal jobs are as competitive and appealing as possible but, as good stewards of the taxpayers' dollars, we have to be strategic in the way we choose to improve the Federal workspace.

It should also be pointed out that we to understand the stress such an expansion of benefits places on the employees required to fill in while fathers and mothers take this needed leave.

It is important that we make choices here that balance the families' needs with the needs of the government and understand the direct and indirect cost involved before we proceed with the plan. Hopefully, we can find a way to satisfy all of these varied interests in one legislative vehicle.

Thank you.

Mr. DAVIS OF ILLINOIS. Thank you very much, Mr. Marchant.

We will now hear from our witnesses, and let me introduce them.

Mr. Dan Beard is the third Chief Administrative Officer for the House of Representatives. Dr. Beard returned to the House of Representatives at the start of the 110th Congress after serving as a senior advisor for the consultant firm, Booz Allen Hamilton, Inc. Previously, he spent 10 years on the staff of the House Appropriations and Natural Resources Committees.

His three decades of experience in policy affairs and management issues also include positions with the Senate, White House, Interior Department and the Library of Congress.

Thank you, Dr. Beard, for being here.

Ms. Nancy Kichak is the Associate Director for Strategic Human Resources Policy for the U.S. Office of Personnel Management. She leads the design, development and implementation of innovative, flexible, merit-based human resources policy.

Of course, it is policy that all witnesses be sworn in before this committee, so if you would stand and raise your right hands.

[Witnesses sworn.]

Mr. DAVIS OF ILLINOIS. The record will show that each witness answered in the affirmative.

Of course, your entire statement is already included in the hearing record.

The green light indicates that you have 5 minutes to summarize your statement. The yellow light means your time is running down and, of course, you have 1 minute remaining to complete your statement. The red light means that your time is expired.

Of course, we will make sure that the light gets to working properly, and I am sure the technicians will be here in a minute.

Thank you very much, and we will begin with you, Mr. Beard.

STATEMENTS OF DANIEL BEARD, CHIEF ADMINISTRATIVE OFFICER, U.S. HOUSE OF REPRESENTATIVES; AND NANCY KICHAK, ASSOCIATE DIRECTOR FOR STRATEGIC HUMAN RESOURCES POLICY, U.S. OFFICE OF PERSONNEL MANAGEMENT

STATEMENT OF DANIEL BEARD

Mr. BEARD. Thank you, Mr. Chairman, Congresswoman Maloney, Congressman Marchant. I thank you for the opportunity to be here with you today to discuss the importance of providing paid parental leave for Federal employees including legislative branch employees.

I want to compliment you for introducing H.R. 3799. This is an important bill, and it is my hope the bill can be enacted promptly.

It is important to note that section three of the bill provides for 8 weeks of paid family medical leave for legislative branch employees. I appreciate your including these employees because too often they are left out of this type of legislation.

As the officer who would be charged with implementing this legislation, I can assure we will not have any problems implementing it, the legislation as written, and I hope that it will be enacted as soon as practical.

Mr. Chairman, this legislation will fill a significant gap in our employee benefits portfolio.

The legislative branch, as well as the executive branch, is operating in a highly competitive job market. We must compete against other private sector, non-profit and government organizations to attract a talented and diverse work force. Since it is difficult to compete based solely on salary, it is even more vital that we have a strong employee benefit package to present prospective employees.

In addition, having a strong pay and benefit package is absolutely essential to retaining the work force that we currently have. It is naive to think that we can attract and retain a first class work force without strong pay and benefit packages, and that is why H.R. 3799 is so vitally important.

You know one of the great myths about the Federal work force is that they are benefit-rich. I think the myth is that the Federal work force is under-worked, overpaid and wallowing in cushy benefits, and I just think this is absolute false based on my 35 year experience. Federal employees may have had great benefits and a great benefit package in the 1950's, but that certainly isn't the case today.

Last fall, I hired the consulting firm of Watson Wyatt to compare the benefits received by employees of the House of Representatives against employees of 14 other private firms, hospitals, universities and State governments.

I have included two charts with my testimony that identify the firms and organizations that we were compared against. As you can see from the second table, our defined benefits retirement program and our retiree life insurance programs are ranked first among the 15 organizations examined.

However, in every other area, our benefit package did not measure to our competitors. We have a long way to go before the benefit package of our work force is competitive for purposes of attracting and retaining employees.

There is one other myth I want to raise with respect to paid family and medical leave benefits. As major criticisms, one of the major criticisms that is used to oppose this benefit is that it costs too much money. I just don't think this is the right way to look at it.

Salary budgets for Federal employees remain the same whether the employee takes leave or not. The salary for that employee has already been included in a budget and whether the employee is on paid leave or not doesn't really affect the budget of the employing authority.

It is also incorrect to assume that if an employee takes family or medical leave or parental leave, the employee must automatically be replaced by a paid replacement worker.

The question of whether you need to replace an employee for up to 12 weeks is a management decision based on the particular characteristics of the organization. In fact, in most cases, careful management of human resources, which includes the effective absorption of the on-leave employee's workload by other staff, can minimize or eliminate the cost of providing FMLA benefits.

I would even argue that such a benefit saves money in the long term because employee morale is always greater when an employer treats their employees with dignity and especially in times of crisis.

Mr. Chairman, I want to thank you again for the opportunity to be here with you today, and I would be happy to answer any questions you have.

[The prepared statement of Mr. Beard follows:]

Testimony of Daniel P. Beard
Chief Administrative Officer
U.S. House of Representatives

Hearing on
"Investing in the Future of the Federal Workforce: Paid Parental Leave Improves Recruitment and Retention"

Joint Hearing Before the
Joint Economic Committee
and
Subcommittee on the Federal Workforce, Postal Service
and the District of Columbia,
Committee on Oversight and Government Reform
March 6, 2008

Chairwoman Maloney and Chairman Davis, Members of the Subcommittee, I thank you for this opportunity to appear before you to discuss the importance of providing paid parental leave for all federal employees, including those in the Legislative Branch.

I want to begin by complimenting Congresswoman Maloney and her co-sponsors for introducing H.R. 3799. This is an important bill and it is my hope this legislation will be enacted promptly.

It is important to note that Section 3 provides for eight weeks of paid Family and Medical Leave for Legislative Branch (Title 2) employees. Too often when legislation like this is offered, it only covers Executive Branch employees. I appreciate the inclusion of our workforce in this legislation.

As the House Officer who would be charged with implementing this legislation, I can assure you we will have no problems implementing it as written and I hope it will be enacted as soon as possible.

Madam Chairwoman, this legislation will fill a significant gap in our employee benefits portfolio. The Legislative Branch, as well as the Executive Branch, is operating in a highly competitive job market. We must vie against other private sector, non-profit and government organizations to attract a talented and diverse workforce.

However, when it comes to salaries, it is difficult for federal agencies to be competitive with private and non-profit organizations. As a result, it is even more vital we have a strong employee benefits package that will enable us to attract a dynamic workforce.

In addition, having strong pay and benefits is absolutely essential for retaining our employees. It is naïve to think we can maintain a first-class workforce without it.

The Legislative and Executive branches must be staffed by capable, committed employees if we are to operate the federal government successfully and to ensure our employees are ready to handle any and all challenges. It is also to our benefit to have a stable workforce because recruiting and training workers is a very costly undertaking.

That's why passage of H.R. 3799 is so important.

Madam Chairwoman, one of the great myths about federal workers is they are "benefits rich," that federal employees are under-worked, overpaid and wallowing in cushy benefits.

False. Federal employees may have had a great benefits package in the 1950s, but that certainly isn't the case today.

Last fall, I hired the consulting firm Watson Wyatt to compare the benefits received by employees of the House of Representatives against employees of 14 other private firms, hospitals, universities and state governments. (See attached charts.)

As you can see from these attachments, our defined benefits retirement plan and our retiree life insurance were ranked first.

However, in every other area, our compensation package did not measure up to our competitors. We have a long way to go before the benefits for our workforce are competitive in attracting and retaining employees.

There is one other misperception I want to raise with respect to paid family and medical leave. A major criticism used to oppose this benefit is that it would cost too much. That simply isn't true.

Salary budgets remain the same whether an employee takes leave or not. The pay for that employee has already been included in the budget. Whether that individual is on paid leave or not doesn't affect the employing authority's bottom line.

It is also incorrect to assume that if an employee takes family or medical leave, that person must automatically be replaced by an equally compensated worker. The question of whether you need to replace an employee for up to 12 weeks is a management decision based on the particular characteristics of an organization. In fact, in most cases, careful management of human resources, which includes the effective absorption of the "on-leave" employee's workload by other staff, can minimize or eliminate the cost of providing such a Family Medical Leave benefit.

I would even argue that this approach ***saves*** money. Employee morale is always greater when an employer treats employees with dignity, especially in times of crisis.

Thank you again Madam Chairwoman for this opportunity to be with you here today. I'd be more than happy to answer any questions you may have.

U.S. HOUSE OF REPRESENTATIVES
EMPLOYEE BENEFITS AND WORK LIFE PRACTICE
COMPARATIVE ANALYSIS
SEPTEMBER 2007

OVERALL BENEFIT COMPARISON AND RECOMMENDATIONS

Benefit	US House of Representatives' Value	Comparison Group Average Benefit Value	US House of Representatives' Ranking in Comparison Group	Benefit Value as a % of US House of Representatives' Total Program
Total	**100**	**94**	**Tied for 5th**	**100**
Retirement	**100**	**63**	**2nd**	**40**
Defined Benefit	100	31	1st	23
Defined Contribution	100	132	10th	13
Retiree Medical	100	34	3rd	4
Retiree Life	100	11	1st	0
Health	**100**	**125**	**12th**	**19**
Medical	100	114	11th	19
Dental	0	100	15th	0
Paid Time Off	**100**	**104**	**Tied for 8th**	**40**
Vacation	100	109	9th	23
Holiday	100	107	9th	13
Sick	100	61	Tied for 6th	4
Security	**100**	**429**	**14th**	**1**
Life Insurance	100	226	13th	1
STD	100	506	13th	0
LTD	0	100	Tied for 13th	0

Comparative Group

- The study compares the benefits offered by the House to a cross-section of 14 organizations that the House selected. This "best practice" group of comparators included in the study are:

Baptist Health South Florida	Massachusetts Institute of Technology – Staff
BearingPoint, Inc.	Methodist Hospital System (Houston, TX)
Commonwealth of Pennsylvania	Oakwood Healthcare System
Genentech, Inc.	Robert W. Baird & Co., Inc.
Goldman, Sachs & Co. (2006 data)	Rockwell Automation
John Deere	St. Jude Children's Research Hospital
Johns Hopkins – Staff	Stanford University – Staff

Note: The peer group was selected from Watson Wyatt's COMPARISON™ database to include organizations from both the public and private sector, along with academic institutions and a state legislature.

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Mr. DAVIS OF ILLINOIS. Thank you, Mr. Beard.
Ms. Kichak.

STATEMENT OF NANCY KICHAK

Ms. KICHAK. Thank you. Mr. Chairman and members of the subcommittees, thank you for inviting me here today to discuss parental leave. We share your interest in this topic and ensuring that the Federal Government has programs to assist employees in balancing their work and personal needs.

Today's hearing is focused specifically on H.R. 3799, the Federal Employees Paid Parental Leave Act of 2007. H.R. 3799 would provide 8 weeks of paid leave in addition to the employees' accrued annual or sick leave that could be substituted for any portion of the 12 weeks of Family Medical Leave Act leave. Employees would not be required to use their accumulated annual leave and sick leave before using the 8 weeks of paid leave.

Results from the Federal Human Capital Survey show Federal employees are very satisfied with benefits, including paid leave for personal and family illness. Very few employers provide for unlimited accumulation of sick leave by the employees, but that is what we do in the Federal Government.

Full-time employees covered by our leave system earn 13 days of paid sick leave each year. Any amount they do not use by the end of each year accumulates and remains available for their use in future years.

Federal employees may use up to 12 weeks of accrued sick leave in a year to care for a family member with a serious health condition. Pregnancy and childbirth are included in the definition of serious health condition for this purpose. An employee can use this leave to accompany the expectant mother to prenatal appointments, to be with her during her period of hospitalization and to care for her during her recovery from childbirth.

The FMLA provides 12 weeks of unpaid leave within 12 months of the birth or adoption of a child. Federal employees may substitute any accumulated annual leave for unpaid leave. Sick leave may also be substituted for periods such as the mother's recovery from childbirth and for routine medical or well baby appointments.

The Federal Government also has advanced leave, leave banks and leave-sharing programs to assist our employees needing more help.

Even with all these benefits and flexibilities, we recognize there is one missing piece we need in order to have a truly complete package of quality benefits. That missing piece is income support for employees who experience short-term disabilities, including as a result of childbirth, early in their careers or when they have been unable to accumulate sufficient sick or annual leave to meet their needs.

We appreciate that H.R. 3799 recognizes this gap and proposes a solution with respect to parental leave. We believe, however, any solution should recognize there are other circumstances involving short-term disabilities in which an employee may need benefits beyond those already available.

Accordingly, we are proposing to establish a new short-term disability insurance program for Federal employees. It would offer em-

ployees an opportunity to purchase STDI coverage on a voluntary basis. It would be available at affordable premiums based on group rates that leverage the size of the Federal population.

The new STDI program would safeguard Federal employees during their temporary inability to perform their jobs because of a non-work-related disability including accidents, illnesses or maternity.

The more comprehensive nature of the program would make it more attractive to employees than the coverage under H.R. 3799. In addition, the short-term disability insurance would not adversely affect agencies' ability to budget for staffing requirements.

We look forward to working with you to explore in more detail the best approach to meeting the needs of all our employees for income support during periods of absence due to parental responsibilities and temporary disability.

Thank you for the opportunity to discuss this issue, and I will be happy to answer any questions.

[The prepared statement of Ms. Kichak follows:]

STATEMENT OF
NANCY H. KICHAK
ASSOCIATE DIRECTOR FOR STRATEGIC HUMAN RESOURCES POLICY
U.S. OFFICE OF PERSONNEL MANAGEMENT

before the

SUBCOMMITTEE ON FEDERAL WORKFORCE, POSTAL SERVICE, AND THE DISTRICT OF COLUMBIA
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
U.S. HOUSE OF REPRESENTATIVES

and the

JOINT ECONOMIC COMMITTEE
UNITED STATES CONGRESS

on

PAID PARENTAL LEAVE FOR FEDERAL EMPLOYEES

MARCH 6, 2008

Mr. Chairman and Members of the Subcommittees:

Thank you for inviting me here today to discuss parental leave. We share your interest in this topic and in ensuring that the Federal Government has programs to assist employees in balancing their work and personal needs.

Today's hearing is focused specifically on H.R. 3799, the "Federal Employees Paid Parental Leave Act of 2007." This bill would amend the Family and Medical Leave Act (FMLA) – in particular, the provisions of that statute that relate to parental leave for Federal employees. The FMLA provides 12 weeks of unpaid leave within 12 months of the birth or adoption of a child. Federal employees may substitute any accumulated annual leave for all or part of that 12-week entitlement. Sick leave may also be substituted for a portion of the 12 weeks of unpaid leave, if sick leave would otherwise be appropriate – for example, during the mother's recovery from childbirth and for routine medical or well-baby appointments.

H.R. 3799 would add to this entitlement 8 weeks of paid leave (in addition to the employee's accrued annual or sick leave) that could be substituted for any portion of the 12 weeks of FMLA leave. Employees would not be required to use their accumulated annual and sick leave before using the 8 weeks of paid leave under H.R. 3799.

Let me take a moment to briefly summarize the benefits that are currently available to help meet the needs of Federal employees who become parents. While we recognize that many employees cannot afford to take several weeks of unpaid leave when they become parents, the FMLA provisions, combined with other leave benefits for Federal employees, compare favorably to similar benefits offered by other employers. They provide income support that we believe is sufficient to meet the needs of most Federal employees with children. This is borne out by the fact that our Federal Human Capital Survey results show that a large majority of Federal employees express satisfaction with the benefits they receive, including paid leave for personal and family illness.

Very few employers provide for unlimited accumulation of sick leave by their employees, but that is what we do in the Federal Government. Full-time employees covered by our leave system earn 13 days of paid sick leave each year. Any amount they do not use by the end of each year accumulates and remains available for their use in future years, without limitation.

Depending on how long they have been employed in the Government, full-time employees earn between 13 days and 26 days of paid annual leave each year. They may carry up to 6 weeks of annual leave over into the next year. Agencies may advance limited amounts of both annual and sick leave to employees who need paid leave but who do not have any reserves of leave.

I have already mentioned that the Family and Medical Leave Act allows Federal employees to substitute paid leave they have accumulated for the unpaid leave provided by the Act. In addition, our leave statute allows Federal employees to use up to 13 days of sick leave a year to care for a sick family member, including taking them to routine examinations, such as well-baby visits.

Federal employees may use up to 12 weeks of accrued sick leave in a year to care for a family member with a serious health condition. Pregnancy and childbirth are included in the definition of "serious health condition" for this purpose. An employee can use this leave to accompany the expectant mother to prenatal appointments, to be with her during her period of hospitalization, and care for her during her recovery from childbirth.

In addition, a prospective father or mother can use sick leave for proceedings related to the adoption of a child. This includes appointments with adoption agencies, social workers, and attorneys; attending court proceedings; and any other activities necessary to allow the adoption to proceed.

The Federal Government also offers leave-sharing programs. The voluntary leave transfer program and agency leave bank programs allow Federal employees to donate annual leave to assist other Federal employees who have a personal or family medical emergency (including pregnancy and childbirth) and who have exhausted their own paid leave.

Flexible work schedules and telework also can help employees balance their work and family responsibilities. If work requirements allow, an employee may consider working a flexible schedule. Flexible schedules enable employees to select and alter their work schedules to better fit their personal needs and help balance work, personal, and family responsibilities. Although telework should not be viewed as a way for employees to care for children while they are working from home, it can provide employees with valuable additional time to spend with their family members by reducing commuting time.

Even with all of these benefits and flexibilities, we recognize that there is one missing piece that we need in order to have a truly complete package of quality benefits. That missing piece is income support for employees who experience short-term disabilities (including as a result of childbirth) early in their careers, before they have been able to accumulate sufficient sick and annual leave to meet their needs. We appreciate that H.R. 3799 recognizes this gap and proposes a solution with respect to parental leave. We believe, however, that any solution should recognize that there are other circumstances involving short-term disabilities, in which an employee may need benefits beyond those already available.

Accordingly, we are proposing to establish a new short-term disability insurance (STDI) program for Federal employees. It would offer employees an opportunity to purchase STDI coverage on a voluntary basis. It would be available at affordable premiums based on group rates that leverage the size of the Federal population.

The new STDI program would safeguard Federal employees during their temporary inability to perform normal occupational duties because of a non-work related disability, including accidents, or illnesses, or maternity. The more comprehensive nature of the program would make it more attractive to employees than the coverage under H.R. 3799. In addition, unlike H.R. 3799, STDI would not adversely affect agencies' ability to budget for staffing requirements.

We look forward to working with you to explore in more detail the best approach to meeting the needs of all our employees for income support during periods of absence due to parental responsibilities and temporary disability.

Thank you for the opportunity to discuss this important issue with you. I would be happy to answer any questions you may have.

Mr. DAVIS OF ILLINOIS. Thank you very much, Ms. Kichak.

We will now proceed with questions of the witnesses.

Mr. Beard, again, let me thank you for your testimony. You stated that paid family leave would not affect the employing authorities' bottom line. Could you further expound on this since OPM states that this type of plan would be too expensive?

Mr. BEARD. Well, I can only relate our experiences with the Chief Administrative Officer's Office. We, since 2002, have averaged approximately 90 requests for FMLA each year. Thirty-six percent of those were parental or spousal health conditions, and 44 percent were with requests due to medical leave associated with the individual, and only approximately 20 percent were for parental leave.

So we know. We know the statistics on how many people are going to be out, what the requests are. It is not an unknown to us each year.

So, as we develop our budgets, we develop our budgets with an eye to how many people do we anticipate will be out, approximately how many of those would we have to backfill for with temporary employees and how many can we handle through job sharing or having other employees pick up their jobs, the functions or activities that an individual may carry out.

So I just don't think it is an unknown fact. It is not like you suddenly run around or you are going along in a car, and you go off a cliff.

We know exactly what—we know what is going to happen each year. We can anticipate it. It is a management issue more than anything else.

Frankly, I think, and I think the real positive here is that too often we forget Family and Medical Leave Act requests are requests at a time of crisis for employee. These are not made routinely, and you can't get approval for them as if they were routine sickness. This is a moment in an employee's life when something major is occurring, and we as an employer really have to make a decision that we want to try to help our employees in this time of crisis or, in the case of parental leave, happiness, I guess.

But, you know, it behooves the management of any organization to look at FMLA in a positive way. This is an activity that you want to undertake at a time of crisis, and you want to help your employees, because you want to retain those employees, because if we lose employees, if we have a high turnover rate, it hurts the institution as a whole.

Mr. DAVIS OF ILLINOIS. Do you see any downside?

I mean, you have testified, obviously, in favor of the legislation. Do you see any downside to it at all?

Mr. BEARD. Well, I think the biggest downside in the House of Representatives is we have operated here historically under a concept that each member is a separate employing authority and can decide what it is they want to do. This legislation would interject into that concept or philosophy by saying that there is a fundamental prerequisite here that at least you at least get 8 weeks of paid FMLA.

Right now, it is all over the board. I do know of one office that provides 18 weeks of paid FMLA for parental purposes, and then I know of offices that don't provide any paid leave. So it is all over

the board with the 440 member offices as well as approximately another 50, no, more than that, about 100 offices that would be employing authorities that would have made a decision about that.

So I think, to me, that is the biggest problem. I don't think that it is a monetary one.

Mr. DAVIS OF ILLINOIS. Thank you.

Ms. Kichak, did OPM work employee groups in developing the short-term disability insurance program?

Ms. KICHAK. Right now, the proposal that we have submitted allows us to contract for a coverage. We haven't. We haven't fully designed it yet. So, there is always opportunity for discussion.

We are very mindful of letters that we receive from people, telling us that they have a need for short-term disability early in their career. So the proposal was designed, based in recognition of input we have received from employees.

Mr. DAVIS OF ILLINOIS. Currently, Federal employees can donate only annual leave to agency leave bank programs and not sick leave.

Ms. KICHAK. Right.

Mr. DAVIS OF ILLINOIS. Would you support a change in the law to allow a Federal employee to donate unused sick leave in the same way that they can donate unused annual leave?

Ms. KICHAK. As a new proposal, we would have to look at that and consider its consequences. That hasn't been proposed before, so I don't have a position on that.

Mr. DAVIS OF ILLINOIS. You state in your testimony that full-time employees covered by our leave system earn 13 days of paid sick leave each year. Any amount that they do not use by the end of each year accumulates and remains available for their use in future years without limitations, and I think that is great.

What options, though, do new employees have, who have not accrued any sick leave?

Ms. KICHAK. Well, first of all, we have recognized that for new employees who haven't accrued sick leave, we have a gap in coverage, which is why we are proposing the short-term disability.

But currently, folks who have not accumulated leave have the option of the leave banks. They also have the option of advanced leave. We can grant up to 30 days of advanced sick leave in a year. We can also grant advanced annual leave for those folks, and then of course they have the right to request Family and Medical Leave Act leave for serious health conditions, and that is 12 weeks.

So there are options today. We are just not saying there are as many options as we would like to have. We would like to have an additional option.

Mr. DAVIS OF ILLINOIS. Thank you very much.

I am going to now yield to Mr. Marchant.

Mr. MARCHANT. Thank you, Mr. Chairman.

Mr. Beard, just a couple of questions about your interpretation of how this bill is written. In the case of two parents in an adoption, would one parent choose to be the person taking the leave or would both parents take the leave?

Mr. BEARD. I have no idea. I mean, I honestly don't know the answer to that question. I would have to work with the staff to figure out what the right answer is.

But, certainly, in an adoption or the birth of a child, both parents are—they are both parents, and they both bond and build a relationship with that child over time.

So I don't think it is necessarily so that you would have to—that the choice—that a couple would have to make a gut-wrenching choice that only one parent would be able to stay home. That wouldn't seem to me to be fair.

Mr. MARCHANT. So it would be your recommendation then that the bill would be written to where both parents would?

Mr. BEARD. It certainly would be my recommendation, but I am just a simple administrator, Mr. Marchant.

Mr. MARCHANT. In your administrative opinion, when you made the statement that this has all been factored in and there would be significant impact, were you thinking that both parents would be taking off?

Mr. BEARD. Yes. We had a couple who had—two people who worked for me had a premature set of twins, which, unfortunately, died. Both of the couple was out for a time period. One of them came back earlier than the other.

But, I think, in that traumatic experience, it was a terrible experience to have happen to your employee, and I think the employees of our organization—I was proud of the fact that they were more than willing to jump in and to try to help out in that particular instance.

I don't think it would have been fair to say to those employees, "well, one of you has to, you know, not get paid for this period of time."

Mr. MARCHANT. Yes. The question was not about the quality of the answer but just how you quantify it as far as the effect on the budget.

I think the other thing that I would personally be concerned about, as far as our legislative staffs, and not so much our district staffs but our staffs here is the concern that I might have if my legislative director in the middle of a session had to avail himself of this. Actually, I think your observation that this would significantly impact some of the way we ran our offices would be something that I hadn't thought of.

Mr. BEARD. Yes.

Mrs. MALONEY. Will the gentleman yield for a point of information?

Mr. MARCHANT. Yes.

Mrs. MALONEY. The bill does not cover congressional offices.

Mr. MARCHANT. OK. I misunderstood.

Mrs. MALONEY. Often, we are in a different category. So it doesn't cover congressional offices, but it covers those who work for the legislature, the sergeant-at-arms, the legislative offices that work in the various agencies that interact with the legislature.

Mr. MARCHANT. OK. I thank you. I appreciate that. I misunderstood what he said then.

Mr. BEARD. I think the real difficulty here and I think one of the great challenges with respect to the legislative branch is what kind of—you know we have to make a decision—what kind of employer do we want to be? Do we want to be a strong employer or do we want to be a springboard employer?

We have a history here, at least in the legislative branch. Our employees come in for a few years, and then they, you know, they go out, they go downtown, and they make a lot more money. Every day, they pick up the paper, and they are flooded with ads of—well, here is a good ad.

In one sense, we are in a competitive environment. All the staff here are. They are hounded daily with, you know, "gee, there are some goods jobs here that make a lot more money than I do, a lot better benefit package."

Just like the Federal Government is now holding, going to job fairs, trying to attract employees, we have to attract and retain good employees in the legislative branch, because it is extremely expensive to train new workers. If somebody leaves, the general rule of thumb is a year to year and a half of salary is going to be the cost that will be incurred for recruitment, training and getting that employee back up to speed. So it is an extensive process, and it is one that we have grown to accept.

Mr. MARCHANT. As far as the proposed short-term disability plan, can you give me an idea of what you say would be inexpensive? Can you quantify that; $30, $40 a month?

Ms. KICHAK. Well, the legislation we have proposed does not have the actual benefit design in it to allow us to negotiate the best deal when we procure this, but we have estimated for a program that covers 12 weeks at 60 percent, that the premium be $1,000 a year, which would be less than $40 a pay period for Federal employees.

Mr. MARCHANT. OK.

Thank you, Mr. Chairman.

Mr. DAVIS OF ILLINOIS. Thank you very much, Mr. Marchant.

Mrs. Maloney.

Mrs. MALONEY. First of all, I would like to thank both of the panelists and thank you for your support of the legislation, and I am really thrilled with that.

I would like to ask both of you. The Federal Government has never been able to compete with private industry with regard to wages. So one of the selling points for Federal employment is focused on the benefits we offer.

One point you both agree on is that the Federal Government is missing an important piece in its benefits package, and that is some kind of income support for parental leave, but you seem to have different views of how best to provide such benefits.

I would like to ask each of you, how do you each see the lack of paid Family and Medical Leave type leave affecting our competitiveness with other sectors, meaning the Federal Government's competitiveness?

Ms. KICHAK. OK, I will go first.

We definitely have heard as we go out recruiting and through letters to our office that having some income support for folks during the maternity period is an important recruitment tool, and that is why we have included the short-term disability, but we definitely hear it is needed for recruitment.

Mrs. MALONEY. Can you each discuss how H.R. 3799 would affect the Federal Government's ability to recruit and retain workers?

Mr. BEARD. Well, I will jump in this time. I think one of the things that you need to look is your work force, and in our particular case, the 10,000 employees of the House of Representatives, 40 percent of those employees are under age 30 and another 14 percent are between 31 and 35.

Mrs. MALONEY. Really?

Mr. BEARD. So over half of our work force is under 35 years of age, and that is a time in your life when having children is a major part of your life. As a result, this kind of benefit would be very attractive and very helpful for us to keep and retain our employees.

That is the other reason that I had Watson Wyatt look at the benefit package that we offer and try to compare it against the private and non-profit sectors. It is not a perfect study, and the benefits vary widely within the House of Representatives. But the important point is we at least have some indication of where we are weak. This is one area where we are weak, and this bill would correct that weakness.

Mrs. MALONEY. Ms. Kichak, if I could ask you as a followup, as employees retire, the loss of experienced workers could have adverse effects on productivity and economic growth. What specific activities has OPM suggested that agencies implement to address the need to recruit and retain our valuable workers?

Ms. KICHAK. We are working very hard with our agency, with the agencies throughout the Federal Government to help them develop programs for retention. We have a lot of flexibilities. We have retention incentives that could be used for pay.

We also have succession planning activities that get us to work with folks so that if we aren't able to retain them and they leave, we have plans in place to transfer that expertise.

We also have, to recruit folks, a very good benefit package, even with this gap that we admit is there. The Watson Wyatt study shows that our pension plans are very good. As I said before, the Federal Human Capital Survey of our employees—we had 86 percent satisfaction with our leave programs for illnesses.

So we are working on some pay programs to keep people, some succession planning, and then we are also looking at the recruiting area and what we need there.

Mrs. MALONEY. I was struck, Dr. Beard, by the testimony that you provided that paid leave would not have an impact on salary budgets, that careful management could minimize the need for temporary help, therefore actually saving taxpayers' dollars.

So, it seems to me that paid parental leave is a good investment in our valuable work force and could save taxpayers' dollars in the long run. Would you agree, Mr. Beard?

Mr. BEARD. Absolutely. You know, we have to be a good employer. We have all heard stories of valuable employees who leave this institution because they can make more money and they get a better deal some place else. And, the information and knowledge that they have here is critical, and somebody is willing to pay a lot of money for it and provide a lot of benefits.

But the institution loses, no matter who leaves, and I think it behooves us to provide the best benefit package we possibly can so that employees can make this a profession and that we keep and retain good employees.

And, if our management is good, if we are careful and thorough and we anticipate problems that are coming, we can work our ways through that, and I think in the long run, it has a tremendous benefit to the institution.

Mrs. MALONEY. Thank you so much.

Could I ask one last question to Ms. Kichak? OPM, is your short-term disability, your paid leave policy—are you developing a paid leave policy or planning to implement one before the end of this administration?

Ms. KICHAK. Our short-term disability is our proposal to deal with this gap, and so we are not. This is the only proposal we are working in that area.

Mrs. MALONEY. OK.

Ms. KICHAK. We are working on lots of other things, though, to retain employees. We also have a reemployed annuitant bill to try to, in the event that we are not able to retain folks, to allow our annuitants to come back on a part-time basis and help us.

So those are the two big things for us. We are concerned about the short-term disability and, of course, our reemployed annuitants.

Mrs. MALONEY. Thank you both very much.

Ms. KICHAK. Thank you.

Mrs. MALONEY. Thank you, Mr. Chairman.

Mr. DAVIS OF ILLINOIS. Thank you, Mrs. Maloney.

Mr. Sarbanes.

Mr. SARBANES. Thank you, Mr. Chairman, and I want to salute Congresswoman Maloney for this important legislation.

I was looking at the chart that you had at the end of your testimony, Dr. Beard. I guess it doesn't appear there. There isn't a category on paid parental leave because it doesn't currently exist, is that right?

Mr. BEARD. No. It wasn't included in this.

Mr. SARBANES. OK. Do you have a sense of how dominant that offering is in the private sector?

Mr. BEARD. I don't. I could answer for the record.

But I would say that in our case I mentioned earlier that approximately 80 percent of the use of FMLA in the Chief Administrative Officer's Office is for medical reasons associated with the individual or their parent or spouse, and only 20 percent is for pregnancy or child-related kinds of benefits. So paid FMLA is important not only for new parents, but it is also important for other employees for health reasons, either their health or the health of their spouse or a parent.

Mr. SARBANES. I have a sense that the different kinds of benefits are more or less eye-catching than others when people are considering where they should go work, and I think paid parental leave is one of these things that kind of will jump out at people.

In some ways, with the effect that you might see it offered in some private sector arena, it will catch your eye. It will be a motivator for you to go there. You may look past, unwittingly, the fact that the rest of the benefits offered by that same employer actually are not all that great compared to, for example, what the Federal Government could offer, but you are already, kind of, on

your way with the psychology that this is a workplace that is more responsive to your needs.

I would be curious to have you comment on that because I could see where—I mean there are two benefits to this. Obviously, there is the substantive benefit to the individual of having this available to them and what that means for their family and their quality of life. That is critically important and it is a driver for this kind of legislation.

But the other is getting back to this conversation we have been having about competition. This is one of those, to be crass, one of the kinds of benefits that is a real bell and whistle when people are making those comparisons.

We can have wonderful benefits available that stack up very well against all the other lists of benefits that might be offered in another job and if this one is not there, that could be the reason that somebody decides to take the other job, and so we have a competitive disadvantage.

Maybe you can talk about that just a little bit.

Mr. BEARD. Well, I could certainly jump in. I mean, as I mentioned earlier, 40 percent of our work force is 30 years of age or younger. The first thing that employee is going to look at is how much am I going to be paid. If we are reasonably competitive, then they are going to look beyond that.

Probably the next thing they are going to look at is what kind of a contribution are we going to give to repayment of a student loan if they have a student loan, and right now we are capped at $6,000. We have requested money to increase that to $10,000 for next year, so we are on par with the executive branch.

But the third item they are probably going to look at, especially if they are married, is going to be what kind of parental leave policy do we have and probably what kind of a day care or day care arrangement do we have. But it is going to be in the first tier of benefits that they are going to look at if they are making that job decision.

And, I think it is instructive. Newsweek carried a story this week on the competition that the Federal, that the executive branch is, you know, interviews with some of the employees that they are meeting with at these job fairs, and salary is No. 1 on their mind, but they are also looking at benefit packages as well.

Ms. KICHAK. Yes. Our research shows that 76 percent of companies, and I think it is the same Watson Wyatt that you use, provide for the care during the childbirth time through the short-term disability packages. So that is the vehicle they use.

We also do some research into which of our benefit programs are attractive in hiring and in the Federal Government—and by the way, we have an older work force than he quoted. We don't have 30 percent under 30. I don't have the exact number, but the executive branch is a little older.

We find that the thrift plan that we have is the most important thing to employees for recruitment and retention, but we still believe we need, have a gap in this area. That is not to say just because we have the thrift plan, we have everything we need. We just know it is No. 1 in people's view.

Mr. SARBANES. Thank you.

Mr. DAVIS OF ILLINOIS. Thank you very much.

I don't have any further questions, and I want to thank the witnesses, unless someone else did. I want to thank this panel of witnesses. We appreciate your being here.

Mr. BEARD. Thank you.

Ms. KICHAK. Thank you.

Mr. DAVIS OF ILLINOIS. We will proceed to our second panel and, while they are being set up, I will just go ahead and introduce them.

Jane Waldfogel is a professor of social work and public affairs at Columbia University School of Social Work. She is also a research associate at the Center for Analysis of Social Exclusion at the London School of Economics. Dr. Waldfogel has written extensively on the impact of public policies on child and family well being.

We thank you for being here.

Sharyn Tejani is the senior policy counsel at the National Partnership for Women and Families in its Work and Family Program. At the National Partnership, she works on all aspects of the Work and Family Program including paid leave, paid sick days and protecting and expanding the FMLA.

Thank you for coming.

And, Vicky Lovell is the director of employment and work-life programs at the Institute for Women's Policy Research in Washington, DC. Dr. Lovell's work focuses on issues related to women's employment and economic security including job quality, paid and unpaid time off policies, pay equity, work supports and unemployment insurance. She has provided extensive technical assistance to national, State and local policymakers on paid sick days and paid Family and Medical Leave programs.

We thank you for coming.

It is the policy of this committee to swear in all witnesses, so if you would stand and raise your right hands.

[Witnesses sworn.]

Mr. DAVIS OF ILLINOIS. The record will show that each of the witnesses answered in the affirmative.

We are delighted that you are here. Of course, all of your statements are included in the record.

We would ask that you summarize in 5 minutes, and we have this light to assist in knowing how the time is going. The green light means that you have the full 5, the yellow light means that you are down to 1 minute and, of course, the red light is asking that you would conclude.

Dr. Waldfogel, we will begin with you.

STATEMENTS OF DR. JANE WALDFOGEL, PROFESSOR OF SOCIAL WORK, THE COLUMBIA UNIVERSITY; SHARYN TEJANI, SENIOR COUNSEL, NATIONAL PARTNERSHIP FOR WOMEN AND FAMILIES; AND DR. VICKY LOVELL, DIRECTOR OF EMPLOYMENT AND WORK-LIFE PROGRAMS, THE INSTITUTE FOR WOMEN'S POLICY RESEARCH

STATEMENT OF JANE WALDFOGEL

Ms. WALDFOGEL. Thank you, Chairman Davis, Vice Chair Maloney, Ranking Member Marchant, Congressman Sarbanes. Thank you very much for having me to testify today.

We have heard from the first panel about benefits of extending parental leave, paid parental leave in terms of the productivity and retention. However, the main purpose of paid leave is to allow families time together when they need it. So I would like to use my time today to talk about the effects of paid parental leave on child and family well being.

My testimony today will focus on three points: first, that research shows that parental leave is beneficial for children and parents; second, the FMLA has increased leave coverage, but its effects on usage have been limited due to the leave not being paid; and third, providing paid leave as other countries do would improve child and family health and well being.

So, point one, research shows that parental leave is beneficial for children and parents. Research has shown that women who return to work later in the first year have better mental health, less depression.

We also know that when paid leave periods are longer, infant mortality rates are lower. That is not the case with unpaid leave. It doesn't have the same protective effect because parents are less likely to take it.

We also know that children whose mothers stay home longer in the first year of life receive more preventive healthcare and are more likely to be up to date on their immunizations. They are also more likely to be breast-fed and they are breast-fed for longer.

We also know that when fathers take longer parental leaves, they are more involved in the care of their infants, nine to 10 months later when we interviewed them again.

Second, the FMLA has increased leave coverage, but its effects on parental leave-taking have been limited due to the fact that the leave is not paid. The FMLA was a landmark piece of legislation, and it had a dramatic impact on raising parental leave coverage in the United States, especially for men who were less likely to be covered before the law.

But the impact law on parental leave usage has been less pronounced and especially concerning is the fact that we find that leave laws have a larger effect on leave-taking among high income families than among low income families, suggesting that families are income-constrained. Surveys confirm this. They confirm that some parents don't take leave to which they are entitled under the FMLA because they can't afford it.

Among parents reported that they needed a leave but didn't take it, the most frequent reason was the inability to afford it. Others

take leave but undergo financial hardship, falling into debt or turning to welfare for support.

Among those who take unpaid leave, more than half report it was difficult to make ends meet. About half say they would have taken longer leave if additional pay had been available.

Point three, providing paid leave as other countries would improve child and family health and well being. The evidence indicates that a substantial share of parents in the United States are not able to take the leave to which they are entitled under FMLA because they don't have the right to paid leave.

If we consider how parental leave in the United States compares to the situation in other countries, the results are clear. American mothers go back to work much more quickly than mothers in other peer nations in large part due to the lack of paid parental leave. The OECD countries, our peer countries, now provide an average of 18 months of childbirth-related leave, and much of that is paid.

Our neighbor to the north, Canada, extended its leave coverage in 2002 and now offers a year of childbirth-related leave with 50 weeks of that leave paid from a social insurance fund.

The U.K. also recently extended its leave provisions. It now provides a year of job-protected maternity leave to all new mothers with the first 9 months paid from social insurance funds and a commitment to go to 12 months of paid leave in the next parliament.

So, in conclusion, let me thank you again for inviting me to testify today on this important piece of legislation. By providing new parents with 8 weeks of fully paid leave, H.R. 3799 would be an important step in improving the health and well being of both children and parents.

Thank you again, and I would be happy to answer any questions.

[The prepared statement of Ms. Waldfogel follows:]

Testimony
Subcommittee on Federal Workforce, Postal Service and the District of Columbia and Joint Economic Committee

Jane Waldfogel
Professor of Social Work and Public Affairs
Columbia University

March 6, 2008

Chairman Davis, Vice Chairman Maloney, and Members of the Subcommittee and Committee:

Thank you for inviting me to testify about the effects of extending paid parental leave rights for federal employees. Paid parental leave has been shown to improve employee productivity and retention, and we also know that employees who have paid parental leave are more likely than those without this benefit to return to their employer. This reduces turnover, which is good for employers. However, the main purpose of paid leave is to allow families time together when they need it and I would like to use my time today to talk about the effects of paid parental leave on child and family well-being.

As you know, the Family and Medical Leave Act (FMLA) allows parents with a newborn or newly adopted child to take up to 12 weeks of leave (so long as they meet its qualifying conditions) but makes no provision for paid parental leave. As a result, many new parents do not take the leave to which they are entitled, cutting their time at home short or forgoing leave altogether, while others take leave but undergo substantial financial hardship, placing stress on themselves and their families (Cantor et al., 2001; Waldfogel, 2001b). The Federal Employees Paid Parental Leave Act of 2007 (H.R. 3799) would address this situation for federal employees by providing them with eight weeks of full pay and benefits for leave taken for the birth or adoption of a child.

My testimony today will focus on three points:

- Research shows that parental leave is beneficial for children and parents.
- The FMLA has increased leave coverage, but its effects on parental leave-taking have been limited due to the leave not being paid
- Providing paid leave, as other countries do, would improve child and family health and well-being.

I. Research shows that parental leave is beneficial for children and parents.

Research in the U.S. has shown that women who return to work later in the first year have better mental health (less depression) (Chatterji & Markowitz, 2005). And, several comparative studies have found that when paid leave periods are longer, infant mortality rates are lower (Ruhm, 2000; Tanaka, 2005). Unpaid leave does not have the same protective effect, because parents are less likely to take it (Ruhm, 2000; Tanaka, 2005).

These improvements in child health may come about because parents on leave are better able to monitor their children's health and safety at home.

There is also evidence that children whose mothers stay home longer in the first year of life receive more preventive health care and are more likely to be up-to-date on their immunizations (Berger, Hill, & Waldfogel, 2005). Moreover, women who take leave are more likely to initiate breast-feeding and breast-feed longer (Berger, Hill, & Waldfogel, 2005; Cunningham, Jelliffe, & Jelliffe, 1991; Lindberg, 1996).

We know less about fathers' leave-taking, but analyses of new birth cohort surveys indicate that when fathers take longer parental leaves, they are more involved in the care of their infants – changing diapers and waking up with the baby at night – 9 to 10 months after the birth (Neponmyaschy & Waldfogel, 2007; Tanaka & Waldfogel, 2007).

These findings about the beneficial effects of parental leave are particularly consequential given what we know about child health and development in the first year of life. Reviews by the National Academy of Sciences concluded that the quality of care a young child receives – in particular, its sensitivity and responsiveness – is crucial for child health and development (Shonkoff & Phillips, 2000; Smolensky & Gootman, 2003). In the first weeks and months of life, when infants are dependent on their parents, sensitive and responsive care is especially important (Hrdy, 1999; Waldfogel, 2006).

II. The FMLA has increased leave coverage, but its effects on parental leave-taking have been limited due to the leave not being paid.

The FMLA was a landmark piece of legislation. It has had a dramatic impact on raising parental leave *coverage* in the United States, especially for men, few of whom previously had the right to a paternity leave (Waldfogel, 1999a). However, the impact of the law on parental leave *usage* has been less pronounced. Studies have found generally small effects of the U.S. law on increasing leave usage by new mothers (Han & Waldfogel, 2003; Klerman & Leibowitz, 1998; Ross, 1998; Waldfogel, 1999b) and either small or no discernible effects on increasing leave usage by new fathers (Han & Waldfogel, 2003; Han, Ruhm, & Waldfogel, 2007). The fact that the law extended coverage but had so little impact on usage suggests that there are limits to the extent to which families are willing and able to use unpaid leave. Given the financial constraints that families with new children often face, taking leave without pay may not be an option for many of them. Such constraints probably explain why leave laws have a larger effect on leave-taking among high-income families than low-income families (Han, Ruhm, & Waldfogel, 2007).

Surveys confirm that some parents do not take the leave to which they are entitled under the FMLA because they can not afford it (Commission on Family and Medical Leave, 1996; Cantor et al, 2001; Waldfogel, 2001b). Among parents reporting that they needed a leave but did not take it, the most frequent reason was the inability to afford it (cited by 78% of those in this category in 2000) (Cantor et al., 2001; Waldfogel, 2001b). Others take leave but undergo financial hardship, falling into debt or turning to welfare for support while out on unpaid leave (Commission on Family and Medical Leave, 1996).

Among those who take unpaid leave (or leave at less than full pay), more than half report it was difficult to make ends meet, and about half say they would have taken a longer leave if additional pay had been available (Cantor et al., 2001; Waldfogel, 2001b).

III. Providing paid leave, as other countries do, would improve child and family health and well-being.

The evidence indicates that a substantial share of parents in the U.S. are not able to take the leave to which they are entitled under FMLA because they do not have the right to paid leave, while others take leave but experience financial hardship. These problems are particularly acute for lower-income parents who can ill afford a period of unpaid leave. Extending paid leave rights would increase the share of parents taking family and medical leave as well as reduce financial hardship among those taking leave, leading to improvements in child and family well-being.

It is informative to consider how parental leave in the US compares to the situation in other countries (Kamerman, 2000; Waldfogel, 2001a). The results are clear: American mothers go back to work much more quickly than mothers in other peer nations, in large part due to the lack of paid parental leave (see, e.g., Berger, Hill, & Waldfogel, 2005). The OECD countries now provide an average of 18 months of childbirth-related leave, much of it paid (Waldfogel, 2006b). Generous leave policies have been instituted not just in the Nordic countries and continental Europe but in the Anglo-American countries as well. Our closest neighbor, Canada, extended its leave coverage in 2002 and now offers a year of childbirth-related leave, with all but two weeks of the leave paid from a social insurance fund. The United Kingdom also recently extended its leave provisions and now provides a year of job-protected maternity leave to all new mothers, with the first 9 months paid from social insurance funds. Australia and New Zealand provide a year of unpaid parental leave (New Zealand also provides 12 weeks of paid maternity leave). Thus, all the Anglo-American nations except the U.S. now offer a year of job-protected parental leave, and all but Australia and U.S. provide at least some paid leave.

IV. Conclusion

Thank you again for inviting me to testify today on this important piece of legislation. By extending paid parental leave rights to provide new parents with 8 weeks of fully paid leave, H.R. 3799 would be an important step in improving the health and well-being of children and parents.

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Mr. DAVIS OF ILLINOIS. Thank you very much, and we will go to Ms. Tejani.

STATEMENT OF SHARYN TEJANI

Ms. TEJANI. Thank you. Good morning, Mr. Chairman and Madam Vice Chair.

I am here on behalf of our president, Debra Ness, who regrets that she wasn't able to make it today.

The National Partnership is a non-profit, non-partisan advocacy group that promotes fairness in the workplace, access to quality healthcare and policies that help workers meet their dual responsibilities of work and family.

We lead a diverse coalition of 200 groups dedicated to protecting and expanding the Family and Medical Leave Act. When we are not protecting the Family and Medical Leave Act from regulatory changes that could scale back its protections, we are working to expand it by securing paid family and medical leave so that no worker has to choose between a paycheck and caring for a loved one or recovering from their own illness.

We are very pleased to have the chance to testify in support of the Federal Employees Paid Parental Leave Act of 2007 which would give Federal employees, eights weeks of paid leave after the birth or adoption of a child. Its enactment would be an important step toward making family and medical leave a reality for many more workers.

Nearly the entire world recognizes the importance of being able to take time off after the birth of a child. A major international study last year found that the United States is one of four countries—the others being Liberia, Papua New Guinea and Swaziland—that do not provide any paid leave after childbirth.

In fact, right now, the FMLA is the only Federal statute that guarantees workers here time off after the birth or adoption of a child. It provides 12 weeks of unpaid leave. Unfortunately, two in five workers are not covered by the FMLA, and many more cannot afford to take FMLA leave because it is unpaid.

We simply can and must do much better for America's workers. The FMLA has been a huge help to millions of workers because of the unpaid leave that it provides, but it is time to take the next step and offer paid family and medical leave.

The Federal Employees Paid Parental Leave Act of 2007 will help a lot more workers afford the leave that they need. The bill covers nearly all Federal workers and legislative employees and gives them 8 weeks of full paid family leave.

Many people assume that Federal workers already have paid maternity leave and paid paternity leave in part because people assume that the Federal Government would be a model employer in all respects. Sadly, in this instance, it is not true. So this legislation would not only tremendously help Federal workers, but it would also create a model for the Nation and show the country that the government really does value families.

The Federal Employees Parental Leave Act would make paid maternity and paternity leave a reality for a work force that is very diverse, racially, economically and geographically, and it provides

8 weeks of leave for both men and women, a parity which we consider equally important to any leave program.

It also contains parity for birth parents and adoptive parents, which is another important point of parity and basic fairness.

The bill will do for Federal workers what several States are currently doing for all the workers in those States. In 2004, California became the first State to offer wage replacement while workers are on all types of family leave. Its law has given more 13 million California workers, partial income replacement while caring for a new child or a seriously ill family member.

Last May, Washington became the second State to offer a program. In Washington's programs, parents, mothers and fathers get 5 weeks of leave after the birth or adoption of a new child.

There are active campaigns to make paid family and medical leave available to workers in New Jersey, New York, Illinois, and Oregon. Just this week, New Jersey Senate passed a bill that is very similar to California's bill and hopefully that will go to the Assembly next week and will become the law there as well.

I want to stress that the Federal Employees Paid Parental Leave Act is really only a start. The maternity and paternity leave it will provide is critical for new parents, but it will not come close to meeting all the caregiving needs that Federal workers have because they also need paid leave to recover from their own illnesses, to care for spouses and older children and parents. Nevertheless, the bill would be a significant step forward.

Too often, we give only lip service to the family values we claim to hold dear. Passing this act is a chance to show that lawmakers really do believe that caring for a new child is important and we will support that.

The National Partnership for Women and Families will do all we can do to see that this becomes a law soon.

Thank you very much.

[The prepared statement of Ms. Tejani follows:]

Testimony of Sharyn Tejani for
Debra Ness
National Partnership for Women & Families

Hearing on
"Investing in the Future of the Federal Workforce: Paid Parental Leave Improves Recruitment and Retention"

Joint Hearing Before the
Joint Economic Committee
and
Subcommittee on the Federal Workforce, Postal Service
and the District of Columbia,
Committee on Oversight and Government Reform
March 6, 2008

Good morning. I am Sharyn Tejani, Senior policy counsel of the National Partnership for Women & Families. The National Partnership is a non-profit, non-partisan advocacy group dedicated to promoting fairness in the workplace, access to quality health care, and policies that help workers in the United States meet the dual responsibilities of work and family.

We lead a broad, diverse coalition of more than 200 groups dedicated to defending and expanding the Family and Medical Leave Act (FMLA) on behalf of workers in the United States. The coalition includes groups representing the faith community, women, seniors, veterans, people with disabilities, and many others.

When we're not protecting the FMLA from regulatory changes that could scale back its basic protections, we are working to expand it by securing paid family and medical leave so that no worker has to choose between a paycheck and caring for a loved one or recovering from illness.

It is an honor to be here today to testify in support of the Federal Employees Paid Parental Leave Act of 2007 (HR 3799). The Act will provide federal employees with eight weeks of paid leave after the birth or adoption of a child. Its enactment would be an excellent step toward making family and medical leave a reality for many more workers.

The Need for Paid Family Leave

The entire world recognizes the importance of paid leave from work after the birth of a child. A study last year found that the United States was one of only four nations (the others being Liberia, Papua New Guinea, and Swaziland) that do not provide paid leave from work after childbirth. 168 nations provided such leave, and of those more than half offer 14 or more weeks off work with pay.[1] There's good reason: According to the World Health Organization, "[a] period of absence from work after birth is of utmost importance to the health of the mother and the infant. This is conducive to both the optimal growth of the infant and the bonding between mother and infant."[2] Women need time to establish breastfeeding. Children need to attend their early doctor appointments and to bond with their parents. Families need time to be together and to care for each other.

Right now in the United States, the FMLA is the *only* federal statute that guarantees workers time off after the birth or adoption of a new child. It provides 12 weeks of unpaid leave for caregiving purposes. Unfortunately, two in five workers do not qualify for FMLA leave or do not work for a covered employer; most of them risk losing their jobs and health insurance if they take time off after the birth or adoption of a child.

The FMLA also falls short because so many workers cannot afford to take the unpaid leave it provides. Based on studies and calls to our help desk, we have found that workers either do not take leave or cut their leave short because they cannot afford to go without pay. According to a Department of Labor survey commissioned in 2000, 78 percent of FMLA covered employees who did not take leave when they needed to did not do so because they could not afford to take unpaid leave.[3] Furthermore, two in five workers who did take leave cut it short because they could not afford to go without a paycheck.[4]

As it stands now, relatively few workers in this country have the peace of mind of knowing that their employer will provide paid parental leave if they adopt or have a child. For those with paid leave, there is great variation in how much leave workers receive. Many of those differences are based on the type of position they have, their gender, and their employer.[5] Those with higher paying and white collar jobs are more likely to have

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[1] Jody Heymann, et al., *The Work, Family, and Equity Index: Where Does the United States Measure Up?*, 2007. Harvard School of Public Health, Project on Global Working Families, Boston, MA (available at http://www.mcgill.ca/files/ihsp/WFEIFinal2007.pdf).

[2] World Health Organization, *Health aspects of maternity leave and maternity protection, Statement to the International Labor Conference*, June 2, 2000 (available at http://www.who.int/reproductive-health/publications/maternal_mortality_2000/Health_aspects_of_maternity_leave.en.html).

[3] David Cantor et al, Balancing the Needs of Families and Employers: Family and Medical Leave Surveys 2000 Update, conducted by Westat for the U.S. Department of Labor, Washington, DC, 2000 2-16.

[4] *Id.*

[5] *Maternity Leave in the United States,* Fact Sheet, Institute for Women's Policy Research, (August 2007) available at http://www.iwpr.org/pdf/parentalleaveA131.pdf)

paid maternity or paternity leave benefits than low-income workers, who may need such benefits more because they have no savings that they can use while on leave. [6]

The National Partnership for Women & Families is not only an advocate for paid leave; we are also an employer, and we believe actions speak louder than words. Although we are only a midsize employer, we provide up to 12 weeks of paid family and medical leave, including maternity and paternity leave, a year at 70 percent of an employee's salary. We do this for several reasons. First, as an organization advocating for women and their families, we know that this paid leave is important and the right thing to do. Second, we know that providing paid family and medical leave improves our ability to compete for the type of skilled and dedicated workers we need and it helps us keep them. In the end, the cost of replacing a worker is higher than the cost of providing paid leave, and it makes a huge difference in employee morale – which is priceless.

I want to be honest and say that I know that is not easy when employees are out for extended leave. Over a ten month period last year, we experienced six maternity and paternity leaves. At the time we had a staff of about 25 people so, at one point, one-fifth of our staff was on leave. We could only afford to hire temporary staff to fill one of these positions. For the rest, other staff members pitched in, we relied a bit more on outside consultants, and basically muddled through as best we could. But at no time did we think about altering our policies. Everyone on staff did all they could to help out because they knew the National Partnership's family and medical leave policies would be there for them in the future, and that their colleagues would support them – just as they were supporting their colleagues now. Our working parents are still with us – so in the long run, we gained by providing them with paid family leave.

The stories of workers who either do not have paid maternity or paternity leave or who must cut their leave short because they need a paycheck illustrate how important this benefit is for workers.

For example Sharon McDougle, a technician for an aerospace company in Texas, did not have enough vacation and sick time after her second child was born to take maternity leave. She could not take unpaid leave because her husband was laid off when she was seven months pregnant. As a result, Sharon reports she was:

> *back on the job at two weeks after I had the baby. And it was terrible. I was the walking dead. It was like I was sleepwalking. I look back now and I don't know how I did it. I guess I just did it because I had to. There was no other choice. Without my paycheck, we had no money.* [7]

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[6] *Id*

[7] Betty Holcomb, *Why Americans Need Family Leave Benefits-And How They Can Get Them,* A Report for the National Partnership for Women & Families (available at http://www.nationalpartnership.org/site/DocServer/WhyAmericansNeedFamilyLeaveBenefits.pdf?docID=1058)

When Sharon tried to return to work, she learned she had to produce a note from her doctor. In the week that it took her to track down the doctor and get the note, she and her family had to rely on money donated to them by coworkers.

Sharon's story is all too familiar. Last month, the National Partnership for Women & Families created a new website, www.thanksFMLA.org that encourages workers to send in their stories about how FMLA leave has been important to them. Through the website, we received this story from a woman in Colorado that illustrates how difficult it is to go without paid maternity leave:

> *I needed to take FMLA when I was pregnant. My job didn't offer paid leave when I gave birth to my daughter. Because of FMLA I was guaranteed time off when I was put on bed rest. Because it was unpaid I had to work from my bed and go back to work before my daughter was ready for me to go back. Financially I needed to go back to work. My daughter was 4 weeks old and on oxygen. I had to make special arrangements for a family friend to watch her instead of the childcare facility because of her age and special needs.*[8]

We can and must do better for America's workers. The FMLA has been a huge help to the millions of workers who have been able to take it. But it is time to take the next step and make paid family and medical leave a reality for everyone.

The National Partnership for Women & Families Supports the Federal Employees Paid Parental Leave Act of 2007

Enactment of the Federal Employees Paid Parental Leave Act of 2007 would be an important step in helping more workers afford to take the leave they need. The bill covers nearly all federal workers and House and Senate employees and provides up to eight weeks of paid leave when they have or adopt a child.

It is remarkable how many people, even in Washington D.C., do not realize this bill is necessary. Most people assume that federal workers have guaranteed paid maternity and paternity leave, in part because people assume that the federal government is a model employer. Sadly, in this instance it is not. The lack of paid leave at the federal level makes it more difficult for advocates to argue that private companies should provide leave. Thus this legislation would not only help federal workers tremendously, it also will create a model and show the country that the government really does value families.

The Federal Employees Parental Leave Act would make paid maternity and paternity leave a reality for a very diverse workforce. The federal workforce has a high percentage of women (44%), African Americans (17%), Asians (5%), and Native Americans (1.9%). In fact, the employment participation of African Americans, Asians and Native Americans in the federal government is higher than their participation in the civilian

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[8] Email Received by the National Partnership for Women & Families, www.thanksfmla.org, on February 5, 2008.

labor force.[9] There is very little data on race and ethnicity and paid leave; however what we have been able to piece together using income information indicates that people of color may be less likely to have access to paid maternity and paternity leave than white workers.

The Act would also apply to federal employees at all parts of the wage spectrum, unlike plans in some businesses that only cover high level employees. This would further help people of color and women, who tend to be at the lower end of the federal pay scale and more likely to need paid leave.[10] Finally, given the geographic diversity of the federal workforce, this Act would allow us to bring paid maternity leave and paternity leave to workers in every corner of the country.

Another critically important aspect of the Federal Employees Parental Leave Act is that it provides eight weeks of leave for women and men. Parity in maternity and paternity leave is exceptionally important and is a bedrock principle that has helped make the FMLA a success. Benefits that favor women over men can reinforce stereotypes regarding the "proper" role of women as caretakers, not as workers. Providing parity in benefits breaks down these stereotypes and increases the ability of men to participate fully in their families' lives. The Act also contains parity for birth and adoptive parents. Again, this is fair, right, and critically important.

Finally, we want to stress that we see this bill as an excellent start in providing the benefits all workers need. Maternity and paternity leave are critical for new parents. However, care for a new child is by no means the only caregiving challenge workers face. As the FMLA has demonstrated, workers face their own health challenges that require absence from work for recuperation or treatment, and they have caregiving responsibilities for spouses, older children, and their own parents. The FMLA recognizes these needs and provides unpaid leave for all of them. Just as a paycheck is necessary to make maternity and paternity leave a reality for many workers, pay during leave to provide other types of caregiving or self care is essential. Thus, we are confident that this Act is just a first step in providing the benefits that will help federal workers meet all of their caregiving responsibilities.

How States are Moving Forward on Paid Parental Leave

Realizing the importance of paid family and medical leave, states are starting to provide it. Already, the six states or territories with temporary disability programs (California, Hawaii, New Jersey, New York, Rhode Island and Puerto Rico) provide wage replacement for women during disability due to pregnancy.

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[9] OPM, *Federal Civilian Workforce Statistic: The Fact Book 2005 Edition* (February 2006) at 9, 10 and 47. According to OPM, Hispanics make up 7.3% of the federal workforce which is lower than their presence in the civilian labor force.
[10] *Id.* at 38 and 52.

California
In 2004, California became the first state to provide wage replacement while a worker is on family leave.[11] The most comprehensive of its kind, the law has given more than 13 million California workers (nearly one-tenth our country's workforce) partial income replacement (roughly 55 percent of wages) while they care for a new child or seriously ill family member. Premiums for the program are paid entirely by workers and are incorporated into the state's temporary disability fund. Critically, the wage replacement program covers *all* California workers who pay into the system; it is not limited to those who are covered by the federal or state family medical leave act. Thus, the program reaches workers who may need it the most—those who are not covered because they work for small businesses or do not have a long tenure at their current job. Studies of workers using the wage replacement offered by the law show that 88 percent do so to care for a new baby and 12 percent do so to take care of another family member.[12]

Washington State
In May of 2007, Washington State became the second state to enact a paid parental leave program. Washington's program will provide $250.00 per week for five weeks to new parents who are staying home with their child. The program also covers more workers than the FMLA and provides job-protected leave for employees who work in establishments with more than 25 employees. Washington created a committee to explore funding options for the bill. In the short term, the committee has recommended using the general fund of the state.

Paid Family and Medical Leave Campaigns in Other States
In the past year there have been active campaigns to make paid family and medical leave available to workers in New Jersey, New York, Illinois, and Oregon. New Jersey and New York are still in the midst of those campaigns, and we are hopeful they will soon join California and Washington in providing paid leave beyond the disability coverage they currently provide. In fact, earlier this week, the New Jersey Senate voted to approve a six week paid family and medical leave bill; the New Jersey Assembly is slated to vote on the measure on March 13. Additionally, lawmakers in Arizona, Massachusetts, Pennsylvania and Texas introduced bills to create paid family and medical leave.

Conclusion
Too often we give only lip service to the family values we claim to hold dear. Passing the Federal Employees Parental Leave Act is an opportunity to show that lawmakers really do believe that caring for a new child is important to parents and worthy of support. We are very pleased that it has been introduced and that you are holding this hearing, and we will continue to work for passage of this and similar measures to ensure all workers have access to paid leave when they need it. It's good for business, good for the economy, good for communities, and good for families. Establishing paid family and medical leave is an opportunity to put our family values to work.

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[11] California's temporary disability system already provided payment when a worker was unable to work because of the worker's own disability, including disability due to pregnancy.
[12] California Employment Development Department, Press Release, July 1, 2005 (available at http://www.edd.ca.gov/nwsrel05-36.pdf).

Mr. DAVIS OF ILLINOIS. Thank you very much, and we will move to Dr. Lovell.

STATEMENT OF VICKY LOVELL

Ms. LOVELL. Thank you, Vice Chair Maloney, Chairman Davis. Thank you for providing me with an opportunity to testify on the importance of paid leave for the Federal work force.

My written testimony discusses how State temporary disability insurance programs offer a model for paid parental and family care leave.

As we have heard already heard about SDI this morning from Ms. Kichak, I will focus my remarks instead on two questions: First, is paid parental and family care leave important for the Federal work force and, second, what are the likely benefits to the Federal Government of creating new paid time off programs?

In regard to the first point, the experience of paid family leave in California is instructive. A comprehensive paid family leave insurance program was enacted in California in 2002 with benefits starting in 2004. Workers there have been receiving benefits under the new program for 3½ years to care for a seriously ill child, spouse, parent or domestic partner or to bond with a minor child.

The program is administered by California's Employment Development Department in conjunction with the preexisting short-term disability insurance program.

We heard from Dr. Waldfogel about the impact of mothers' parental leave on infants' well being. The majority of claims under California's paid family leave program are for bonding with a new child: 69 percent are mothers' claims and 18 percent have been from fathers.

In California, a birth mother may take both pregnancy maternity disability under short-term disability and 6 weeks of bonding leave.

But infants are not the only beneficiaries of paid family leave in California. Another 8 percent of leaves in that State are taken by women for family care with the final 4 percent taken by men.

Only a very small fraction of California's workers take family care leave in a given year, only 0.17 percent or about 2 of every 1,000 workers.

But for those who need the leave the time with their family can be absolutely critical. One-fourth of those California workers cared for family members who had cancer. Another one-eighth cared for family members with heart disease. About one-third of the leaves were to care for workers' parents and another third were for their spouses.

Paid leave allowed these workers to provide urgently needed care without also facing a financial crisis from lost earnings in situations that could affect any family at any time.

We have some evidence of the benefits of paid maternity leave for employers, and it is reasonable to expect that family care leave would have some similar effects of lowering costs of turnover, increasing productivity and positioning the Federal Government to be more competitive in hiring top talent.

Women who have paid maternity leave work later into their pregnancies than those with only unpaid leave, and they are more likely to return to employment following the birth of their child.

Other benefits, such as paid sick leave and health insurance, also reduce voluntary turnover because workers whose health and family care needs are met by their current employer are less likely to think about changing jobs. Thus, a paid family care leave program will allow the Federal Government to retain valuable staff with job-specific skills.

Retaining workers is a big cost saver for employers. If we look in detail at what is involved in replacing a worker, we can see how the costs can add up: exit interviews, advertising and employment agency fees, background checks, drug tests, interviews and training.

Then there are more subtle impacts such as lost productivity involved with having a vacant position, low productivity of a worker who plans to leave soon and low productivity and mistakes while a new learner gets up to speed.

One commonly cited rubric is that employers pay 25 percent of total annual compensation to fill a position. This is a very significant expense for employer who cannot hold on to their workers.

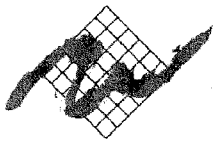
Workers who have benefits they value may also be more productive. A study of family friendly policies and working mother best companies found that those providing paid leave to care for sick family members are more profitable than companies that don't.

It may be that these firms inspire greater work effort by providing higher overall compensation than might be available elsewhere in the labor market or, in the case of family friendly policies in particular, workers may simply be less anxious and distracted about their family care situation and better able to focus on their work. Employees may feel more loyal when their parenting needs are accommodated and put more effort into their work. In all these scenarios, the employer enjoys greater productivity.

The Federal Government does not compete with the average American employer for the average American worker. Because the Federal work force is highly skilled and highly educated, the Federal Government competes for the best workers.

To build the most productive work force, Federal employment should be compensated so as to attract and retain top talent that could choose lucrative work in the private sector. Paid time off could provide an important competitive advantage in this effort.

[The prepared statement of Ms. Lovell follows:]



INSTITUTE FOR WOMEN'S POLICY RESEARCH
1707 L Street NW, Suite 750 • Washington, DC 20036

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Health and Family Care Leave for Federal Workers: Using a Short-Term Disability Insurance Model to Support Worker and Family Well-Being, Ensure Competitive Employee Compensation, and Increase Productivity

Vicky Lovell, Ph.D.
Institute for Women's Policy Research

Testimony presented to
the Joint Economic Committee
and
the House Subcommittee on the Federal Workforce, Postal Service, and the District of Columbia

At the hearing:
"Investing in the Future of the Federal Workforce:
Paid Parental Leave Improves Recruitment and Retention"

March 6, 2008

Vice Chairman Maloney, Chairman Davis, and Members of the Joint Economic Committee and the House Subcommittee on the Federal Workforce, Postal Service, and the District of Columbia,

I am Dr. Vicky Lovell, Director of Employment and Work/Life Programs at the Institute for Women's Policy Research (IWPR). I hold a Ph.D. in Public Administration and Policy from Portland State University and have been conducting research on family and medical leave and other policies to strengthen women's employment outcomes for nearly ten years. I have published numerous articles discussing the factors that make work/family policy supports important. Several years ago, IWPR staff worked with Dr. Randy Albelda and Dr. Alan Clayton-Matthews of the University of Massachusetts Boston to develop an econometric model to estimate the use and cost of various paid family and medical leave policies being considered by state and federal policy makers. I have used this model extensively to inform policy makers about the design and likely impact of new paid leave programs. Thank you for allowing me to provide testimony on paid parental, own-health, and family care leave for the federal workforce.

Researchers at the Institute for Women's Policy Research have been assessing Short-Term Disability Insurance as a model for family leave insurance for more than 15 years (see, e.g., Aaronson 1993). These insurance plans for loss of earnings due to non-work-related illness and injury offer a flexible, efficient, and cost-effective mechanism for enrolling workers, collecting insurance premiums, evaluating claims, and paying benefits. In my testimony this morning, I will focus on the SDI programs that operate in five states to deliver mandatory coverage to workers. They function similarly to the private programs that some employers choose to provide to workers. Experience in the State of California demonstrates that they can be utilized to support workers' family care-giving responsibilities, in addition to leaves to address workers' own serious health needs.

State Programs for Short-Term Disability Insurance

Short-Term Disability Insurance (SDI) follows the standard logic of other kinds of insurance programs, such as health or life insurance, workers' compensation, or unemployment insurance: They pool individuals in order to spread the cost of a given individual's experience with an underlying risk among a large group, protecting each individual against the potentially devastating cost of the covered event. SDI provides temporary, partial wage replacement to employees who are unable to work because of non-work-related illness or injury.

Five states require employers to ensure that workers participate in SDI programs. Four states enacted their SDI plans in the 1940s: Rhode Island (1942), California (1946), New Jersey (1948), and New York (1949); Hawaii created its program in 1968 (Social Security Administration 2007). The programs pay benefits to workers who are unable "to perform regular or customary work because of a [non-work-related] physical or mental condition" (ibid., 67). Together, these states insure approximately one of every six U.S. workers (17 percent) against wage loss due non-work-related illness and injury.[1] California and New Jersey allow employers

[1] Institute for Women's Policy Research analysis of U.S. Social Security Administration 2007 and U.S. Department of Labor 2004.

to provide SDI either through a state-operated plan or a private one with equivalent or better benefits; in both states, the vast majority of workers are covered under the state plan. Rhode Island employers must participate in the state's plan. In Hawaii and New York, there is no state plan, and employers purchase coverage from private companies, self-insure, or create a labor-management program. Local and state employees are covered in Hawaii, and some state workers in some other SDI states also participate. Federal workers do not have SDI benefits.

State-mandated SDI benefits replace 50 to 67 percent of a worker's usual weekly earnings (Lovell 2004). The plans typically pay benefits for a maximum of 26 weeks, although in Rhode Island the maximum benefit period is 30 weeks, and in California a worker may draw benefits for up to 52 weeks. There is usually a seven-day waiting period before benefit payments being; that is sometimes paid retroactively with sufficient disability duration.

State-run SDI programs are very efficient to operate. Administrative expenses are 4.4 percent of net benefit expenditures in Rhode Island, 5.5 percent in California, and 6.7 percent in New Jersey.[2]

Premiums are calculated as a percent of a specified level of earnings. For instance, for 2007, the SDI withholding rate in California was 0.6 percent of earnings, with a taxable wage ceiling of $83,389 (State of California Employment Development Department 2007). In Hawaii, New Jersey, and New York, employers pay the insurance premium, while the California and Rhode Island plans are employee-funded (Lovell 2004).

Coverage of Pregnancy and Maternity Disability in SDI Programs

Until 1978, many private and public SDI plans denied benefits to pregnant women, arguing that pregnancy and childbirth were too expensive to cover, "beyond normal experience," and voluntary (Lens 2004), even though the U.S. Equal Employment Opportunity Commission issued guidelines in 1972 asserting that failing to provide pregnancy benefits in health insurance or SDI programs constituted unlawful sex discrimination. Following a U.S. Supreme Court decision in 1976 that allowed pregnancy to be excluded from SDI, the U.S. Congress passed the Pregnancy Discrimination Act in 1978, amending the anti-discrimination doctrine of Title VII of the Civil Rights Act of 1964 and requiring "employers who offer health insurance or disability plans (or both) to provide coverage to pregnant women for all conditions related to pregnancy and childbirth" (Conway, Ahern and Steuernagel 1995, 161).

SDI now provides pregnancy and maternity disability benefits to millions of American women, functioning as a form of paid maternity leave in addition to supporting women who experience difficult pregnancies or births. Yet this use of SDI is not the most common, nor the most expensive. In New Jersey, for instance, disabilities related to bones and organs of movement, and accidents, poisoning, and violence, make up a larger share of SDI recipients and of SDI benefit payments than do pregnancy and childbirth (Table 1).

[2] 2003 data; IWPR analysis of Social Security Administration 2007.

Table 1. Most common medical bases of completed SDI claims, New Jersey, 2000

Major morbidity group	Percent of cases	Average duration (days)	Average gross benefit
Bones and organs of movement	18.7	96	$ 4,300
Accidents, poisoning, and violence	16.7	80	$ 3,484
Pregnancy and childbirth	14.9	80	$ 3,353
Circulatory system	8.6	96	$ 4.302
Neoplasms	8.2	100	$ 4,463
Digestive system	6.6	47	$ 2,103
Mental, psychoneurotic, and personality disorders	5.7	104	$ 4,708
Respiratory system	5.2	39	$ 1,777
Subtotal: Listed conditions as share of all claims	84.6		

Source: New Jersey Department of Labor, Program Planning, Analysis and Evaluation, *Temporary Disability Insurance Workload in 2000: Summary Report* (2002), Table 5.

Family Care Leave Insurance

SDI offers a model for insuring workers against wage loss when they must care for seriously ill family members. Family care leave fits the insurance logic of SDI; the funding mechanism is cost-effective; and identifying need is relatively clear-cut. A family care leave insurance program could provide temporary, partial wage replacement to parents with a child undergoing cancer treatment, to workers with a spouse recovering from surgery, or in the event an aging parent has a stroke.

Policy makers across the country have explored this insurance approach for providing income during time off work for maternity and paternity and caring for ill family members. These efforts have concentrated on creating a wage replacement system to parallel or augment the Family and Medical Leave Act of 1993 (FMLA), which requires that eligible employees in covered firms be allowed up to 12 job-protected weeks of leave annually when they are seriously ill or to care for a seriously ill family member or bond with an infant or newly placed foster or adoptive child. Proposals have been considered with varying leave lengths and with wage replacement rates typically set at about two-thirds of a worker's usual weekly earnings, with a maximum weekly benefit often tied to a state's average weekly wage. (Thus, the proposed plans offer benefit levels similar to those provided under SDI.) Generally, these proposals call for all the circumstances provided for in the FMLA to be covered: a worker's own health; care for new children; and serious family illness. Not only is this a comprehensive program the addresses a majority of workers' needs for health- and parenting-related work breaks; it also deliberately encompasses leave that men need and care they can provide, replicating the FMLA's very careful extension of support to men as a way of encouraging gender parity in the care-giving sphere.

A comprehensive paid family leave insurance program was accomplished in California in 2002. Payroll tax contributions were collected starting January 1, 2004, with benefit payments disbursed beginning in July 2004 (Lovell 2003). The new program is administered by the State of California Employment Development Department in conjunction with the pre-existing SDI

program. Currently, the combined California SDI/PFL program is the only state-wide program that covers all FMLA conditions.[3]

Washington State adopted a different approach: five weeks of paid leave for parents only, paid at a flat rate of $250 per week (Economic Opportunity Institute 2007). This benefit level replaces earnings at 100 percent for those working 40 hours a week at $6.50 an hour.[4] It was explicitly designed to be very progressive so as to make paid leave affordable for low-income workers. The Washington State parental leave insurance program is scheduled to become operational on October 1, 2009, although policy makers have yet to establish its funding mechanism.

California's Experience with Paid Family Leave as a Preview of Federal Use

Data on California's Paid Family Leave program (PFL) offers guidance for a very rough estimate of likely use of a similar program for federal workers. In this section, published and unpublished data on use of PFL in California are adjusted by the ratio of federal civilian employment to covered California employment (.144) to suggest how many leaves might be taken by federal workers under a new paid parental leave program or a paid program for workers' own health needs and for family care. No adjustment has been made for differences in the demographics of the two workforces that would affect the need for paid leave—their age distributions, fertility rates, and health status, for instance. This process also does not account for different levels of program awareness among California and federal workers, or for associated differences in take-up rates that relate to workers' knowledge of the program. The purpose of this analysis is simply to give a very general sense of the possible scope of a federal program, to assist in evaluating the extent to which workers need paid parenting leave, paid leave for their own disabilities, and paid family care leave.[5]

In California, women's claims for bonding with a new child make up 69 percent of total family care claims (Table 2, Column A). Men's bonding claims are another 18 percent. Claims to care for seriously ill family members are a minor share of claims under this program, with women's family care constituting 8 percent of program use and men's the remaining 4 percent.

Within the family care category, and perhaps surprisingly, workers' parents are the largest group of care recipients (36 percent; Table 2, Column B). This is closely followed by claims for care of spouses (33 percent). Children are the care recipients in 21 percent of claims. Care of registered domestic partners and others makes up the final 11 percent of total claims. (Fully one-fourth of paid family leave claims are for family members with cancer (CA EDD 2008).)

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[3] California workers are covered by another important leave benefit: the "Kin Care" law. This policy allows workers who participate in a paid sick days program to use their accrued benefits when they need to care for a sick family member (State of California Fair Employment and Housing Commission 2007).

[4] The minimum wage in Washington State is currently $8.07 (U.S. Department of Labor 2007).

[5] The estimate assumes that women would not be allowed to take both own-health SDI for pregnancy/maternity disability and paid parental leave under the Federal Employees Paid Parental Leave Act of 2007 for bonding with a new baby. (Birth mothers in California may use both programs.)

Table 2. Use of California Paid Family Leave program, SFY 2006-7; estimated use of paid parental, health, and family care leave for federal workers

Reason for leave	Column A California: Leave reason as percent of total Paid Family Leave claims	Column B California: Family-care claims by care recipient	Column C Federal workforce: Estimated annual number of claims
Bonding with new child			
Women	69 %		17,341 [a]
Men	18 %		4,806 [b]
Subtotal			22,147 [b]
Other family care			
Women	8 %		
Men	4 %		
Caring for:			
Spouse		33 %	1,027 [b]
Child		21 %	647 [b]
Parent		36 %	1,125 [b]
Others		11 %	342 [b]
Subtotal			3,141 [b]
Workers' own health needs			41,197 [b, c]
Total	99 %	101 %	66,485 [b]

[a] This estimate of the number of female federal civilian workers giving birth, adopting, or taking in foster children annually is based on the number of women in California with bonding claims; the share of pregnancy claims that transition to bonding claims (63 percent, for SFY 05-06; Sherriff 2007b); and the ratio of the federal civilian workforce to the number of workers covered by California's SDI program. Alternatively, the Congressional Budget Office estimates that 25,300 women federal workers would use paid parental leave annually, along with 13,750 men (using 2001 data; OPM 2001).

[b] If federal workers have a higher program take-up rate than California workers do, the number of claims will be higher, by an unknown factor.

[c] Assumes that half of federal workers with short-term disabilities will use their (fully paid) sick leave in lieu of SDI, as compared with California workers, whose sick leave policies are on average less generous than that of the federal government.

Notes: Claims are filed claims. Columns may not sum to totals due to rounding. Adjustments of California program use data for size of federal civilian workforce but do not account for demographic differences between these two groups of workers, which may significantly affect the relative need for parental, own-health, or family care leave in the two workforces.

Source: Institute for Women's Policy Research analysis of unpublished data from State of California Employment Development Department (2008); OPM (2006); and Sheriff (2007b).

Column C of Table 2 presents crude estimates of the likely use of paid parental leave and paid health and family care leave for federal workers. Adjusting data on use of California's SDI and PFL programs for the relative size of the federal civilian workforce, and assuming that federal workers would have the same take-up rate as do California workers, suggests that the latter group would take 22,147 paid parental leaves annually (17,341 would be taken by mothers and 4,806 by fathers). Care leaves for family members would total 3,141, and workers would take 41,197 leaves because of their own serious health conditions. Each year, then, under a comprehensive SDI and PFL program for the federal civilian workforce, an estimated 66,485 paid leaves would be taken, allowing workers to address serious health issues of their own and their immediate families, to recover from childbirth, and to bond with infants and newly adopted children and foster-care placements.

How an SDI Model of Health and Family Care Leave Would Complement the Federal Employees Paid Parental Leave Act of 2007

The paid parental leave bill that is before these Committees would provide relief when federal workers welcome a new child into their family. This life-changing event brings joy and intense satisfaction, but also imposes significant burdens. Women recovering from childbirth need time to heal and to establish breastfeeding routines; all parents need time to get to know their new loved one and figure out how to incorporate a new child into their world.

If we look at a worker's life as an evolving continuum of reciprocal family relationships, we can imagine that many other situations will arise that cannot easily be attended to while spending most of the workday on the job. A paid health and family leave insurance program that complements paid parental leave would help women during pregnancy, continuing their income if they are advised to cut back while awaiting their baby, in instances where their paid sick leave is insufficient to cover this contingency. It would support workers suffering from serious health problems and those with disabled children or medically fragile parents or spouses. It would bring needed assistance to workers of all ages, both women and men, for individual and family needs.

Benefits of Paid Own-Health and Family Care Leave

We have some evidence of the benefits of paid maternity leave for employers, and it is reasonable to expect that own-health and family care leave would have some similar effects.

Women who have paid maternity leave work later into their pregnancies than those with only unpaid leave (Johnson 2008). They return to employment at a higher rate than mothers with only unpaid leave (Boushey (forthcoming).[6] Thus, a paid parenting leave program will allow the federal government to retain valuable staff with job-specific skills. It is likely that SDI and family care leave will have similar effects. We know, for instance, that having paid sick leave

[6] Mothers who go back to the same employer are better off, too. Almost all of them have the same or higher pay upon their return (91 percent.and 7 percent of returning mothers, respectively; Johnson 2008) Among mothers who move to a new job after their baby is born, one-third (34 percent) experience a decrease in pay. (About one-third (30 percent) are re-employed at their previous earnings level, with the final one-third (35 percent) earning more in their post-birth position.)

reduces voluntary turnover by several percentage points (Cooper and Monheit 1993), and there is evidence that employers who provide health insurance to their workers also experience lower rates of voluntary turnover (Adams 2004). Workers whose health and family care needs are met by their current employer are less likely to think about changing jobs, and they are less likely to be fired when they must stay home but have no official program providing that right.

Retaining workers is a big cost-saver for employers. Detailed evaluation of the steps involved in replacing a worker portray a wide spectrum of activities and effects: exit interviews, advertising and employment agency fees, background checks, drug tests, interviews, training, and purchase of uniforms (Hinkin and Tracey 2000). And these are just the more obvious aspects of filling a vacant position. More subtle impacts include "vacancy cost, pre-departure productivity loss, learning curve (cost incurred and lost revenue), errors and waste, supervisory disruption, peer disruption" (ibid., 18) and the general time burden of helping a new employee get up to speed. One commonly cited rubric is that employers pay 25 percent of total annual compensation to fill a position (Employment Policy Foundation 2002).

Workers who have benefits they value may also be more productive. A study of family-friendly policies in publicly traded companies on the Working Mother Media "Best Companies" list found, for example, that companies that provide paid leave to care for sick family members are more profitable than companies that do not offer this benefit (Meyer, Mukerjee, and Sestero 2001). It may be that these firms create an efficiency wage situation in which they induce greater work effort from employees by providing higher overall compensation than might be available elsewhere in the labor market. Or, in the case of family-friendly policies in particular, workers may simply be less anxious about their family care situation, and better able to focus on their work. Employees may feel more loyal when their parenting needs are accommodated, and put more effort into their work. Studies of workers who care for disabled or elderly adults find that distractions and interruptions at work, and being delayed arriving to work, can reduce workers' productivity (MetLife Mature Market Institute 2001). If workers in this situation can take time off with pay to handle a crisis, employers may be able to avoid paying for a full day of work when workers cannot be as productive as usual.

In addition to the obvious benefit of being paid while on maternity leave, workers may reap other positive outcomes from these policies. Mothers who take longer maternity leaves report fewer symptoms of depression than those returning to work sooner (Chatterji and Markowitz 2004), suggesting an impact on mothers' well-being generally that may have consequences for their productivity and absenteeism. In addition, workers with a paid parental leave policy may be able to save some of their sick leave to use when they are back at work. This will allow them to remain healthier and more productive and to avoid spreading contagious diseases such as the flu by taking sick days when needed.

In 2001, responding to a request from Congresswoman Carolyn Maloney, the Office of Personnel Management published a memorandum discussing the need for enhanced paid parental leave policies for federal workers (Hauser 2001). The report compares paid parental leave available to federal workers with practice in the private sector and in Europe and presents results of a survey of federal agency human resources directors regarding their perceptions of the importance of augmenting the federal government's paid leave policies. The report concludes

that federal benefits are already significantly more comprehensive than the average in the private sector and that greater paid parental leave is not a key issue for either recruitment or retention of federal workers.

Two comments submitted by surveyed HR directors, however, support the need for expanded leave. One respondent noted that relatively newly hired workers will not be able to accumulate enough paid leave to cover a six-week parental leave. (Six weeks is a typical minimum standard for medical recovery from childbirth.) Another pointed out that the federal government will face a recruitment challenge in the near future as a substantial share of its workforce retires, and paid parental leave might be an effective tool for attracting young workers.

A 1997 report by OPM presented a positive view of the benefits of enhanced work/family policies for federal workers, however (OPM 1997). Evaluating a 1994 policy allowing use of accrued paid sick leave for family care, OPM reported that federal agencies "overwhelmingly support" the new policy, in part because it increased worker productivity by making employees feel more valued and, thus, more loyal, and because it made it easier to schedule around workers' family care needs (ibid., 10). A more adequate paid parental, health, and family care leave program might have similar effects.

The federal government does not want to compete with the "average" American employer for the "average" American worker. The federal workforce is highly skilled and highly educated. Thus, the federal government competes for the top workers in the economy, not the average worker. To build the most productive workforce, federal employment should be compensated so as to attract and retain top talent that could choose lucrative work in the private sector.

Issues to Consider in Designing Paid Health and Family Care Leave for Federal Workers

- SDI is typically not job-protected unless it runs concurrently with FMLA, although a new law could require job protection. (SDI programs tend to be treated as job-protected by employers (Naples and Frank 2002), but making this explicit would protect some vulnerable workers.)

- Use an inclusive definition of "family." In California, one in ten denied paid family leave claims involved care recipients who did not meet the program's definition of "family member." One-third of those needing care, but not covered, were siblings (35 percent); one-fifth were grandparents (19 percent); and one-tenth were parents-in-law (10 percent; Sherriff 2007a). Including a broader definition of family would extend critical care support to families facing medical crises, while having little impact on the program's scope.

- A new program could provide a more progressive wage replacement approach than SDI programs usually use. For instance, the Family Leave Insurance Act of 2007 (S 1681, 110th Congress) calls for a 100 percent wage replacement rate for workers with an annual income of $20,000 or less. The wage replacement rate declines as income increases, with a top bracket of 40 percent for workers with annual income of more than $97,000. This

would help make the program more affordable for women and workers of color, who are disproportionately employed in the lowest GS jobs (Office of Personnel Management 2006).

- Educating workers about a new benefit will likely be easier in the federal workforce than for policies that cover the private sector; nevertheless, outreach should be planned from the program's start-up. In California, for instance, three years after the new paid family leave program went into effect, only a quarter of workers know about their new right to take paid leave (Milkman 2008), despite the requirement that employers notify their employees of their right to paid family leave. Low-income workers are the least likely to be aware of the program (Milkman 2008), which may explain their under-representation among program users (Sherriff 2007a). This raises questions not only about the adequacy of the program in meeting its goals for supporting workers, but also an equity issue: Workers are paying into the system but, because of inadequate outreach, not using it when they need it.

- Include plans to research the new program's use and impact, so the program can be modified as needed to ensure that it remains effective.

Conclusion

The Federal Employees Paid Parental Leave Act of 2007 would make the federal government a model employer, extending a helping hand to its employees while pointing the way for private-sector paid parenting benefits. Adding health and family care leave insurance would round out the family and worker support, covering serious health issues of workers and allowing for care of seriously ill family members. Enactment of this legislation would signal Congress' understanding that addressing health and care-giving needs is not simply an individual responsibility, but an obligation of society as a whole and, therefore, of government. We can address work/family issues holistically, strengthening the commitment to family well-being that was articulated in the FMLA in 1993 and in the 1994 Federal Employees Family Friendly Leave Act (which allows federal workers to use accrued sick leave for family care or bereavement), offering real benefits to the federal sector as an employer—reduced turnover costs, a more competitive compensation package, and higher productivity—and increasing quality of life for workers who face multiple demands from work and family.

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Mr. DAVIS OF ILLINOIS. Well, thank you very much, and I thank all three of you for your testimony.

Two votes are coming up. One is already on, and the other one is a 5-minute vote. So we would have to recess for about no more than 15 minutes, and we will be back.

Thank you so much.

[Recess.]

Mr. DAVIS OF ILLINOIS. OK, well, I do have a question for her.

Thank you very much for remaining, Dr. Waldfogel. I have a question. I was looking at the references at the end of your testimony, and it is obvious to me that you have done a tremendous amount of research and extensive writing on the question and the subject of what it is that concerns parents or what it is that concerns people who have children.

How big an effect would paid family leave benefit have on the question of retention of Federal employees or even the recruitment of individuals?

We talk about the fact that we are always in competition with the private sector to try and find those individuals who would come. How much impact would you think this actually has on one's decisionmaking relative to where they will go to work?

Ms. WALDFOGEL. I agree with the speaker who spoke earlier about the salience of these kinds of benefits for young people looking for a job, especially the kind of employees who are coming to work here, here in the government.

It is the value of the benefit to the family, the substantive value, but it is also the signaling value, that this is an employer who cares about families and who will be responsive to family needs, not just at the time of the birth of a child but later on throughout the employee's career.

So I think these kinds of benefits are hugely important in terms of recruiting and retaining workers. They are very salient in terms of the decisions that workers make.

Mr. DAVIS OF ILLINOIS. I guess, especially for those who actually have options in terms of whether you can either do this or do that, whether you can go here or you can go there. Generally, those individuals who would be considered as the best and the brightest are the ones who have the most options.

Let me just thank you, and I certainly appreciate the fact that you stayed, and we recognize if you have to leave. Thank you so much.

Ms. WALDFOGEL. Thank you.

Mr. DAVIS OF ILLINOIS. Ms. Tejani, you testified that last year one-fifth of your staff was on family leave.

Ms. TEJANI. That is right.

Mr. DAVIS OF ILLINOIS. A very interesting group. How much would you estimate this cost or what impact did it have? Did it place any kind of financial burden or impact on the organization?

Ms. TEJANI. Well, what the National Partnership was able to do was hire one temporary worker, so there was a cost for that. We used contractors a little more, so there was a cost for that. The rest of the work was parceled out among the staff who remained.

Well, of course, there are financial costs to doing that kind of thing. What we got to do was keep all of our workers. The parents

came back because of the leave that they had, and so whatever small costs we had in covering the work, we made money on it, because we didn't have to retrain or rehire or find new workers because all of our workers returned.

And, there is an immense amount of loyalty that comes into this. When you give people a benefit like this, they are much more willing to stay with you and to work hard when the next worker needs family medical leave and other people need to pick up the slack.

Mr. DAVIS OF ILLINOIS. And so, you practice what you preach.

Ms. TEJANI. Absolutely.

Mr. DAVIS OF ILLINOIS. I think that is great also.

I will just tell you that I am appreciative of your organization, because the first major amendment that I got passed when I came to Congress, your organization was one of the groups that assisted, and we were very pleased with that.

Dr. Lovell, if the Federal Government only offers a short-term disability program and not paid family leave, do you think enough prospective parents sign up for such a program and would this benefit be sufficient to cover the needs of those families if only the short-term disability program is in place?

Ms. LOVELL. I think the issue about whether enough workers would take up a voluntary disability program is very important, because we know from other benefits that are offered to Federal workers, that people who will need the benefit won't make the calculation that is in their best interest, and they won't take it when they need it. For instance, with dental and vision insurance, for the Federal Government, take-up is only 10 percent.

So with temporary disability insurance, if people don't know, if they can't predict they are going to need it, they have a choice between having a little higher take-home pay or providing or participating in the insurance program, they may choose unwisely not to have the insurance. And, then when they have a difficult pregnancy or a serious disability, they won't be covered.

And, that is one reason why I think the programs in the States, such as California, that provide coverage to all workers have been so effective and also so cost-effective because they follow kind of a better insurance model of covering all workers. So they pool the risk of their entire work force, meaning the premiums can be lower for individual workers and when someone does need it, they have it.

They didn't have to make a choice, "do I want to pay for this or that?" They are covered.

Mr. DAVIS OF ILLINOIS. Could you describe the best short-term disability program that you are aware of?

Ms. LOVELL. The ones in the five States that have mandatory short-term disability, which are California, Hawaii, New Jersey, New York, and Rhode Island, are fairly similar in their benefit levels.

They replace about 55 to 67 percent of a worker's earnings. They give benefits usually for up to 26 weeks, although in California an employee can get disability benefits for 52 weeks, and they tend to be similar in the kinds of conditions that they offer in terms of covering workers' own disabilities.

Then in California, of course, they have now an insurance program for paid family leave, for family care leave.

So it is, I would assume, that a Federal program would be kind of similar to that kind of policy that the State programs have.

Mr. DAVIS OF ILLINOIS. Well, thank you all very much. It seems as though my colleagues may have been waylaid or had to attend to something else and haven't come back yet. So I won't ask you to stay any longer.

Thank you very much, and we are delighted that you were able to stay and be with us. Thank you.

Ms. TEJANI. Thank you.

Ms. LOVELL. Thank you.

Mr. DAVIS OF ILLINOIS. We will now proceed to our third panel and, while we are setting up for them, I will go ahead and introduce them.

Ms. Colleen M. Kelly is the national president of the National Treasury Employees Union, the Nation's largest independent Federal sector union, representing employees in 31 separate government agencies. As the union's top elected official, she leads NTEU's efforts to achieve the dignity and respect Federal employees deserve.

Ms. Mary Jean Burke currently serves as the first executive vice president of the American Federation of Government Employees [AFGE], National VA Council. She has served as the council's National Safety Representative and has been a member of the council's legislative committee for many years. Ms. Burke is the Secretary Treasurer of AFGE Local 609 at the Indianapolis Veterans Administration Medical Center where she works as a physical therapist.

Ms. Amy Costantino has worked for Health and Human Services since 1991 and is currently a team leader. Ms. Costantino is the mother of 9 month old twin boys who were born 3½ months premature. Despite careful planning and conscientiously accumulating paid time off to care for her sons after their birth, the premature delivery forced her to make a difficult decision about whether or not to take her leave to be with her children in the neonatal intensive care unit or to wait until they were released from the hospital.

We thank all three of you for coming. As the tradition of this committee, we swear all witnesses in, so if you would rise and raise your right hands.

[Witnesses sworn.]

Mr. DAVIS OF ILLINOIS. The record will show that the witnesses answered in the affirmative.

Ladies, I thank you very much for being here, and we will proceed with Ms. Kelley.

STATEMENTS OF COLLEEN KELLEY, PRESIDENT, NATIONAL TREASURY EMPLOYEES UNION; MARY JEAN BURKE, FIRST EXECUTIVE VICE PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL–CIO; AND AMY COSTANTINO, FEDERAL EMPLOYEE

STATEMENT OF COLLEEN KELLEY

Ms. KELLEY. Thank you very much, Chairman Davis. I appreciate your hearing or convening this hearing and having an opportunity to testify.

When the 1993 Family and Medical Leave Act was passed, it was viewed as an important step in helping Americans balance family needs and work needs, but it was also just a first step. Since that time, it has become clear that many who would take advantage of time off for family or medical reasons have not done so because they were not able to forego that income.

We have to ask ourselves, is it fair to have a benefit that many Federal employees cannot afford to take advantage of?

It is time for the Federal Government, as the largest employer in the country, to step up and make family leave real, not just a mirage that few can afford to use.

NTEU applauds Congresswoman Maloney's efforts in H.R. 3799 and your support to provided this paid parental leave. Being able to substitute any leave without pay under FMLA with 8 weeks of paid leave in addition to any leave accrued or accumulated will make a significant difference in the lives of both parent and child.

According to Columbia University's Clearinghouse on International Developments in Child, Youth and Family Policies, some 128 countries currently provide paid and job-protected leave each year. The average paid leave is for 16 weeks which includes pre and post-birth time off. The United States, of course, has none.

In a time when there are dire predictions about being able to attract and retain enough employees to do the work of the government, when it has become clear that the Federal Government is going to have step up in order to continue to attract the best and the brightest, this paid family and medical leave can provide a valuable incentive. Let me share with you the situations of just two NTEU members that exemplify the deficiencies of the present system.

The first had her fourth child 2 years ago and took advanced sick leave to recover from the birth. She needed to maintain her income.

Shortly after she returned to work, she was diagnosed with cancer. She had surgery and then chemotherapy. She was out for 6 months.

Two of her children have asthma and are sick frequently. She now wears a heart monitor and must be checked by a doctor every few weeks. She still owes 60 hours of sick leave. Now she must take leave without pay every time she or the children need to go to the doctor, and she cannot afford that.

Another member took advanced sick leave to recover from her pregnancy and birth of her child. She still owes 162 hours.

Her mother was diagnosed with breast cancer and, with two small children at home, she worked overtime to get the compensatory time to be able to stay home with her mother.

She has postponed surgery she needs twice because she cannot afford to take leave without pay. She wants to be able to take time off to be involved in her children's activities, but she cannot see a time when that would feasible.

NTEU strongly supports the 8 weeks paid parental leave and Congresswoman Maloney's bill, H.R. 3799.

Sadly, even with that substantial benefit, people will still find themselves in trouble when a serious health condition befalls them or a loved one. Some form of an insurance program that replaces pay would offer support employees to recover from an illness, to care for adult family members, helping to reduce or avoid the cost of nursing, to aid in the recovery of a child or to care for a relative wounded in the war.

Paid parental leave in combination with a short-term disability insurance program would provide broader coverage for these kinds of situations, both parental and medical, that we wanted to address when the Family and Medical Leave Act was first passed.

Quite some time ago, OPM promised an outline of such a short-term disability insurance plan that would be available to Federal employees, but we have yet to see one developed. Today is the first I have heard that they have some details out there in a design that obviously was drafted without any union input, and the $40 per pay period cost that they cite is one that will make this a program that will not be used by Federal employees.

State programs, such as the one operating in California, have resulted in an insurance benefit that everyone can afford, not just the wealthy.

We would be happy to join in any discussions of providing such a program on a Federal level, and we welcome your leadership, Mr. Chairman, in getting the facts and in pursuing a study on a short-term disability program to replace wages lost when taking family or medical leave at much less cost than $40 a pay period and, preferably, at no cost to employees.

In conclusion, it is time for the United States to catch up with the rest of the world by offering paid family and medical leave. Wouldn't it be nice if the Federal Government, once thought of as pioneering and inventive in its personnel programs, was at the forefront of this growing movement?

Of course, I would be glad to answer any questions, but if it would not be inappropriate I would also, Mr. Chairman, like to thank you for your introduction of the bill to increase the age of children of Federal employees who can continue to be covered by FEHB insurance. This is something that has been identified as a very real need for employees, and I thank you for your leadership on that issue as well as so many others.

Thank you.

[The prepared statement of Ms. Kelley follows:]

Testimony of

Colleen M. Kelley
National President
National Treasury Employees Union

Before the

House Subcommittee on the Federal Workforce, Postal Service, and the District of Columbia

And

The Joint Economic Committee

On

Investing in the Future of the Federal Workforce: Paid Parental Leave Improves Recruitment and Retention

March 6, 2008

1750 H Street, N.W. • Washington, D.C. 20006 • (202) 572-5500

Mr. Chairman, Ranking Member Marchant, Vice Chair Maloney and Ranking Member Saxton, thank you for the opportunity to testify before you on the subject of paid parental leave.

When the 1993 Family and Medical Leave Act was passed, it was viewed as an important step in helping Americans balance family needs and work needs. But it was also just a first step. Finally, it would be possible to stay with your newborn child or newly adopted child, care for a sick child or seek medical attention for yourself without the added stress of losing your job. Since that time, however, it has become clear that many who would take advantage of time off for family and medical leave reasons have not done so because they were unable to forgo their income. We have to ask ourselves the question – Is it fair to have a benefit that many federal employees cannot take advantage of?

It is time for the federal government, as the largest employer in this country, to step up and make family leave real, not a mirage that few can afford to use. We applaud Congresswoman Maloney's efforts in H.R.3799 to provide paid parental leave. Being able to substitute any leave without pay under FMLA with eight weeks of paid leave in addition to any leave accrued or accumulated will make a significant difference in the lives of both parent and child. This is an opportunity to provide federal workers with a benefit that not only helps them, but helps society in general, by offering a chance for a mother or a father to bond with the child. It allows employees time to adjust to their role

as parents and to recover from childbirth and/or find child care for when they go back to work.

In the 1880's, Germany established, for the first time ever, paid maternity leave. In the early 1900's, the International Labor Organization (ILO) proposed that working women be entitled to 12 weeks of maternity leave at two-thirds of pay. As we all know, in the 1960s and 1970s, the face of the world was changed by the increased rate of women participating in the workforce. Most industrialized nations changed, too, to provide paid family leave, and in many cases much more than eight weeks. According to Columbia University's Clearinghouse on International Developments in Child, Youth and Family Policies, "Some 128 countries currently provide paid and job-protected leave each year. The average paid leave is for 16 weeks, which includes pre- and post-birth time off." (Issue Brief, Spring 2002.)

In a time where there are dire predictions about being able to attract and retain enough employees to do the work of government, when it has become clear that the federal government is going to have to step up in order to continue to draw "the best and brightest," paid family and medical leave can provide that kind of incentive. Let me share with you the situations of two of our members that exemplify the deficiencies of the present system. The first person had her fourth child two years ago and took advanced sick leave to recover from the birth. She needed to maintain her income. Shortly after she returned to work, she was diagnosed with cancer. She had surgery and then chemotherapy. She was out for six months. Two of her children have asthma and are

sick frequently. She now wears a heart monitor and must be checked by a doctor every couple of weeks. She still owes 60 hours of sick leave. Now, she must take leave without pay every time she or the kids need to go to the doctor, and she can't afford it. Our second member took advanced sick leave to recover from her pregnancy and birth of her child. She still owes 162 hours. Her mother was diagnosed with breast cancer, and with two small children at home, she worked overtime to get the compensatory time to go stay with her mother. She has postponed gall stone surgery twice because she cannot afford to take leave without pay. She wants to be able to take time off to be involved in her children's activities, but she can't see a time when that would be feasible.

NTEU strongly supports the eight weeks of paid parental leave in Congresswoman Maloney's bill, H.R. 3799.Sadly, even with that substantial benefit, people will still find themselves in trouble when a serious health condition befalls them or a loved one. In these situations, sick leave quickly runs out. Sometimes, employees find themselves in the situation of paying back advanced leave when another illness strikes. Some form of an insurance program that replaces pay would offer support for employees to recover from an illness, to care for adult family members, helping to reduce or avoid the cost of nursing, or to aid in the recovery of a child. And, imagine what support such a program would be to those employees who are taking time away from their job to care for their relatives wounded in war. We applaud the recent legislation allowing 26 weeks to care for our injured soldiers, but 26 weeks is a long time to be without income.

One proposal that would help in situations like the ones I am discussing deserves further investigation. Paid parental leave in combination with a short-term disability insurance program would provide broader coverage for the kind of situations, both parental and medical, that we wanted to address when the Family and Medical Leave Act was passed. Quite some time ago, OPM promised an outline of such a short term disability insurance plan, but we have yet to see one developed. Programs, such as the one operating in California, have resulted in an insurance benefit that everyone can afford, not just the wealthy. We would be happy to join in any discussions of such a program, and we welcome your leadership, Mr. Chairman, in studying the possibility of short term disability insurance as one way to replace wages lost when taking family and medical leave.

In conclusion, it is time for the United States to catch up with the rest of the world by offering paid family and medical leave. Wouldn't it be nice if the federal government, once thought of as pioneering and inventive in its personnel programs, was at the forefront of *this* growing movement?

Thank you for your time. I would be happy to answer any questions.

Mr. DAVIS OF ILLINOIS. Thank you very much, Ms. Kelley, and we will proceed to Ms. Burke.

STATEMENT OF MARY JEAN BURKE

Ms. BURKE. On behalf of the more than 600,000 Federal and District of Columbia employees our union represents, I am delighted to be here today to testify on the subject of paid parental leave for Federal employees.

Despite the protections of the Family and Medical Leave Act, Federal workers are among those who must choose between a paycheck and meeting their family obligations because they currently have no paid parental leave. H.R. 3799 would change this to provide income support for up to 8 weeks of parental leave, and AFGE strongly supports this legislation.

Virtually all research on child development and family stability supports the notion that parent-infant bonding during the earliest months of life is crucial. Children who form strong emotional bonds or attachment with their parents are most likely to do well in school, have positive relations with others and enjoy good health throughout their lifetimes.

Spending time with a newborn or newly adopted child shouldn't be viewed as a personal choice or a luxury that only the rich should be able to afford.

The only reason a new parent would ever go back to work immediately after the birth or an adoption of a child, even with the protections of the FMLA, is because she or he could not do without his or her paycheck. Far too many workers in both the Federal Government and outside must make this terrible choice. H.R. 3799 would allow Federal employees never to have to make this choice.

Some would make distinctions among adoptive parents, birth parents, mothers and fathers. These distinctions are mostly irrelevant when the question is whether the worker should be able to continue to receive her salary during leave taken solely to care for a new family members. AFGE also supports this legislation for taking as given that all parents, male, female and adoptive—deserve equal treatment.

Others have proposed creating employer-finance short-term disability insurance as a means to provide paid maternity leave for birth mothers. This is not a solution because it discriminates against new fathers and adoptive mothers.

OPM, in 2001, claimed that paid parental leave for Federal employees was unnecessary because they have adequate options and opportunities to paid parental leave through the accumulated sick and annual leave and leave transfer and bank programs. OPM's findings are both irresponsible and false.

First, employees must accumulate sick leave to support themselves and their families if they are unable to work for a certain period. Second, Federal employees are only able to accumulate a maximum of 30 days of annual leave, not enough time to provide care for a newborn or newly adopted child, an unlikely amount of time that the young workers most likely to become parents to accrue.

Other Federal workers, such as VA nurse, accumulate annual leave under a totally different process.

OPM's blithe attitude betrays a vast ignorance of what it takes to raise a family successfully while holding down a job at a Federal agency. Sick leave is for when a worker is sick. Annual leave is when a worker needs mental and physical renewal. Parental leave is for when a worker becomes a parent.

Some will undoubtedly respond to paid parental leave bills with cries of fiscal prudence and affordability. No one can accurately project the cost of extending this benefit to new parents, but we can speculate on the categories of the cost of failing to do so.

How much productivity is lost when a parent returns to work before they have found proper day care for a newborn or a newly adopted child or when a Federal employee must come to work when she is ill because she has used up all her sick leave when adopting a child she had 8 months ago?

How much does it cost the Federal Government when a good worker, trained at taxpayers' expense, decides to leave the Federal work service for another employer who does offer paid parental leave?

I also want to bring to your attention the dilemma of approximately 43,000 Federal workers who did not receive the benefits of paid parental leave if H.R. 3799 is enacted into law, the Transportation Security Officers or TSOs who work on our front line of national security at our Nation's airports, screening passengers and baggage for threats to aviation safety.

Federal courts have interpreted a footnote in the law, creating the TSO position as allowing the TSA Administrator the authority to deny Federal workplace protections to TSOs. The TSO members, AFGE reports that their applications for FMLA are often denied arbitrarily and that they face retaliation and unfair discipline for attempting to exercise their rights under FMLA.

Unless TSOs are granted the same FMLA and other workplace protections as other Federal workers, including the right to bargain collectively, TSA's incredibly high attrition rate will continue and aviation safety will be in peril.

The time has come for the Federal Government to set the standard for the U.S. employers are paid parental leave. It is clear that left to their own discretions, employers will not extend this crucial benefit to their employees unless their competitors or the law requires it of them.

The benefits to children and families of 8 weeks of paid parental leave are enormous and long-lasting. AFGE urges the Congress to do the right thing and pass H.R. 3799.

This concludes my statement. Of course, I would be happy to answer any questions.

[The prepared statement of Ms. Burke follows:]

American Federation of Government Employees, AFL-CIO
80 F Street, NW
Washington, D.C. 20001

STATEMENT BY

MARY JEAN BURKE

FIRST EXECUTIVE VICE PRESIDENT

NATIONAL VETERANS AFFAIRS COUNCIL
AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO

BEFORE

THE SUBCOMMITTEE ON FEDERAL WORKFORCE, POSTAL SERVICE AND THE DISTRICT OF COLUMBIA

HOUSE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

AND

THE JOINT ECONOMIC COMMITTEE

ON

INVESTING IN THE FUTURE OF THE FEDERAL WORKFORCE: PAID PARENTAL LEAVE IMPROVES RECRUITMENT AND RETENTION

MARCH 6, 2008

Mr. Chairman, Madam Chair, and Members of the Committees: My name is Mary Jean Burke, and I am the First Executive Vice President of the National Veterans' Affairs Council of the American Federation of Government Employees, AFL-CIO (AFGE). On behalf of the more than 600,000 federal and District of Columbia employees our union represents, I am delighted to be here to day to testify on the subject of paid parental leave for federal employees.

AFGE commends Chairwoman Maloney, as well as her co-sponsors, Representative Davis of Illinois, House Majority Leader Hoyer of Maryland, Representative Miller of California, and Representative Davis of Virginia for H.R. 3799, the bill to extend paid parental leave to all Executive Branch and Legislative Branch federal employees.

The Limits of FMLA

As welcome as the Family Medical Leave Act of 1993 (FMLA) has been to all workers who struggle to balance work and family responsibilities, the compromises made to ensure passage of that legislation were such that many workers cannot take advantage of its benefits. Although the FMLA protects the job of a worker who takes up to twelve weeks off to care for a child or family member, whether or not to pay the worker during such time off is left entirely up to the employer. The fact that no part of the leave under FMLA is guaranteed to be "paid leave" effectively prevents many workers from using FMLA leave at all. The fact is that most American workers who take advantage of the FMLA do so without any financial support from their employers.

Federal workers are among those who must choose between a paycheck and their family obligations. Federal law makes no provision for paid parental leave for federal employees in any situation. H.R. 3799 would change this to provide income support for up to 8 of the twelve weeks of parental leave currently available to federal employees who work either for an Executive Branch agency, or for the U.S. Congress. AFGE strongly supports this legislation.

Practical and Developmental Benefits to Children and Parents

Virtually all research on child development and family stability supports the notion that parent-infant bonding during the earliest weeks and months of life is crucial. Extensive research by developmental psychologists has confirmed that this early period is a time when an infant learns to trust his or her parents, and the strength of that trust forms the foundation for later intellectual, social, and physical development. Children who form strong emotional bonds or "attachment" with their parents are most likely to do well in school, have positive relations with others, and enjoy good health throughout their lifetimes. This, of course, translates into later success as a worker, spouse, parent, and citizen. Strong parent-child attachment should not be viewed as a benefit that accrues solely to the child or the parent. The benefits of strong "attachment" form the necessary basis for the kind of human development on which our society and economy depend.

In this context, it is important not to pretend that spending time with a newborn or a newly adopted child is a personal choice, or a luxury that only the relatively affluent should be able to afford. The only reason a new parent would go back to work immediately after the birth or adoption of a child – even with the protections of the FMLA – is because s/he could not do without his/her paycheck. And far too many workers in both the federal government and outside it must make this terrible choice. H.R. 3799 would allow federal employees never to have to make such a choice.

Anyone who has ever had the joy of becoming a parent knows how crucial the first few months are for future stability. Those are the months of numerous trips to the pediatrician for immunizations and developmental check-ups, when the doctor helps the new parent learn what "normal" for the child is, when personality emerges, when health problems not-known prenatally are discovered and treated. For birth mothers, the first few months are an opportunity to give their child the many documented health, emotional, and intellectual benefits of breast-feeding.

For adoptive parents, especially for those whose children are not infants at the time of adoption and for those who adopt internationally, the first few months often require extraordinary quantities of time and attention in order to produce strong, healthy attachments. Adoptive parents whose children had been deprived earlier of attention from one regular care-giver in some cases must hold and attend to their children around the clock so that they can begin to form attachments. It is often the case that children adopted from overseas have not received adequate health care or nutrition and as a result experience developmental delays for which adoptive parents must work hard to compensate.

International adoptions also entail substantial logistical and paperwork obligations during the first few months. The newly adopted child must go through the naturalization process in order to become a citizen, which requires appearances in court and visits to attorneys and the U.S. Citizenship and Immigration Service. Obtaining a Social Security number requires yet more days spent on paperwork. Parents who adopt overseas under another country's adoption laws often seek the extra protection of a formal adoption under U.S. law. In addition to caring for their newly adopted child, the parents must also undergo visits from social workers from the adoption agency who make sure that the child is adapting to his or her new home. Finally, if the newly adopted child is not an infant, the parents must arrange for school placement, testing, and in some cases, language instruction.

Both international and domestic adoptions are extremely expensive. When federal employees open their hearts and their homes to children in need of adoption, they need and deserve the full support of their employers. The period immediately following the adoption is no time to deprive them of their livelihoods. H.R. 3799 would make sure that they receive this much-needed support.

Some proponents of paid parental leave would make distinctions among adoptive parents, birth parents, mothers, and fathers. These distinctions are mostly irrelevant

when the question is whether the worker should be able to continue to receive his/her salary during leave taken solely to care for a new family member. The FMLA settled the question of whether anyone besides a woman who has just given birth deserves time off from work to care for a child. This legislation takes as a given that all parents deserve equal treatment, and AFGE strongly supports that approach.

Some have proposed creating employer-financed short-term disability insurance for federal employees as a means of providing access to paid maternity leave for birth mothers. As necessary and welcome as employer-financed short-term and long-term disability insurance for federal employees is, it is not a solution for new fathers or new adoptive parents and is therefore discriminatory as a solution to the problem of providing paid leave to new parents. There is no reason to exclude men generally, or mothers who adopt, from eligibility for paid leave during time spent caring for a new family member.

Private Sector Practice and the Rules for Federal Contractors

The data on paid parental leave in the private sector are not what they should be. If the Congress enacts this legislation, it would be setting a standard for private firms to follow. According to the Department of Labor, only eight percent of all U.S. workers receive paid family leave, although the data do not distinguish between parental leave and leave to care for ill family members. Ten percent of private sector workers employed by firms with more than one hundred employees provide paid family leave, and eleven percent of those whose average wages are above $15 per hour do so. The U.S. government has throughout its history striven to be a "model" employer, especially with regard to the treatment of women and minorities, the groups who are least likely to be able to afford unpaid parental leave. Because the federal government is such a large employer, and because it competes in virtually every labor market in the country, passage of this legislation would undoubtedly encourage other employers to follow suit and bring about much-needed improvement in workers' access to paid parental leave generally.

While far too few private sector employees have access to paid parental leave, there is one category of workers who are at least eligible for coverage: the employees of federal contractors and grantees. Just as in the case of wages and salaries, the federal government finds it possible to reimburse federal contractors for far more than they are willing to provide their own workforce. The way that reimbursement for paid parental leave for federal contractors comes about is through the absence of a prohibition in the Federal Acquisition Regulation (FAR) on the allowability of paid parental leave or of short or long term insurance in cost-type contracts. In the absence of a prohibition, the FAR cites to "reasonableness," a standard that includes the allowance of full employee compensation during parental leave. Recipients of research grants through the National Institutes of Health are permitted to provide themselves and their employees up to 30 days of paid parental leave. Surely if such practice is "reasonable" for contractors and grantees, it is reasonable for federal employees as well.

OPM's Flawed Approach

When the Office of Personnel Management (OPM) considered the efficacy of providing paid parental leave as a recruitment and retention tool, it concluded that it was not necessary. OPM's 2001 study included a survey of human resources directors' opinions on the question. Their highly subjective responses – based upon nothing more than their own prejudices and experiences – are presented by OPM as adequate reason to deny federal employees this hugely important benefit. There was no survey of the employees who actually left federal service during the years when they were having or adopting children, just a survey of human resources officers' opinions.

OPM's most important and erroneous conclusion was that federal employees already have adequate options and opportunities to obtain paid parental leave through use of accumulated sick and annual leave, and leave transfer and bank programs. These "findings" are both irresponsible and false. First, since the federal government does not provide its employees with any disability insurance, employees must accumulate sick leave so that if **they** should become ill and unable to go to work for a certain period, they are still able to support themselves and their families. Second, federal employees are only able to accumulate a maximum of 30 days of annual leave, not an adequate amount of time for purposes of providing care to a newborn or a newly adopted child. Early in their careers, when they are earning only 13 or 20 days per year, accumulating even 30 days is nearly impossible, yet the early years of one's career coincide with the years when employees are most likely to become parents. For adoptive parents, this leave is often used up in the many trips and appointments that precede adoption.

Although workers can receive advances on annual leave, this is no better a solution for a young family than running up huge credit card bills to finance the purchase of necessities. The worker should not have to borrow against future earned vacations in order to care for a new child, since undoubtedly the family will need leave in the future as well. OPM's blithe attitude betrays a vast ignorance of what it takes to raise a family successfully while holding down a job at a federal agency. OPM has also ignored the basic management case for the provision of vacation time: employees need annual paid time off to be restored, relaxed, and productive in their jobs the rest of the year. As managers they should know that all work and no play make a Jim or Jane a dull worker, and they should encourage the use of annual leave for its intended purpose.

Sick leave is for when a worker is sick. Annual leave is for when a worker needs mental and physical renewal. Parental leave is for when a worker becomes a parent. OPM's report implies that it does not comprehend the profound differences among these occasions in life. Becoming a parent is not an illness, and it is certainly not the occasion for a vacation. It is the time for getting to know one another, forming the attachments that are the foundation for lifetime family bonds and the child's lifetime chances for success. It is sad that the human resources people OPM surveyed do not comprehend these basic facts, but no one should base federal personnel policy on their unfortunately limited perspectives.

Costs and Benefits of H.R. 3899

There is no question that some will respond to the proposal to provide federal and Congressional employees with paid parental leave with cries about fiscal prudence and affordability. No one can accurately project the cost of extending this benefit to new parents, but we can speculate on the categories of cost of failing to do so. How much productivity is lost when a parent has had to come back to work too soon to have found proper day-care for a newborn or newly adopted child? How much productivity is lost when a federal employee must come to work when s/he is ill because s/he used up all his or her sick leave when s/he adopted her child eight months ago? How much productivity is lost when a parent must come to work when his child is sick, and turned away from day care, because he used up all his annual and sick leave when the child was born six months ago? How much does it cost the federal government when a good worker, trained at taxpayer expense, decides to leave federal service for another employer who does offer paid parental leave? How much does it cost the federal government when a federal worker who takes unpaid parental leave ultimately falls behind on her bills, faces financial ruin, later has so few resources that she must enroll her child in Head Start and applies for federally-subsidized meals at school?

These are not exaggerations. It is not at all unrealistic to imagine a federal worker starting out at a low-graded job with a modest salary going into a downward financial spiral after the birth or adoption of a child and subsequent taking of unpaid leave. Federal workers in their child-bearing or adopting years earn less, on average, than other federal employees. They are at a moment in their careers when they can least afford to take any time off without pay, and least likely to have accumulated significant savings. Yet their children are just as deserving of the chance to bond and form attachments as the children of higher-graded employees.

Conclusion

The time has come for the federal government to set the standard for U.S. employers on paid parental leave. It is clear that left to their own discretion, employers will not extend this crucial benefit to their employees unless it becomes a prevailing practice among their competitors. The benefits to children and families of eight weeks of paid parental leave are enormous and long-lasting. AFGE urges the Congress to do the right thing and pass H.R. 3899. This concludes my statement. I will be happy to answer any questions.

Mr. DAVIS OF ILLINOIS. Thank you very much, and we will proceed to Ms. Costantino.

STATEMENT OF AMY COSTANTINO

Ms. COSTANTINO. Chairman Davis, Vice Chairman Maloney and members of the committee, I thank you for the invitation to testify today. I am honored to be here.

I have been a member of the Federal work force for 16 years. I am here today to ask Congress to consider a paid parental leave benefit for the Federal work force. This is a highly desired benefit for Federal employees and would be an effective tool in recruiting and retaining a high quality Federal work force.

Last summer, I unexpectedly went into labor even though I was just 6 months pregnant. My twin sons, Louis Anthony and Benjamin Abraham, were born on June 9th at 3½ months premature. Both of my sons had to be intubated at birth and placed on conventional ventilators.

Their birth weights were 1 pound, 7 ounces and 1 pound, 11 ounces, and their immune systems were nonexistent. This is how my sons began their 90 day stay at the Georgetown University Neonatal Intensive Care Unit.

I am pleased to tell you today that both of my sons are healthy, active and curious, exactly what every parent desires for their child.

As a new mother facing the most difficult challenge of my life, I was immediately forced to weigh my new personal responsibilities against my existing professional responsibilities. We had to make tough decisions about the immediate care for our children.

Each day, we learned more about what our sons had to face: further therapy, blood transfusions, cranial sonograms, fluctuating heart rates, apneas and respiratory distress syndrome, to name a few. We need to figure out immediately how we would be able to care for our sons during and beyond their hospital stay.

My husband and I both work full time for employers that have generous leave policies, but we still had to make the decision of when to use them. I had two choices. The first was to use the leave I had accrued over the past 16 years which would have given me the opportunity to spend all of my time in the NICU.

My other choice was to save the paid leave I had accrued so I could be home with my sons when they were released from the hospital. This would mean returning to work immediately and visiting my sons around my work schedule.

After much deliberation and angst, we chose the second option.

We knew our sons were receiving outstanding care. However, there are certain things only a parent can provide, especially the mother. If I were able to remain with my sons throughout the day, I would have been able to attend to all of their cyclical cares which include feeding, holding, changing and kangaroo care, which is holding the baby on my chest, skin to skin, to keep him warm. There is a dramatic decrease in the infant mortality rate among premature babies who are held and talked to.

I will never forget feeding my sons after they were born. I would put no more than a thimble full of fortified breast milk in a syringe and feed my sons through a tube.

The NICU is a very busy place and, as talented and committed as the doctors and nurses were, they were still limited in the amount of time they were able to spend with each patient.

Feeding my sons was one of the first bonding moments I shared with them, and I am certain that feeding my sons had a stronger impact than taping the feeding tubes to the sides of isolettes and having them eat alone which is what happened when I was not present.

There were pressing issues that needed our immediate attention. Treatments had to be given expeditiously. We needed to be present to understand and approve them and, of course, to support our sons.

As our sons became more stable, it was incumbent upon us to spend more time with them, though they were still not mature and developed enough to leave the NICU.

Finally, our sons were able to come home. It was a special time for our family. Since I had decided not to exhaust my paid leave during my sons' stay in the NICU, I was able to use it when they came home. I was fortunate enough to have accrued enough paid sick and annual leave to allow me to take off for 2 months.

I often wonder, though, if I made the right decision. Maybe I should have used my paid leave while my sons were in the NICU.

The Paid Parental Leave Act would create a paid parental leave benefit which would have far exceeded its value in terms of my compensation. It would have given me the opportunity to be with my children and the peace of mind that I had given them the best possible start in life.

The Family and Medical Leave Act provides for up to 12 weeks of unpaid leave which was not a viable option for our family. The followup care after our sons came home from the hospital required visits to the pediatrician, apnea clinic, neurosurgeon, pediatric surgeon, ophthalmologist, audiologist, developmental clinic, occupational and physical therapist and three surgeries. The previously mentioned appointments alone would have exhausted all of the leave that I had earned over 16 years.

We are very fortunate to have the support of family who helped us through this time, and my husband and I are both extremely grateful for the caring and thoughtful approach taken by our employers and supervisors. I feel my agency did everything they could under the existing law to make the situation the best it could be for my family.

I am here today to ask Congress to consider providing paid parental benefits to the Federal work force. This benefit would enhance our government's ability to recruit and retain a high quality Federal work force.

Thank you for giving me the opportunity to testify before you today.

[The prepared statement of Ms. Costantino follows:]

Statement

of

Amy S. Costantino

Prepared For:

Joint Economic Committee

and

House Subcommittee on the Federal Workforce,
Postal Service and District of Columbia

Hearing:
Investing in the Future of the Federal Workforce: Paid Parental Leave Improves Recruitment and Retention

Thursday, March 6, 2008 – 9:30am
2154 Rayburn House Office Building

Chairman Schumer, Vice Chairman Maloney, Chairman Davis, Ranking Minority Member Marchant, and the Members of the Committee, I thank you for the invitation to testify today, I am honored to be here.

My name is Amy Costantino, and I have been a part of the Federal workforce for 16 years. I am here today to ask Congress to consider a paid parental leave benefit for the Federal workforce. This is a highly desired benefit for Federal employees and would be an effective tool in recruiting and retaining a high quality Federal workforce.

To provide perspective on how this proposed legislation would have improved my family's circumstance, I would like to share with you the details of my experiences that began early last summer as I unexpectedly went into labor even though I was just 6 months pregnant. My twin sons Louis Anthony and Benjamin Abraham were born on June 9th 2007 — 3 1/2 months premature. Both of my sons had to be intubated at birth and placed on conventional ventilator support for a short period of time. Their birth weights were 1 lb 7 oz. and 1 lb 11 oz. and their immune systems were non-existent. This is how my sons began their 90 day stay at the Georgetown University Neonatal Intensive Care Unit (NICU).

I am pleased and relieved to tell you today that both of my sons are healthy, active, and curious. Exactly what every parent desires for their child. Fortunately, my husband and I had access to the finest medical care in the nation for our children.

As a new mother facing the most difficult challenge of my life, I was immediately forced to weigh my new personal responsibilities against my existing professional responsibilities. My husband and I had to make tough decisions about the immediate care for our children. Each day we learned more about what are our sons had to face; phototherapy, blood transfusions, cranial sonograms, fluctuating heart rates, apneas, and respiratory distress syndrome, to name a few. It quickly became evident to us that their hospital stay would be several months at a minimum, and we needed to figure out immediately how we would be able to care for our sons during and beyond their hospital stay.

My husband and I both work full time. Both of our employers have generous leave policies but we still had to make the decision of when to use them. I had two choices; the first was to use the leave I accrued over the past 16 years which would afford me the opportunity to spend all of my time in the NICU. My other choice was to save the paid leave I had accrued so I could be at home with my sons when they were released from the hospital. This would mean returning to work immediately and visiting my sons around my work schedule. After much deliberation, we chose the second option because we were confident in the medical care our sons were receiving, we live very close to the hospital and my husband and I were dedicated to spending all of our time in the hospital before and after work each day.

As you could imagine this was a very difficult and trying time for our family. We knew our sons were receiving outstanding care, however, there are certain things only a parent

can provide, especially the mother. If I were able to remain with my sons throughout the day I would have been able to tend to all of their cyclical cares which included feeding, holding, changing, repositioning, and kangaroo care — which is holding the baby on my chest, skin to skin to keep him warm. The staff in the NICU strongly encouraged kangaroo care. They also encouraged feeding my children breast milk. If I had been at the NICU all day I could have provided all of the above mentioned cares to my sons. Premature babies who are fed breast milk have a higher rate of survival than those that are not and thus experience fewer complications as they grow. There is also a dramatic decrease in the infant mortality rate among preemies that are held, touched and talked to.

I will never forget feeding my sons after they were born. I would put no more than a thimble full of fortified breast milk in a syringe and feed my sons through a tube. The NICU is a very busy place and as talented and committed as the doctors and nurses were they were still limited in the amount of time they were able to spend with each patient. Feeding my sons was one of the first bonding moments I shared with them. I am certain that feeding my sons had a stronger impact, than taping the feeding tubes to the side of the isolettes and having my infants eat alone. This is what happened when I was not present.

There were other pressing issues that, once presented, needed our immediate attention. There were life threatening complications. Treatments had to be given expeditiously, we needed to be present to understand and approve them — and of course to support our sons while administered.

As a preemie's condition improves the dependence on a parent becomes even more critical. As our sons became more stable it was incumbent upon us to spend more time with them. Though they were still not mature and developed enough to go home, they began to develop needs similar to those of a full term baby, while still requiring the specialized care they been receiving since birth. Working full time and spending the rest of our time at the hospital was physically and mentally exhausting.

Finally, our sons were able to come home. Benjamin came home first on August 30th, 2007 and Louis followed on September 4th, 2007. It was a very special day for our family, to have both of our sons home. Since I had decided not to exhaust my accrued paid leave during my sons stay in the NICU, I was able to use it when they came home. Since I have been employed by the Federal Government for over 16 years, I was fortunate enough to have accrued enough sick leave and annual leave to allow me to take leave for two months with pay.

I often wonder if I made the right decision, maybe I should have used my accrued leave while the boys were in the NICU. The Paid Parental Leave Act would create a paid parental leave benefit. This benefit would far exceed its value in terms of my compensation, it would have given me the opportunity to be with my children and the peace of mind that I had given them the best possible start in life. The Family Leave and Medical Act of 1993 provides up to 12 weeks of unpaid leave, this was not an option for our family.

The follow-up care after our sons came home from the hospital required visits to the pediatrician, apnea clinic, neurosurgeon, pediatric surgeon, ophthalmologist, audiologist, developmental screenings and assessments, and occupational and physical therapy. The follow-up also included a total of three surgeries for my sons. Both of my sons required apnea monitors to measure heart rate fluctuations and breathing (oxygen desaturations). These monitors had alarms and my husband and I were trained to react to the alarms and administer care.

The importance of providing paid parental leave becomes more critical if a child requires follow-up care. The previously mentioned appointments would have exhausted all of the leave I earned over 16 years. I would like to note that we are very fortunate, we have a supportive family who helped us through this time. My husband and I are both extremely grateful for the caring and thoughtful approach taken by our employers and supervisors. I feel my Agency did everything under the existing legislation to make my situation the best it could be for me and my family.

I am here today asking Congress to consider providing paid parental benefits to the Federal workforce. This benefit would an extremely effective tool in recruiting and retaining a high quality Federal workforce.

Thank you for giving me the opportunity to testify before you today.

Mr. DAVIS OF ILLINOIS. Well, thank you very much, and I thank all of you.

On our way to vote, one of our colleagues implied that this was 8 additional weeks of vacation. Let me ask how you all would respond to that notion, beginning with you, Ms. Kelley.

Ms. KELLEY. I don't think I can respond on the record to that, Mr. Chairman. [Laughter.]

I think I would be inappropriate.

Ms. COSTANTINO. I respectfully decline.

Ms. KELLEY. That says it all.

Ms. BURKE. I agree with Ms. Kelley.

Ms. KELLEY. I actually think it is very frightening that anyone who would be making a decision like this, even if it is a position they disagree with, even if it is legislation they disagree with. The idea that it could be framed that way just shows, I would say, not only lack of information and knowledge, but I could say a lack of caring or human compassion also, and I would think the comment is absolutely inappropriate.

Mr. DAVIS OF ILLINOIS. Well, let me ask either one of you or all of you, OPM stated in its testimony that new employees or people who have exhausted all of their annual leave and sick leave should borrow leave or borrow in advance and say, "let me borrow, and then as I accumulate it I can pay it back."

What are your thoughts on this?

Ms. KELLEY. In my experience, there are situations where that is an appropriate tool and it does help an employee, but it is in very limited situations, because even in the two examples that I cited in my testimony, what the position that puts an employee in is if it is something that requires continuing care of attention—it is not an isolated incident that will end in 1 week or 2 weeks or 4 weeks—it puts the employee in a situation where they never are able to pay back the leave.

And, then any other absences that they have to take, they are back in the situation of leave without pay again or making them make choices as with one of NTEU's members that needs surgery and twice she has had to postpone it because she cannot afford. She has borrowed. She has advanced sick leave. She has not been able to pay it all back yet, and she cannot afford to be on leave without pay to go and have the surgery that she needs.

Ms. BURKE. Yes. I would just add, just to let you know, at our local level, the first line supervisors do annual leave and sick leave. If you were going to get advanced annual leave, that goes up to the director's level. So it is a lot more stringent in order to even get it approved, and it kind of depends on what occupation you are in and the position and everything.

So it is not just a free rein of who gets it and who doesn't as well.

I agree with Ms. Kelley in the fact that once you start in this pattern, it is hard for employees to pay all that back as they go along in the work force.

Mr. DAVIS OF ILLINOIS. Well, do you think that short-term disability would take care or does suffice for family leave?

Ms. KELLEY. I don't think it is an either/or, I think it should be a both.

I think the paid parental leave, as offered in 3799, should be passed as is, and I think that is a giant step forward in addressing the situations that are so real among the Federal work force. But, I think a short-term disability policy to supplement that as well as other FMLA situations so that it is much broader and not just about parental leave are needed.

But I have to say, I was very surprised and disappointed to hear what OPM reported this morning of the draft design that they are going to be proposing, because I see it as a program that will not benefit Federal employees if the program is rolled out the way Ms. Kichak described it this morning, and NTEU would not support that program.

Mr. DAVIS OF ILLINOIS. Well, let me ask you, Ms. Burke and Ms. Kelley, can you think of any other benefit of family leave? For example, would you view it as being beneficial in recruitment of individuals to come into the Federal work force?

Ms. BURKE. Last year, the Veterans Health Administration, and I hope I am quoting this correctly, noted that of their quit rates for registered nurses—and of course we all know how much we need registered nurses across the county—cited that 75 percent of those people left within the first 5 years.

So when you take into account that VA can't be a market leader, the next thing is to look at the benefit package, and it is attractive to people, especially with women starting families later in life and having higher risk pregnancies, that there is a sense of security that this bill would provide for.

Mr. DAVIS OF ILLINOIS. Ms. Costantino, had this type of benefit been in effect when it was time for your children to be born, would you have made any different decisions than what you ended up making?

Ms. COSTANTINO. Yes. This benefit would have allowed me to not have to make the difficult decision, and I would have been able to have been at the hospital with my sons and use this benefit while they are in the hospital and use my accrued leave when they came home.

Mr. DAVIS OF ILLINOIS. And so, it would have been of serious benefit to you and your family?

Ms. COSTANTINO. Absolutely.

Mr. DAVIS OF ILLINOIS. From any way that you would look at it?

Ms. COSTANTINO. Yes.

Mr. DAVIS OF ILLINOIS. Well, thank you all very much.

Mrs. Maloney.

Mrs. MALONEY. First of all, I want to thank you all for your wonderful testimony, and I would like to ask Amy Costantino.

Thank you for sharing your personal story with us. It was quite an ordeal to have twins, and you had to do what many Federal workers have to do. You cobbled together your annual leave, your sick leave, unpaid leave in order to meet your parenting needs. As you mentioned, you exhausted all your leave to care for your children.

From your story, I believe you are fortunate that you did become ill in the particular situation you were in.

May I ask you, where does your leave stand now and what are your contingency plans, say, if the children become sick again seriously? What could you do?

Have you exhausted all of your leave in all of that?

Ms. COSTANTINO. I have not exhausted all of my leave. I have planned, but I would probably have to take leave without pay which would be a hardship for our family.

Mrs. MALONEY. Danny and I were going to the floor, and we were talking about the bill. One of our esteemed colleagues called it—what did he call it? Vacation pay.

Another one I was talking to said, well, you know, why don't they cobble together their sick leave and their vacation leave? That is what should cover it.

So what is your answer to that, anyone?

Ms. KELLEY. I think there are just so many very real examples out there and not just in the Federal Government. Obviously, those are the examples that we have firsthand knowledge of, but there are so many examples of where that just isn't viable and where employees have had to make choices as we have heard described here today in very real terms and decisions that employees are having to face every day, whether they lose their job and risk losing their job or can afford to not have the income.

Those are choices that, I guess, I would suggest that—I would like to see what your colleagues who made these comments said if they were in the same situation, how it is they would feel if someone made that comment to them or about their son or their daughter or their grandson or their granddaughter.

Mrs. MALONEY. I appreciate it.

I just have no further questions.

I think this is a good bill. I hope the chairman will support it and mark it up and send it to the full committee.

I think we have had a very good hearing today. The support for it, based on science and need, is there.

We are trailing the world, not leading the world, in terms of providing this very important benefit to families. For a country that spends so much time talking about family values, it is time that we took some steps to take the word out of rhetoric and put it into the lives of employees so that they can better balance work and family.

Statistics show most men and women have to work. That is what it takes to put the food on the table and pay the rent. We, as a government, in my opinion, should have more hearings like this, looking at ways that we can balance work and family and really show that we are a government that cares about family values and wants to work with parents to allow them to spend more time with their children.

I know it is heartbreaking when you can't get time to go to a doctor's appointment or you can't be at the school for the teacher's appointment and you can't be there for really important purposes because you are working.

I really believe that if there was more flexibility, you would have a more vibrant and committed work force to be there for the issues before us.

I want to thank you for what you do every day, and I am very proud of the Federal work force. You do a great job.

Thank you, Mr. Chairman, for allowing me to join you today on this important hearing.

Mr. DAVIS OF ILLINOIS. Thank you very much. It is indeed a pleasure.

I do have one additional question I would like to ask you, Ms. Burke. You stated in your testimony that OPM's 2001 study failed to survey any of the employees who had actually left service during the years when they were having children. Are you aware of any ongoing effort to survey this group of individuals?

Ms. BURKE. No, sir, I am not, but we could get back to you if I found out something.

Mr. DAVIS OF ILLINOIS. Well, we would appreciate that.

Ms. BURKE. OK.

Mr. DAVIS OF ILLINOIS. I think it could, in fact, be beneficial to know what the experiences have been and how they have felt about whether or not this, in any way, was part of the reason that they decided to leave.

Again, let me thank all of you for coming and testifying, participating with us.

I certainly want to thank my colleague, Representative Maloney, for her introduction and the work that she has done on this measure for a number of years.

It has been a pleasure, Representative Maloney, to share another hearing with you, and I look forward to doing so in the future.

With that, we will declare that this hearing is adjourned.

[Whereupon, at 11:50 a.m., the subcommittee and committee were adjourned.]

[Additional information submitted for the hearing record follows:]

FOR THE RECORD

Statement
on
Investing in the Future of the Federal Workforce:
Paid Parental Leave Improves Recruitment and Retention

America's Health Insurance Plans
601 Pennsylvania Avenue, NW
South Building, Suite 500
Washington, DC 20004

Submitted to the
Joint Economic Committee and the
House Oversight and Government Reform Subcommittee
on Federal Workforce, Postal Service, and District of Columbia

March 6, 2008

I. Introduction

America's Health Insurance Plans (AHIP) is the national association representing approximately 1,300 health insurance plans that provide coverage to more than 200 million Americans. Our members offer a broad range of products, including private disability income insurance to help consumers replace lost income in the event that a disabling condition forces them to leave the workforce for an extended period of time.

We appreciate the committees' interest in considering options for offering paid parental leave to federal workers. We recognize that the availability of paid leave – as proposed by H.R. 1369, the Family and Medical Leave Expansion Act – would help many employees respond to caregiving needs that arise from the birth or adoption of a child or a serious illness in the family.

As both employers and corporate citizens, AHIP's members support family-friendly policies that facilitate a healthy balance between work and life and, additionally, support workers in meeting the needs of family members who require child care, health care, or elder care. We respect and support the desire of workers to take time off from work to nurture a newborn child or a newly-adopted child. We also recognize that in some instances workers may need to take time away from work to attend to the health care or long-term care needs of loved ones. To address these needs, AHIP supports well-designed public policies and programs that provide workers with protections – with respect to both job security and financial security – when child care, health care, or long-term care needs require them to take time off from work.

As the committees review these issues, we believe it is important to keep in mind the important role that private disability insurers play in offering products that protect consumers against the financial risk of a disabling illness or injury that prevents an individual from working for an extended period of time. This statement provides an overview of private disability insurance, while also discussing the value this coverage offers to policyholders and a national education campaign we have launched to increase awareness about the importance of disability income protection. In addition, we are offering recommendations on a possible amendment to H.R. 1369 calling for a study by the Government Accountability Office (GAO) on short-term disability benefits for federal workers.

II. Overview of Disability Income Insurance

Private disability income insurance provides tens of millions of Americans with protection that complements the safety net provided by the Social Security Disability Insurance (SSDI) program. Approximately 37 percent of U.S. workers in private industry are covered by employer-sponsored short-term disability coverage, while 29 percent receive long-term disability insurance through their employers[1]. In addition to extending benefits to many persons who are not eligible for SSDI, or during the time the Social Security Administration (SSA) is adjudicating an SSDI claim, this coverage provides a level of disability income benefits that spares many Americans from financial hardship.

Short-term disability coverage typically pays benefits for 13 to 26 weeks based on a specified percentage of the employee's pre-disability income – typically 60 percent – after sick leave has been exhausted. Circumstances that may trigger the payment of short-term disability benefits include pregnancies, strains and sprains, and other conditions that are resolved within a relatively short timeframe, thus allowing the employee to return to work before benefits are exhausted.

The valuable protection offered by short-term disability coverage can be purchased at a reasonable price – an average of $174 annually, according to one study based on 2001-2003 data, when purchased as group coverage by employers[2]. This short-term protection can be purchased in combination with long-term disability coverage as part of a seamless package, with the short-term and long-term benefits coordinated to ensure that disabled workers can meet their daily expenses and avoid financial catastrophe.

III. Value for Consumers

In 2006, more than 650,000 individuals received long-term disability payments from private insurers. One-third of these individuals did not qualify for SSDI. Moreover, 95 percent of reported disabilities were not work-related and, therefore, not eligible for coverage under workers compensation[3].

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[1] National Compensation Survey: Employee Benefits in Private Industry in the United States, 2006, U.S. Department of Labor, Bureau of Labor Statistics
[2] An Employer's Guide to Disability Income Insurance, AHIP
[3] 2006 Council for Disability Awareness Claims Review

Private disability insurers resolve claims within 30 days or less for approximately 75-80 percent of claimants, thus ensuring that benefits can be paid promptly to replace an eligible claimant's lost wages. Our members' track record exceeds the requirements set by federal regulations, which establish a 45-day timeframe for the initial resolution of private disability claims and allow an extension – of up to a total of 105 days – if, for reasons beyond the control of the insurer, more time is required to gather information.

In addition to replacing lost income for claimants in a timely fashion, private disability insurers play a key role in restoring disabled workers to financial self-sufficiency and maintaining productivity for America's businesses. By investing in rehabilitation and return-to-work programs, private disability insurers are actively engaged in helping workers with disabilities return to the workforce. In fact, a survey by Milliman, Inc. found that private disability insurers spent an average of $3,200 in 2005 on each disabled employee receiving rehabilitation and return-to-work services[4].

These innovative programs include a wide range of strategies in recognition of the fact that persons with disabilities are highly diverse and face varying circumstances. Services offered by rehabilitation and return-to-work programs include medical case management, vocational and employment assessment, worksite modification, purchase of adaptive equipment, business and financial planning, retraining for a new occupation, and education expenses. The Milliman survey found that annual budgets for these programs, which vary by size of company, range from $450,000 to more than $10 million.

Additionally, private disability insurers have been very proactive in designing policies that help claimants return to work. As a result, persons receiving private disability payments often have access to work incentive benefits, rehabilitation benefits, workplace accommodation benefits, and child or dependent care benefits during rehabilitation. These innovative benefits reflect our members' strong commitment to promoting employment and self-sufficiency among persons with disabilities.

[4] Survey of Rehabilitation and Return-to-Work Practices Among U.S. Disability Carriers, Milliman, Inc., May 2007

IV. National Education Campaign

AHIP has launched a national education campaign to promote awareness about the importance of disability income protection and to highlight the value disability insurance provides for workers, employers, and taxpayers.

Recognizing that more than 100 million Americans lack private disability income protection, our campaign has created a website – www.yourincomeatrisk.org – focused on educating consumers about a wide range of disability-related issues. The need for such education is highlighted by survey findings showing that many American workers have misunderstandings about their likelihood of experiencing a disability.

AHIP is releasing survey findings this week indicating that most Baby Boomers underestimate their risk of suffering a disability that would cause them to miss work for an extended period of time. The survey, conducted by Harris Interactive on behalf of AHIP, found that just over a third of Baby Boomers think the chances of becoming disabled due to illness or injury is 5 percent or less, a slight majority think the chances are 10 percent or less, and two-thirds think the chances are 20 percent or less. In reality, a worker has a 30 percent chance of suffering a disabling injury or illness causing him or her to miss three or more months of work before reaching retirement, according to the Social Security Administration.

The survey also found that 47 percent of Baby Boomers say they are not too concerned about their chances of suffering a disabling illness or injury. One of the reasons Baby Boomers underestimate their risk is because they are unaware of the most common causes of disability, mistakenly believing that injuries cause more disabilities than illnesses. According to the survey, Baby Boomers believe the most common causes of disability are back, muscle or joint problems (26%), injuries on the job (18%), and injuries off the job (16%). In actuality, research shows that the most common causes of disability are illnesses such as cancer, heart disease, and diabetes.

Over the coming year, AHIP will be taking additional steps to continue our national education campaign. These steps include a retooling of our "Your Income At Risk" website, an updated consumer guide on disability income insurance, a new publication for policymakers and the media, and additional research on key disability issues.

V. GAO Study on Short-Term Disability Benefits for Federal Workers

When the Subcommittee on Federal Workforce, Postal Service, and District of Columbia considers H.R. 1369, we understand that the chairman of the subcommittee intends to offer an amendment proposing that the GAO conduct a study on the best approach to offering short-term disability benefits to federal workers. We would like to offer the following suggestions for issues that the GAO might consider in conducting such a study.

- **Integration of Short-Term Disability Coverage with Family Leave/Paid Family Leave:** Extensive private sector experience shows that short-term disability coverage can and must be integrated with family leave and/or paid family leave. Federal workers will be well-served by a short-term disability plan that is designed to include an appropriate division between an insured disability benefit and a family leave or paid family leave benefit.

- **The Implications of the Unique Federal Benefits Structure for the Design of a Short-Term Disability Plan:** The current benefit structure for federal workers is not typical of benefits for workers in private industry. Some aspects of the federal worker benefit structure, such as sick leave benefits and the mechanism for employees with long-term disabilities, will require product innovations atypical of short-term disability plans for workers in private industry. We would be delighted to provide input on the types of initiatives that would fit within this structure.

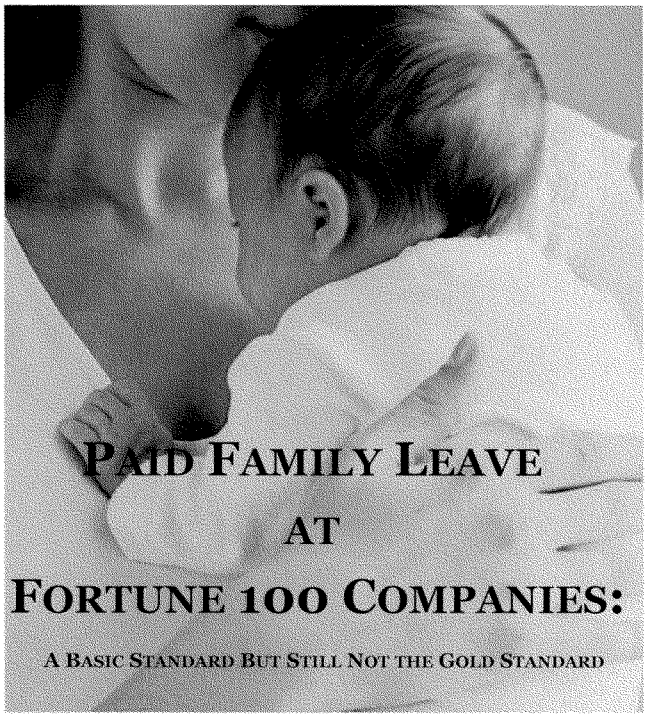
- **Potential Applicability of Private Sector Experience to the Growth of Employee Paid Coverage:** In the event that financing an employer-paid, short-term disability benefit becomes an obstacle to implementation of a short-term disability plan for federal workers, a product for which the employee contributes all or some of the premium may be a viable alternative.

- **Potential for Integration of Disability and Health Coverage:** In recent years, private disability insurers have gained expertise in integrating disability and health coverage and have leveraged that expertise to help contain health care costs and improve rehabilitation and return-to-work outcomes for disabled employees. Such integration could be of very significant benefit to the productivity and wellness of the federal workforce.

- **Impact of Short-Term Disability Coverage on Federal Workforce Recruitment and Retention:** As committee members have indicated, short-term disability benefits would be a substantial enhancement for federal workers and for those who might consider federal service. The lack of a short-term disability benefit could be a significant barrier to federal service for some potential candidates. In addition, the existence of such a benefit could hasten return-to-work and increase productivity in the federal workforce.

VI. Conclusion

AHIP and our members look forward to maintaining a dialogue with committee members about the role of private disability insurance in providing consumers with financial protection against the high costs associated with disability. We also stand ready to work with Congress to discuss issues surrounding the development of new policies or programs for paid family and medical leave.



Paid Family Leave at Fortune 100 Companies:

A Basic Standard But Still Not the Gold Standard

A Report by the Joint Economic Committee Majority Staff
Senator Charles E. Schumer, Chairman
Rep. Carolyn B. Maloney, Vice Chair
March 2008

Executive Summary

Employers and employees are searching for ways to balance the competing demands of work and family. As a guide for policymakers, this report examines how firms design their paid leave policies. The majority staff of the Joint Economic Committee asked Fortune 100 companies about the length of paid leave that they provide for new parents. Among the firms that responded, about three-quarters offer mothers a specific parental leave program, either through paid family or disability leave, and the median length of leave for mothers is six to eight weeks. However, only one-third of firms report that they offer fathers paid parental leave and the median length of leave for fathers is only two weeks.

Many Fortune 100 firms allow their employees to use a mix of different kinds of leave when they have a child, which significantly increases the number of weeks available to new parents. Most Fortune 100 firms (75 percent) allow employees to use accrued sick days to care for a new child. Combining paid leave from all sources—family leave, pregnancy-related disability leave, and the allowable use of paid sick days—firms offer mothers a median of 12 weeks and fathers six weeks of paid leave. Among our sample, nine-out-of-ten firms report offering some kind of paid leave—family leave, pregnancy-related disability leave, or allowed use of accrued paid sick days—for the birth of a child.

Of the Fortune 100 respondents who offer paid leave, a significant share also provide employees with unpaid leave beyond that required by the Family and Medical Leave Act (FMLA) for the birth of a child. Overall, 40 percent of Fortune 100 firms provide both some type of paid leave alongside additional weeks of unpaid leave. Among the firms offering additional weeks of unpaid leave, the median length of leave offered on top of the 12 weeks of unpaid FMLA leave is 14 weeks. Thus, employees in these firms have access to six months (26 weeks) of unpaid, job-protected parental leave, on top of any paid leave that their firm offers.

As policymakers work to implement paid leave policies, Fortune 100 companies provide a good model. Nearly all of these firms offer parents paid time off when they have a new child. However, while these firms offer more leave than typically provided by other U.S. companies, the length remains far below the leave policies implemented in the European Union or nearly all other advanced economies. Further, this leave is usually cobbled together from various programs and, especially for fathers, is based on using accrued sick days rather than having access to paid family leave.

Introduction

The difficulties that workers encounter when faced with the competing demands of family and work responsibilities are well known. Employers and employees alike are searching for ways to get the job done, while also ensuring that families are cared for. Unlike a generation ago, most U.S. families do not have the option of a stay-at-home parent to provide care for children, the elderly, or the sick, and therefore these responsibilities fall on family members who work outside the home. The federal Family and Medical Leave Act (FMLA) provides job-protected, unpaid leave for eligible workers in covered establishments who are new parents or who have a serious health condition or have an immediate relative with a serious health condition. However, FMLA is not available to everyone and it is unpaid, significantly limiting its usefulness for many workers who cannot afford to take unpaid time off work.

There is bi-partisan interest at both the federal and state level in establishing paid family leave as a minimum employment standard. As policymakers consider introducing paid family leave, a central question is what is an appropriate length of leave? There are several models to look to.

To retain workers and reduce turnover, the European Union, and a handful of states have each implemented some form of paid family leave, ranging from 14 weeks in Europe to five weeks in California. Further, U.S. federal lawmakers themselves typically offer paid leave: Congressional offices each set their own leave packages and most include paid parental leave, with the average length being six to eight weeks.[1]

An alternative method to guide the length of paid family leave is to look to the standards currently in place among the U.S. firms that offer it. To this end, the JEC requested information from firms that are the most likely to offer paid leave: the top 100 U.S. companies, as listed in *Fortune* magazine's 2007 list of the Fortune 500.[2] The JEC Questionnaire asked whether these firms offer male and female employees paid leave upon the birth of a child and the duration of the leave. The results show that these firms overwhelmingly offer women paid leave for the birth of a child and the leave is typically six to eight weeks long.[3]

Background: The Need for Family Leave is a New Workplace Reality

Family leave has become an increasingly important workplace policy because most families no longer have a stay-at-home parent to provide care for a new child or a seriously ill family member. Over the past generation, there has been a significant increase in the employment of mothers outside the home: between 1975 and 2006, the labor force participation rate for mothers rose from 47.4 to 70.6 percent.[4] The majority (68.0 percent) of children in married-couple families are being raised without a stay-at-home parent[5] and 18.4 percent of children are living in working, single-parent families.[6] The literature on maternal and infant health indicates that while the optimal length of parental leave varies according to a wide range of factors, including the preferences of the parents, whether both parents are involved in primary care, and the difficulty of the pregnancy and childbirth, the length of leave is best measured in months, rather than weeks or days.[7] With both parents typically working, this means that families with a new child need a considerable amount of time away from work, which may be difficult for the family to access if that time is unpaid. Research has found, however, that employers that

accommodate working parents and provide paid time off are rewarded with lower turnover and higher productivity.

Families Need Time to Care

Having access to paid, rather than unpaid, leave is a necessity, not a luxury, for working families. Two-parent families typically need to have both parents working. The typical working wife brings home over a third (35 percent) of her family's total income.[8] The long-term trends in family income show that the inflation-adjusted income of married-couple families with stay-at-home wives is the same today as it was in 1979 and it is only families with working wives who have seen any real income gains.[9] Because both parents work—and in many cases, need to work—paid leave has taken on increased importance. Paid leave has been shown to promote maternal employment and job retention, increasing the long-term employment and earning prospects of working parents, compared to unpaid leave.[10] Paid leave also improves children's health by giving mothers time to breastfeed, reducing the risk of infections, and increasing the likelihood that children are taken to the doctor to receive the full battery of immunizations.[11]

However, even though paid leave is increasingly a necessity for working families, it remains relatively uncommon in our country and workers typically only have the option of taking unpaid leave.[12] The Department of Labor reports that while eight percent of private-sector employers offer paid family leave, 82 percent offer unpaid leave. The wide availability of unpaid leave is due to the 1993 FMLA, which established a minimum standard that allows eligible employees to take up to 12 weeks per year of unpaid, job-protected leave upon the birth or adoption of a child, or to care for qualifying family members or themselves in the event of a serious health condition. A majority (61.7 percent) of public and private sector workers are eligible to take unpaid leave under the FMLA, but many families cannot afford to take it.[13] Most (77.6 percent) of those who do not exercise their right to leave under the FMLA report that one reason they did not take leave was because they could not afford to go without pay.[14]

Besides being unpaid, and thus unaffordable for many families, the FMLA does not cover the entire workforce. FMLA does not apply to private companies with fewer than 50 employees, which categorically excludes just under one-third of the labor force.[15] Further, to be eligible for leave, employees must have been with a single employer for at least a year and logged over 1,250 hours in the past year, equivalent to working an average of 24 hours per week. The job tenure requirements leave out many young workers who are most likely to be in need of parental leave since the median age of first birth is 25 years.[16] Among parents aged 18 to 25 with a child under the age of two, 43.3 percent of women and 31.2 percent of men have been with their current employer for less than a year and therefore are categorically excluded from taking leave under FMLA.[17]

The Business Case for Paid Family Leave

There is solid evidence that paid leave policies are good for employers, as well as employees. The clearest benefit to employers is reduced employee turnover, but there is also evidence of improved productivity: workers who can meet their family responsibilities and are feeling healthy are less-stressed and better able to focus on their jobs while at work, and are thus, more productive. Research shows that businesses that offer paid family leave benefit from increased productivity and morale, reduced absenteeism, and lower turnover and training costs.[18]

Firms can see the benefits of paid family leave most directly in terms of reduced employee turnover. Women who had access to leave—either paid or unpaid—at the birth of their first child are more likely to go back to their job after childbirth.[19] Research further confirms that paid leave is a better retention policy than unpaid leave because the probability of returning to the same employer after having a child is 5.4 percentage points greater for women who received paid maternity leave compared to those who received unpaid maternity leave.[20] Women report that access to workplace flexibility, including paid leave, is of particular importance in their decision to stay on the job, rather than quit altogether.[21]

Lowering turnover rates can reduce costs significantly for employers. The average cost of turnover for an employer is about 25 percent of an employee's salary.[22] To get a good estimate of costs, we need to include not only the costs to search for a new employee, but also training costs. Estimates are that it takes six weeks for a new staffer to learn their job and achieve the productivity of the person that they replaced.[23] One study in New Jersey found that in the private sector, the full cost of turnover, which includes the costs of hiring, comprehensive recruiting, screening, interviewing, and training, has been found to range from $6,495 for a worker in the leisure and hospitality industry to $18,615 for a worker in the information industry. Depending on the rate of turnover and cost of replacing new workers, a small company might spend over $15,000 annually while a larger one (more than 1,000 employees at one site) could spend more than $180,000.[24] The savings that employers could accrue by offering paid leave can more than offset costs of hiring temporary workers or paying overtime to current workers.[25]

Private Sector Response to Work-Family Balance: The Fortune 100

This report looks to the Fortune 100 to see what length of leave is typical among firms that offer paid leave for the birth or adoption of a child. The Fortune 100 is a list of the largest U.S.-based corporations, based on revenue calculated from publicly available data. This is a good sample to use because large firms such as these are far more likely than smaller firms to offer paid leave and, further, many of the Fortune 100 firms have established programs to recruit and retain valuable female employees. A quarter of these firms appear on the *Working Mother* list of the "100 Best Companies" that provide policies aimed at balancing work and family.[26] Therefore, this sample of firms is likely to have implemented the most generous paid leave policies of any U.S. employers.

Data and Method

From September through November 2007, the Joint Economic Committee asked the Fortune 100 companies to respond to a simple set of questions:

- Do they offer paid maternity or paternity leave for the birth or adoption of a child and, if so, for how many weeks each? If maternity leave is provided, is this through a disability leave program?[27]
- Do they offer unpaid maternity or paternity leave for the birth and adoption of a child on top of the 12 weeks required by FMLA and, if so, for how many weeks each?
- Do they allow employees to use accrued sick leave to care for a new child and, if so, how many weeks?

The typical leave package offered at Fortune 100 firms was derived by examining the 53 responses received. The respondent and non-respondent firms represent similar industries limiting the possibility of response bias, although respondent firms were more likely to be on the *Working Mother* list. (See Appendix for more information on the JEC Questionnaire.) Many firms responded with a minimum and maximum number of weeks of paid leave, depending on the employee's job category or tenure or other requirements and our analysis provides measures of both the minimum and the maximum weeks provided. (The Appendix contains the sample means.)

Most firms reported that they offer employees several different kinds of leave that they can combine when they have a new child. The three specific types of leave that we include are paid family leave, paid pregnancy-related disability leave, and the allowable use of accrued paid sick days. Each of these leaves is designed to serve a distinct purpose:

- **Paid family leave** is often modeled on the uses set out in the FMLA and provides weeks of leave for parents to care for a new child and may also provide leaves for serious health conditions.
- **Pregnancy-related disability leave** is leave for the mother to recover from childbirth. According to the Pregnancy Discrimination Act of 1978, employers must treat pregnant workers the same as other employees with temporary medical disabilities in all conditions of employment, such as pay and fringe benefits, including paid sick days, health insurance coverage and temporary disability insurance. Therefore, if a firm has a disability plan, then they must cover pregnancy and recovery from childbirth under this plan.
- **Paid sick days** cover short-term illnesses, such as colds and flu, and regular doctor visits, alongside being available for health emergencies. Many firms allow employees to bank their accrued sick days for use when they have a child. This policy, however, means that employees do not have this time available for unanticipated short-term illnesses if it is used for family and medical leave.

Firms may also allow employees to use accrued vacation to care for a new child, but that was

outside the scope of our questionnaire and may lead us to *understate* the overall findings. We refer to "paid leave" generically when we include all three kinds of leave, but this report also clearly distinguishes among firms that have a specific parental leave policy or offer pregnancy-related disability leave, and those that only allow employees to use accrued sick days.

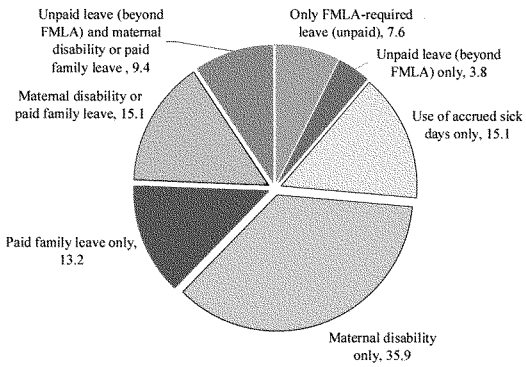
Findings

Fortune 100 firms overwhelmingly offer some paid time off to care for a new child and recover from childbirth. Among the companies in the Fortune 100 that responded to the JEC questionnaire, three-quarters (73.6 percent) offer mothers either paid family or disability leave. Firms are more likely to offer paid family leave to mothers than to fathers as only 32.1 percent report offering paid family leave to fathers. However, most (75.5 percent) firms allow employees to use accrued sick days, and among our sample, nine-out-of-ten (88.7 percent) report offering some kind of paid leave—family leave, pregnancy-related disability leave, or allowing the use of accrued paid sick days—for the birth of a child.

Types of Leave

Most firms offer some type of paid leave, but a handful offer no paid leave of any kind. Figure 1 shows the distribution of different kinds of leave offered by Fortune 100 companies. Over one-third (35.9 percent) only provide pregnancy-related disability leave, and another 15.1 percent provide both disability and paid family leave. Just 13.2 percent of firms offer only paid family leave for the birth of a child and 15.1 percent offer employees only the use of accrued sick leave. One-in ten (9.4 percent) provide both paid leave (either pregnancy-related disability or paid family leave) as well as additional weeks of unpaid leave above and beyond that required by FMLA. Among the respondents, 7.6 percent report that they offer no leave above and beyond that required by FMLA.

Figure 1. Type of Parental Leave Offered by Fortune 100 Companies



Source: 2007 JEC Questionnaire of Fortune 100 Companies.
Note: All leave is above and beyond that required by FMLA, except where noted.

Length of Leave

Table 1 breaks down the typical weeks of leave offered to employees at the responding Fortune 100 companies. In terms of paid family leave, firms typically offer mothers six weeks and fathers two weeks of paid leave. If we include the maximum number of weeks they could receive (often, but not always, tied to seniority), firms offer mothers a median of eight weeks, but continue to offer fathers a median of two weeks. In terms of maternal disability leave, Fortune 100 companies who offer this kind of leave typically provide six to eight weeks, where the range is usually based on the time necessary to recover from a vaginal or Caesarian childbirth, respectively. Among those firms that allow employees to use accrued sick days, employees are typically offered six to eight weeks of leave. Combining leave from all three sources (and accounting for whether the employer noted whether the leaves could be taken sequentially), the median number of weeks available to new mothers rises to 12, and the median of the maximum number of weeks rises 14. Fathers are offered a median of six weeks of leave.

TABLE 1. WEEKS OF PAID LEAVE FOR THE BIRTH OF A CHILD

	Median Weeks of Paid Leave Offered	Maximum Weeks of Paid Leave Offered
Paid family leave		
Mothers	6.0	8.0
Fathers	2.0	2.0
Maternal disability leave	6.0	8.0
Allowed use of paid sick days only	6.0	8.0
Combined weeks of paid leave available		
Mothers	12.0	14.0
Fathers	6.0	6.0

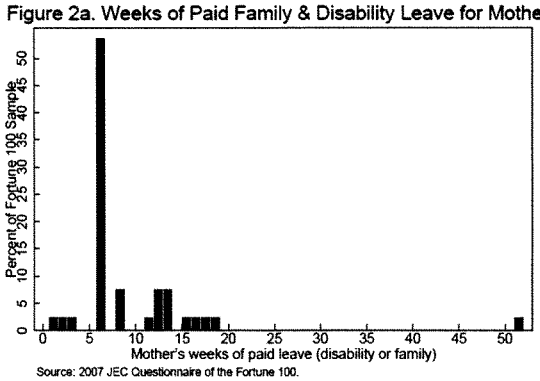
Source: 2007 JEC Questionnaire of the Fortune 100.

Note: Nine firms that reported allowing employees to use sick days did not report the actual number of days available.

Figures 2a and 2b show the distribution of minimum weeks of paid family leave offered by Fortune 100 companies in our sample to mothers (including maternal disability) and fathers, not including the use of accrued sick days. The number of paid weeks offered to mothers is clustered around six to eight weeks as three-fifths (61.5 percent) of Fortune 100 companies offer leave in this range. By contrast, nearly two-thirds (64.7 percent) of firms offer only one or two weeks of leave to fathers.

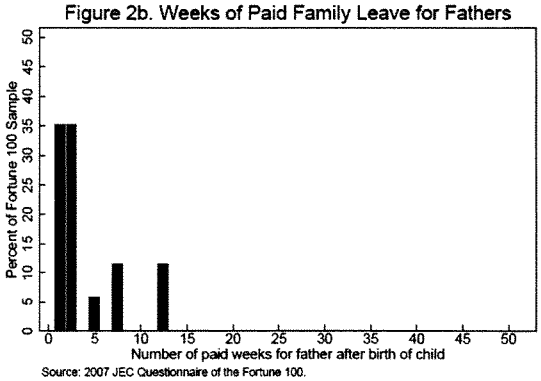
Figures 3a and 3b show the distribution of minimum weeks of paid leave offered by Fortune 100 companies combined from all three sources: family leave, pregnancy-related disability leave, and the allowable use of paid sick days. There is wide variety in the lengths of total leave possible: more than half (55.8 percent) of firms offer mothers at least 12 weeks of paid leave, but a third (34.9 percent) offer less than eight weeks. For fathers, there are fewer weeks available: 62 percent of firms offer fathers less than eight weeks of paid leave. However, a significant share of firms (18.9 percent), offer 26 weeks of paid leave or more to fathers, roughly the same offered to mothers.

Figure 2a. Weeks of Paid Family & Disability Leave for Mothers



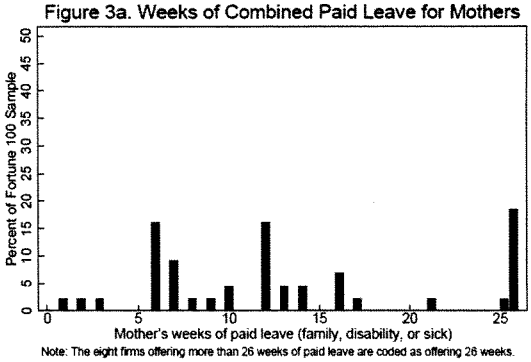
Source: 2007 JEC Questionnaire of the Fortune 100.

Figure 2b. Weeks of Paid Family Leave for Fathers



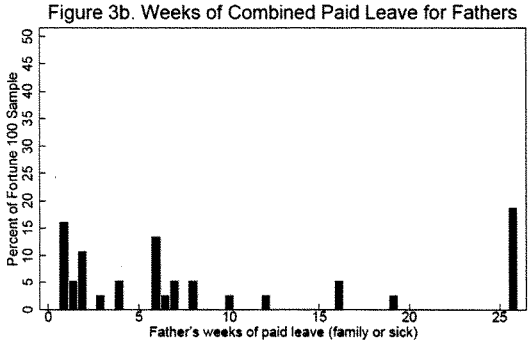
Source: 2007 JEC Questionnaire of the Fortune 100.

Figure 3a. Weeks of Combined Paid Leave for Mothers



Note: The eight firms offering more than 26 weeks of paid leave are coded as offering 26 weeks.
Source: 2007 JEC Questionnaire of the Fortune 100.

Figure 3b. Weeks of Combined Paid Leave for Fathers



Note: The six firms offering more than 26 weeks of paid leave are coded as offering 26 weeks.
Source: 2007 JEC Questionnaire of the Fortune 100.

As shown above in Figure 1, 3.8 percent of firms offer only unpaid leave and 9.4 percent offer a combination of either pregnancy-related disability leave or paid family leave and unpaid leave above that required by the FMLA. However, many firms who allow employees to use paid sick days also provide unpaid leave beyond that required by FMLA and when we include these firms, a total of 39.6 percent of firms offer both paid and unpaid leave beyond FMLA. Among firms offering unpaid leave above and beyond the 12 weeks required by the FMLA, the median number of weeks is 14.

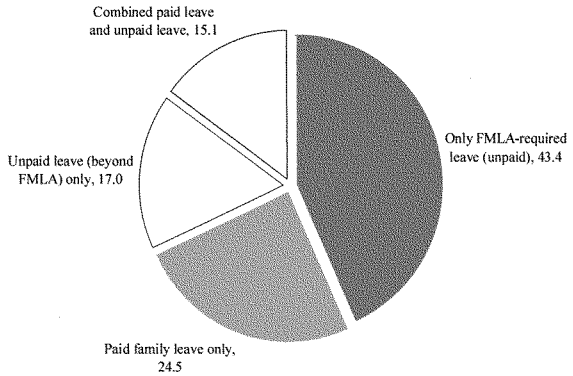
Gender Gap in Access to Paid Family Leave

There is a clear gender gap in access to paid family leave. While mothers and fathers typically are allowed to use the same number of sick days and receive the same amount of unpaid family leave, many firms continue to offer a specific paid parental leave program only for mothers, most often in the form of pregnancy-related disability leave. The equality in the availability of sick days and unpaid family leave does not make up for the lack of fathers' access to paid family leave. Fathers (and mothers) may need their sick days to help care for a sick child or their own illness. Further, in two-thirds of two-earner couples, the husband earns more than the wife[28] and therefore, for many families, it is harder for the father to take unpaid time off work because it costs the family more in terms of lost wages. Moving towards greater equality in access to paid family leave would enable more fathers to bond with and care for their new children, while continuing to recognize that childbirth requires recovery for the mother.

Paid Leave for Adoptive Parents

The JEC Questionnaire also asked whether paid or unpaid leave was provided for adoptive parents. Fortune 100 firms offer adoptive parents less leave, primarily because much of the leave for mothers is through paid disability programs that only apply to the biological mother. Figure 4 shows the distribution of leave available to adoptive parents. Nearly half (43.4 percent) of Fortune 100 firms offer adoptive parents no leave when they adopt their child above the unpaid leave required by FMLA. A quarter (24.5 percent) of firms offer only paid family leave at the time of adoption, 17.0 percent offer only unpaid family leave (above that required by FMLA), and 15.1 percent offer both paid and unpaid family leave. Firms offering paid leave typically offer adoptive mothers 4.0 weeks and adoptive fathers 3.0 weeks. The small fraction of firms that offer unpaid leave above and beyond the 12 weeks required by FMLA to adoptive parents typically offer parents 14 weeks of leave, giving these employees access to six months of unpaid leave.

Figure 4. Type of Adoptive Leave Offered by Fortune 100 Companies



Source: 2007 JEC Questionnaire of Fortune 100 Companies.
Note: All leave is above and beyond that required by FMLA, except where noted.

Part-time Workers

Most Fortune 100 companies (82.1 percent) report that paid parental leave is available to both full- and part-time employees. The typical threshold for part-time workers to receive benefits is set at 20 hours per week. Because full-time workers are nearly twice as likely as part-time workers to have paid family leave, the Fortune 100 companies appear to be ahead of their counterparts on coverage.

Fortune 100 Firms' Paid Leave: Less than in Europe, but More than in Most States

With a median of six to eight weeks of leave for new mothers and two weeks for new fathers, the Fortune 100's policies put them far behind the European Union (EU). The EU requires that member countries offer a minimum of 14 weeks of paid maternity leave as a basic employment standard, but most countries offer more than the minimum.[29]

Fortune 100 companies' policies on paid leave are, however, broadly consistent with recent experiments in paid family leave at the state level.[30] California and Washington recently passed paid family leave and on March 4, 2008, New Jersey's paid family leave bill passed the Senate and it is anticipated that it will easily pass in the General Assembly in coming weeks and be

signed by the Governor. California and New Jersey's plans build on the states longstanding temporary disability insurance (TDI) programs. In 2004, California extended their TDI program to offer six weeks of comprehensive partial wage-replacement family leave, on top of up to ten weeks of pregnancy-related leave (four weeks before and six weeks after the birth[31]), more than what the JEC Questionnaire found that Fortune 100 firms offer mothers and fathers.[32] New Jersey's bill also provides six weeks of partial wage-replacement on top of pregnancy-related leave. There are three other states (Hawaii, New York, and Rhode Island) that have TDI programs, and across all five TDI states (including California and New Jersey), mothers are granted a minimum of six weeks of leave to recover from childbirth, which is consistent with the length of pregnancy-related disability leave offered by Fortune 100 firms.[33]

New York also has a bill pending that would expand their TDI program with much longer paid family leave than offered by Fortune 100 firms. The New York State Assembly passed the Working Families Time to Care Act on June 22, 2007 and it awaits movement in the state Senate. This bill provides 12 weeks of paid leave to care for a new baby or a newly placed adopted child, or for a seriously ill family member, including a spouse, parent, in-law, sibling, child or domestic partner on top of the existing TDI benefits for birth mothers.

Other states are starting from scratch to establish paid family leave and these states are offering shorter leaves than the typical Fortune 100 firm. In May 2007, Washington became the first state to pass paid family leave as a new, stand-alone program. This legislation provides five weeks of partially paid leave and the financing mechanism remains to be worked out.[34] In Illinois, the Family Leave Insurance Program has been introduced, which would allow for four weeks paid family and medical leave with the financing shared between employers and employees.

Implications for Federal Policymaking

At Fortune 100 companies that offer paid leave for a new child, women typically receive six to eight weeks of paid family leave, while men receive just two weeks. For mothers, this length of leave is consistent with recently passed legislation in California, and Washington, and that pending in New Jersey as well as some proposed federal legislation.

Many Fortune 100 employees have the option of patching together leave from a variety of programs: family leave, pregnancy-related disability leave, and the allowable use of paid sick days. This patchwork, however, leads to two problems. Fathers are not offered very much leave, because they are ineligible for disability leave for childbirth, and employees who use up their sick days must hope that they—or their new child—does not get sick later on. Paid parental leave would address the former problem as it would be available to both mothers and fathers, but employees also need access to sick days if they or their children get sick. This is addressed in separate legislation—the Healthy Families Act (HR-1542 and S-910)—that aims to provide every worker with at least seven paid sick days. (The JEC will publish the findings of the Fortune 100 Questionnaire on paid sick days in coming months.)

Lawmakers have introduced a number of paid family leave bills in the 110th Congress (Table 2). Only two of these bills would provide paid leave to all workers (S-1681 and HR-3192), while

the other three are models that would start by providing paid leave to either federal employees or Senate employees. Each of these bills offers mothers eight weeks of leave, which is higher than the median length of paid leave offered by Fortune 100 companies. Two bills, however, S-80 and S-880, provide fathers with only a week of leave, which is far below that typically offered by Fortune 100 companies. S-1681, HR-3192 and HR-3799 (which would cover workers for our nation's largest employer, the federal government) allow mothers and fathers the same length of leave, encouraging fathers to be active participants in their childrens' new lives. Further, this gives families the option of sequencing leave, so that the mother can take the first months off to recover from childbirth and care for the new baby, then the father can take off time after the mother goes back to work.

Table 2. Selected Congressional Legislation on Family-Friendly Workplace Policies

Bill Number	Title	Sponsor	Brief Description
S. 1681	Family Leave Insurance Act of 2007	Sen. Chris Dodd and Sen. Ted Stevens	S. 1681 would provide up to 8 weeks of paid leave to new parents or those caring for seriously ill family members.
H.R.3799	Federal Employees Paid Parental Leave Act	Rep. Carolyn Maloney, Rep. Danny Davis, Rep. Steny Hoyer, Rep. Tom Davis, and Rep. George Miller	H.R. 3799 would require that 8 of the 12 FMLA weeks, that are available to federal workers, be paid.
H.R. 3192 (introduced in 109th Congress)	Paid Family and Medical Leave Act of 2005	Rep. Pete Stark	H.R. 3192 would establish a nationwide insurance program to pay 55 percent of earnings for 12 weeks of family leave to all workers.
S.80	Executive Branch Family Leave Act	Sen. Ted Stevens, Sen. Lisa Murkowski, and Sen. Kay Bailey Hutchinson	S. 80 would provide Executive branch employees 8 weeks of paid maternity leave, and 5 days of paternity leave following the birth of a child.
S.880	Senate Family Leave Act	Sen. Ted Stevens, Sen. Robert Byrd, and Sen. Daniel Inouye	S. 880 would provide Senate employees 8 weeks of paid maternity leave and 5 days of paid paternity leave following the birth of a child.

Source: Congressional Research Service.

Conclusions

Fortune 100 firms overwhelmingly offer paid leave to new mothers, in addition to paid sick days. Among our sample, three-quarters offer mothers either paid family or disability leave and less than one-third report offering paid family leave to fathers. While mothers need more time to recover physically from the rigors of childbirth and to breastfeed, fathers are also needed at home to help care for the new child. New paid family leave policies should follow the FMLA and allow both mothers and fathers similar lengths of time to care for and bond with a new child.

Fortune 100 firms offer a basic set of leave policies, which are consistent with the lengths of leave being proposed in the states and offered by Congressional offices, although they are far less generous than in Europe. Research shows that the companies that offer paid leave benefit because they have increased employee retention, which can significantly reduce turnover costs, as well as higher productivity and improved employee morale.

Fortune 100 companies' policies should offer a model for implementing paid family leave as a basic employment standard for all workers in the United States, in addition to paid sick days. Paid parental leave is part of a broader set of new workplace policies that Americans need to meet the competing demands of work and family.

Appendix: Questionnaire Responses from the Fortune 100

The companies in the JEC Questionnaire were taken from the top 100 companies on *Fortune* magazine's 2007 list of the Fortune 500.[35] Each year, *Fortune* Magazine publishes the list of the U.S.-based corporations with the largest revenue. Fortune 100 companies disproportionately come from the insurance and financial services sector, the health care and pharmaceuticals industry, the defense and manufacturing sector, the oil industry, and the telecommunications industry.

We attempted to make contact with each of the Fortune 100 companies to determine whether they would be receptive to receiving and filling out the family-leave questionnaire. Only one company did not respond to our phone inquiries; therefore we sent questionnaires to 99 of the Fortune 100. Of those 99, four formally declined to participate. Of the remaining 95, 53 completed the JEC Questionnaire.

Any questionnaire may have "response bias," where the respondents differ greatly from the total population. Table A1 looks at one factor in possible response bias: do the responding firms come from different industries than the non-responding firms? We find that the companies that responded to the JEC Questionnaire do not appear to come from different industries than those who did not. Thirty-four percent of the respondents were from the insurance and financial services sector. Along with companies from the oil, retail, and defense and manufacturing sectors, they constituted sixty-four percent of the respondents. Other respondents were from health services, technology and telecommunications industries. Of the 47 companies that did not respond to the questionnaire, 30 of them (64 percent) were from the insurance and financial services, health care services and pharmaceuticals, defense and manufacturing, and telecommunication/ media industries. However, the Fortune 100 companies who responded to our survey may be more inclined to care about work/life issues. Eighteen of the companies that responded were on the *Working Mothers* list of 'Best Companies for Women for 2007,' compared to six of the non-responding companies. Thus, although the respondent and nonrespondent companies represent similar industries, limiting the potential for response bias, respondents are more likely to care about work/life issues in general.

Table A1. Fortune 100 Industry Groups by Response

Type of Company	Respondents	Nonrespondents
Insurance/ Financial Services	18	10
Health Care Services/ Pharmaceuticals	4	9
Defense-related/ Manufacturing	6	5
Oil	5	3
Telecommunications/ Media	3	6
Computer/ Technology	4	4
Retail	5	1
Misc.	8	9

Note: 'Misc.' includes motor vehicles, chemical, food, beverage, agricultural and grocery, shipping, and chemical companies.

Table A2. Fortune 100 Sample Observations and Means

Question	Observations	Mean	Std. Dev.	Min	Max
Sample *(Participate=1, Decline to Participate=0)*	57	0.930	0.258	0	1
1. Does your company provide any paid leave for parents	53	0.792	0.409	0	1
If provided, concurrent with family leave	7	1.000	0.000	1	1
If provided, concurrent with sick leave	2	1.000	0.000	1	1
1a. If yes, could you please tell us how many days or weeks					
Mothers after the birth of a child for **disability leave:**	12	12.750	12.828	6	52
If provided, minimum weeks for disability leave	16	6.000	0.000	6	6
If provided, maximum weeks for disability leave	16	8.250	1.000	8	12
Mothers after the birth of a child for **parental leave:**	10	7.660	4.826	0.6	13
If provided, minimum weeks for maternity leave	3	4.667	2.309	2	6
If provided, maximum weeks for maternity leave	3	14.000	10.392	8	26
Fathers after the birth of a child:	14	3.686	4.235	0.6	13
If provided, minimum weeks for paternity leave	2	5.000	4.243	2	8
If provided, maximum weeks for paternity leave	2	8.000	5.657	4	12
Mothers after the adoption of a child:	19	5.321	3.935	0.5	13
If provided, minimum weeks for adoption leave	1	8.000	.	8	8
If provided, maximum weeks for adoption leave	1	12.000	.	12	12
Fathers after the adoption of a child:	18	4.339	3.747	0.5	13
If provided, minimum weeks for adoption leave	2	5.000	4.243	2	8
If provided, maximum weeks for adoption leave	2	8.000	5.657	4	12
1b. Which employees are eligible for this paid leave? Full-	38	1.184	0.393	1	2
If provided, threshold for eligibility in hours	18	19.844	0.826	17.5	22
1c. Do employees have the option of taking the leave either consecutively or spread through the year? (Yes=1, No=0)	39	0.487	0.506	0	1
1d. Is there any limit on the number of times an employee can take paid leave (beyond the 12 weeks provided under the federal Family and Medical Leave Act)? (Yes=1, No=0)	37	0.378	0.492	0	1
If provided, threshold for leave in weeks	7	36.429	20.148	8	52

Table A2. Fortune 100 Sample Observations and Means ctd.

Question	Observations	Mean	Std. Dev.	Min	Max
2. Does your company provide any job-protected unpaid leave for parents following the birth or adoption of a child beyond the 12 weeks required under the federal Family and Medical Leave Act (FMLA)? (Yes=1, No=0)	51	0.451	0.503	0	1
2a. If yes, could you please tell us how many days or weeks (reported as weeks) of job-protected unpaid leave you offer beyond FMLA to:					
Mothers after the birth of a child: _____ weeks	18	27.056	21.883	4	92
If provided, minimum weeks for maternity leave	2	13.000	1.414	12	14
If provided, maximum weeks for maternity leave	2	40.000	0.000	40	40
Fathers after the birth of a child: _____ weeks	15	25.400	22.583	4	92
If provided, minimum weeks for paternity leave	2	13.000	1.414	12	14
If provided, maximum weeks for paternity leave	2	40.000	0.000	40	40
Mothers after the adoption of a child: _____ weeks	15	25.400	22.583	4	92
If provided, minimum weeks for adoption leave	2	13.000	1.414	12	14
If provided, maximum weeks for adoption leave	2	40.000	0.000	40	40
Fathers after the adoption of a child: _____ weeks	15	25.400	22.583	4	92
If provided, minimum weeks for adoption leave	2	13.000	1.414	12	14
If provided, maximum weeks for adoption leave	2	40.000	0.000	40	40
2b. Which employees are eligible for this unpaid leave? Full-	23	1.043	0.209	1	2
If provided, threshold for eligibility in hours	6	19.744	0.397	19.231	20
2c. Do employees have the option of taking the leave either	24	0.625	0.495	0	1
2d. Is there any limit on the number of times an employee can take unpaid leave (beyond the12 weeks provided under the federal Family and Medical Leave Act)? (Yes=1, No=0)	23	0.348	0.487	0	1
If provided, limits for leave in weeks	1	8.000	.	8	8

Table A2. Fortune 100 Sample Observations and Means ctd.

Question	Observations	Mean	Std. Dev.	Min	Max
3. Does your company provide any paid sick leave? (Yes=1,	51	0.902	0.300	0	1
If specified, other leave that employees can substitute for	12	-2.417	0.515	-3	-2
3a. If yes, could you please tell us how many days of paid sick	34	98.147	126.669	5	365
If provided, minimum days	6	14.500	9.050	6	30
If provided, maximum days	6	46.333	42.945	15	130
3b. Can employees use paid sick leave following the birth or	43	0.907	0.294	0	1
If provided, number of days	22	89.409	118.842	5	365
If provided, minimum days	8	26.875	8.839	5	30
If provided, maximum days	8	48.750	33.568	20	130
3c. Is paid sick leave offered for a qualifying medical conditions under FMLA, other than the birth of adoption of a child? (Yes=1, No=0)	44	0.886	0.493	-2	1
If provided, days	25	124.800	125.306	5	365
If provided, minimum days	4	11.750	12.203	5	30
If provided, maximum days	4	75.250	63.221	20	130
3d. Which employees are eligible for this paid leave? Full-time	44	1.136	0.347	1	2
If provided, threshold for eligibility in hours	20	20.473	3.318	17.5	34

[1]U.S. Congressional offices each set their own leave policies and most offer paid family leave. House offices, of which 80 percent offer paid leave, typically provide 7.6 weeks of paid family leave and Senate offices, of which 96 percent offer paid leave, typically provide 6.1 weeks. *Senate Compensation Survey*, 2006 and *House Compensation Study*, 2006.

[2]See http://fortune100s.com/fortune100/, for the Fortune 100 listing.

[3]The JEC Questionnaire included questions on Fortune 100 firms paid sick days policies and we will be releasing those findings in a separate report.

[4]Bureau of Labor Statistics, *Women in the Labor Force: A Databook*, Table 7, page 18 (September 2007).

[5]Author's calculations from Bureau of Labor Statistics data and *Women in the Labor Force: A Databook*, Table 16 (September 2007).

[6]U.S. Census Bureau, Current *Population Survey, 2007 Annual Social and Economic Supplement.* Table POV13. http://pubdb3.census.gov/macro/032007/pov/new13_100_01.htm.

[7]Judith Galtry, and Paul Callister. 2005. "Assessing the Optimal Length of Parental Leave for Child and Parental Well-Being: How Can Research Inform Policy?" *Journal of Family Issues* 26 (2):219-46.

[8]Bureau of Labor Statistics, *Women in the Labor Force: A Databook.* Table 24, page 67 (September 2007).

[9]Heather Boushey, "Perspectives on Work/Family Balance and the Federal Equal Employment Opportunity Laws," Testimony before the Equal Employment Opportunity Commissions, April 17, 2007.

[10]Lawrence M. Berger, Jennifer Hill, and Jane Waldfogel, "Maternity Leave, Early Maternal Employment and Child Health and Development in the US," *The Economic Journal*, February 2005, 115(501): F29-F47; Heather Boushey, "Family Friendly Policies: Helping Mothers Make Ends Meet," *Review of Social Economy*, forthcoming 2008; and Australian Equal Opportunity for Women in the Workplace, *Paid Maternity Leave—the Business Case*, 2003 www.eowa.gov.au/Developing_a_Workplace_Program/Employment_Matter_Resources/EM_5_Resources/EOWA_Paid_Mat_Leave_Info/The_Business_Case.htm.

[11]Lawrence M. Berger, Jennifer Hill, and Jane Waldfogel, "Maternity Leave, Early Maternal Employment and Child Health and Development in the US," *The Economic Journal*, February 2005, 115(501): F29-F47.

[12]Parental leave includes both maternity and paternity leave. See Bureau of Labor Statistics, *National Compensation Survey: Employee Benefits in Private Industry in the United States,* March 2007, www.bls.gov/ncs.

[13]Westat, *Balancing the Needs of Families and Employers: Family and Medical Leave Act Surveys,2000 Update, Report for the U.S. Department of Labor*, 2001, Table A2-3.1.

[14]Westat, *Balancing the Needs of Families and Employers: Family and Medical Leave Act Surveys,2000 Update, Report for the U.S. Department of Labor*, 2001, Table 2.17.

[15]Small Business Administration, *Employer Firms, Establishments, Employment, and Annual Payroll Small Firm Size Classes, 2005*, available at http://www.sba.gov/advo/research/us_05ss.pdf.

[16]Data are for 2005. National Center for Health Statistics, *National Vital Statistics Reports, Volume 56, Number 6,* Tables 10 and 14, available at http://www.cdc.gov/nchs/data/nvsr/nvsr56/nvsr56_06.pdf.

[17]Heather Boushey, "Job Tenure and Firm Size Exclude Many Young Parents from Family and Medical Leave," Washington, DC: Center for Economic and Policy Research, June 2007.

[18]Jane Waldfogel, "The Impact of the Family Medical Leave Act," *Journal of Policy Analysis and Management*, vol. 18, Spring 1999; Christine Siegwarth Meyer, Swati Mukerjee, and Ann Sestero, "Work-Family Benefits: Which Ones Maximize Profits?" *Journal of Managerial Issues*, 13(1):28-44, Spring 2001; Families and Work Institute, *Business Work-LifeStudy*, 1998, available at http://www.familiesandwork.org/summary/worklife.pdf; Children's Defense Fund-Minnesota, *Parental Leave in Minnesota: A Survey of Employers*, Winter 2000, http://www.cdf-mn.org/PDF/Publications/ParentalLeave.pdf; and "Limits of Family Leave," *Chicago Tribune*, May 4, 1999.

[19]Christopher Ruhm, "The Economic Consequences of Parental Leave Mandates: Lessons from Europe." *Quarterly Journal of Economics*, 285-317 (1998); Heather Boushey, "Family Friendly Policies: Helping Mothers Make Ends Meet," *Review of Social Economy*, forthcoming 2008.

[20]Heather Boushey, "Family Friendly Policies: Helping Mothers Make Ends Meet," *Review of Social Economy*, forthcoming 2008.

[21]Joan Williams, Jessica Manvell, and Stephanie Bornstein, "Opt-out or Pushed Out?: How the Press Covers Work/Family Conflict. "University of California, Hastings College of the Law, 2006, p. 39.

[22]Employment Policy Foundation, Factsheet: Turnover Costs (Washington, DC, Oct. 2004).

[23]S. Holterman, *All Our Futures*, Barkingside: Barnardo's, 1995, p. 102-112.

[24]Eileen Appelbaum, and Ruth Milkman. "Achieving a Workable Balance: New Jersey Employer's Experiences Managing Employee Leaves and Turnover" *Center for Women and Work, School of Management and Labor Relations, Rutgers, The State University of New Jersey*, New Brunswick, NJ 2006, p. 17-19.

[25]Eileen Appelbaum, and Ruth Milkman. "Achieving a Workable Balance: New Jersey Employer's Experiences Managing Employee Leaves and Turnover" *Center for Women and Work, School of Management and Labor Relations, Rutgers, The State University of New Jersey*, New Brunswick, NJ 2006, p. ii.

[26]However, as noted in Vicky Lovell, "Maternity Leave in the United States," Washington, DC: Institute for Women's Policy Research, many of the firms on the *Working Mother* list actually do not provide paid family leave. http://www.iwpr.org/pdf/parentalleaveA131.pdf.

[27]We did not ask the Fortune 100 firms what share of employees use paid leave, nor whether the leave is available to every employee. Given that most responses indicate that paid leave is primarily available for women through a short-term disability program, this is more than likely to be available to all workers.

[28]Bureau of Labor Statistics, *Women in the Labor Force: A Databook*, Table 25, page 68 (September 2007).

[29]Janet Gornick and Marcia Meyers, 2003. *Families That Work: Policies for Reconciling Parenthood and Employment*, Russell Sage Foundation.

[30]Labor Project for Working Families, *Paid Leave Activity in Other States*, available at http://www.paidfamilyleave.org/otherstates.html.

[31]State of California Employment Development Department, *Disability Insurance: Frequently Asked Questions*, available at http://www.edd.ca.gov/direp/difaq1.htm#Pregnancy.

[32]The law was passed in September 2002 and became effective on January 1, 2004, with benefits payable for leave commencing on or after July 1, 2004. California's paid family leave is not a form of job protection. The program does not guarantee an employee the right to take leave, nor does it require an employer to hold an employee's job open while the employee is on leave. Paid leave can be taken all at one time, or intermittently—i.e., in hourly, daily, or weekly increments. While the previously existing State Disability Insurance benefit provides partial wage replacement to individuals who cannot work because of their own illness or injury, the new paid family leave benefit provides partial wage replacement to individuals who must take time off from work to care for a seriously ill family member or new child. Workers who take leave under the paid family leave program receive approximately 55 percent of their wages, subject to a statutory cap. Only workers who pay into the State Disability Insurance system—i.e., almost all private sector employees and some public sector employees—are eligible for paid leave. The paid family leave law does not require an employee to work a minimum number of hours or days before becoming eligible for paid family leave benefits. Georgetown University Law Center, *Laws Impacting Workplace Flexibility,* available at http://www.law.georgetown.edu/workplaceflexibility2010/law/ca.cfm; U.S. Government Accountability Office, *Women and Low-Skilled Workers: Other Countries' Policies and Practices That May Help These Workers Enter and Remain in the Labor Force*, GAO-07-817, June 2007, footnote 7.

[33]Hawaii, New York, and Rhode Island offer mothers longer leaves as necessary to recover from childbirth. In New York, the length is capped at 26 weeks and in Rhode Island, the cap is 30 weeks. Rhode Island Department of Labor & Training, http://www.dlt.ri.gov/tdi/tdifaqs.htm. New York State Workers' Compensation Board, http://www.wcb.state.ny.us/content/main/offthejob/CommonQuestions_DB.jsp. Noraine Ichikawa, DC Program Specialist, State of Hawaii Department of Labor and Industrial Relations, January 29, 2008.

[34]Beginning in October 2009, parents of newborn and newly adopted children who have worked 680 hours or more in the prior year will be able to take up to 5 weeks off work with a benefit of $250 per week, pro-rated for part-time workers. While the leave was initially funded through an employee-paid payroll tax, the bill that passed establishes a joint legislative task force to recommend, among other things, a funding source for the program before January 1, 2008. The Washington law does provide some employees who take leave with job protection. Economic Opportunity Institute, *Our Successes* available at http://www.econop.org/about_us/our_successes.html#paid_family_leave; U.S. Government Accountability Office, *Women and Low-Skilled Workers: Other Countries' Policies and Practices That May Help These Workers Enter and Remain in the Labor Force*, GAO-07-817, June 2007, footnote 8.

[35]See http://fortune100s.com/fortune100/, for the Fortune 100 listing.