



# The FAMILY Act

## Facts and Frequently Asked Questions

By Jane Farrell and Sarah Jane Glynn    December 12, 2013

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### What is the FAMILY Act?

The Family and Medical Insurance Leave Act, or FAMILY Act, is a proposal for paid family and medical leave from Sen. Kirsten Gillibrand (D-NY) and Rep. Rosa DeLauro (D-CT). The legislation would provide up to 12 weeks of paid leave each year to qualifying workers for the birth or adoption of a new child, the serious illness of an immediate family member, or a worker's own medical condition. Workers would be eligible to collect benefits equal to 66 percent of their typical monthly wages, with a capped monthly maximum amount of \$1,000 per week.<sup>1</sup>

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### Why do we need it? Don't workers already get time off when they are sick or have children?

Fortunate people do get time off, including citizens of the states with paid family leave laws: California, New Jersey, and most recently Rhode Island.<sup>2</sup> Overall, however, only 12 percent of U.S. workers have access to paid family leave through their employers,<sup>3</sup> and these workers are disproportionately well paid, highly educated, and male.<sup>4</sup>

In fact, the United States is the only industrialized nation that does not guarantee working mothers paid time off to care for a new child.<sup>5</sup> The Family and Medical Leave Act, or FMLA, of 1993—which provides workers with 12 weeks of unpaid leave to recover from serious illnesses, care for new children, or care for seriously ill spouses, parents, or children—only covers people who have been with the same employer for at least 12 months and worked 1,250 hours or more in the previous year.<sup>6</sup> It also only covers workers in organizations with 50 or more employees at or within 75 miles of their worksite. This means that a full 40 percent of all workers in the United States have no job-protected leave at all.<sup>7</sup>

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## Will guaranteed paid leave for everyone just become another expensive entitlement?

Paid leave is not an entitlement—it’s an earned benefit. As is the case with Social Security, workers must have been employed and must have paid into the system in order to collect benefits.<sup>8</sup>

It is also affordable: Employees and employers would each make contributions of just 0.2 percent of wages, or two cents for every \$10 earned. This will amount to an average contribution of approximately \$2 per week per worker from a worker’s paycheck.<sup>9</sup>

- Similar to Social Security taxes, wages are only taxed up to a cap of \$113,700, so the maximum contribution for a high-wage earner would be only \$227.40 per year.<sup>10</sup>
- When paid family leave was similarly implemented in California by expanding the existing State Disability Insurance, or SDI, system, two-thirds of workers did not even notice a change in their paychecks.<sup>11</sup>

What *is* expensive is when individual workers have to foot the whole bill if they need to take time off to care for themselves or their loved ones.

- If the average worker were to take 12 weeks of unpaid leave, it would cost his or her family \$9,316 in lost wages.<sup>12</sup>
- Not surprisingly, when polled in fall 2012, three out of four voters said that they and their families “would be likely to face significant financial hardships” in the event that they fell seriously ill, had to care for an ill family member, or had a child.<sup>13</sup>

This sort of economic insecurity is destructive not only for individual households, but also for society at large. Supporting families through paid leave, on the other hand, has proven to have widespread social and economic benefits:

- Women with access to paid family leave are more likely to stay in the workforce and off of public assistance.<sup>14</sup>
- Families with access to paid family and medical leave are less likely to declare bankruptcy.<sup>15</sup>
- Children whose parents have paid family leave have better long-term health.<sup>16</sup>
- Parents’ time at home with infants in the first year of life can have long-lasting effects on their children’s future academic performance and help build a better, more able workforce.<sup>17</sup>

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## Will a national system of paid family leave require a huge new bureaucracy?

Not at all. The FAMILY Act would create an independent trust fund within the Social Security Administration to collect fees and provide benefits. In other words, the system is already set up and can be expanded efficiently.

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## Can this legislation pass in our current divided Congress?

It could, if members of Congress listen to their constituents:

- Among voters, there is broad-based bipartisan support for paid family and medical leave.<sup>18</sup>
  - In a National Partnership for Women & Families poll, nearly 90 percent of voters surveyed said it was important for leaders to consider new legislation such as paid family and medical leave insurance to help keep families financially secure. Two out of three considered it “very important.”<sup>19</sup>
- Small businesses also support paid family leave.
  - In a Small Business Majority poll, more small businesses—45 percent—supported than opposed—41 percent—publicly administered family and medical leave insurance pools with payroll contributions by employees and employers.<sup>20</sup> Fifty-one percent of those business owners identified as Republican, 34 percent as Democrat, and 13 percent as independent.<sup>21</sup>

Employers have seen that paid family and medical leave insurance makes good business sense.

- In 2009 and 2010, Eileen Appelbaum and Ruth Milkman from the Center for Economic and Policy Research and the Center for Women and Work at Rutgers University surveyed 253 employers to gauge the effects of California’s paid family leave policy since its enactment in 2004. While this state program is different from the proposed federal legislation insofar as it provides more time for disability leave but less time for family leave, they found:
  - 87 percent of employers surveyed noted that family leave did not result in any cost increases, and about 9 percent of employers noted that the program had generated cost savings due to coordination of their own benefits with the family leave program and reduced employee turnover.<sup>22</sup>
  - Employers found that family leave insurance could generate cost savings, because it could be coordinated with employer-provided benefits and reduce employee-turnover costs.<sup>23</sup>

- Nearly all employers reported that paid family leave had either a “positive effect” or “no noticeable effect” on productivity at 89 percent; on profitability/performance at 91 percent; on turnover at 96 percent; and on employee morale at 99 percent. It also found that small businesses were even less likely than larger ones to report negative effects.
- 91 percent said “no” when asked if they were aware of any instances in which employees abused the state paid family leave program.<sup>24</sup>

According to Herb Greenberg, founder and CEO of Caliper, a human resources consulting firm in New Jersey, which passed its own paid family leave insurance program in 2008:

*Family Leave Insurance ... has been a huge positive for Caliper. When you think about the cost of individuals leaving, the cost of seeking new employees, the cost of maybe hiring the wrong person, training them, etc., and you compare that to the pennies that Family Leave costs you—there is just no comparison in terms of the pure balance sheet.<sup>25</sup>*

## Endnotes

- 1 National Partnership for Women & Families, "Fact Sheet: The Family and Medical Insurance Leave Act (FAMILY Act)" (2013), available at <http://www.nationalpartnership.org/research-library/work-family/paid-leave/family-act-fact-sheet.pdf>.
- 2 Ruth Milkman and Eileen Appelbaum, *Unfinished Business, Paid Family Leave in California and the Future of U.S. Work-Family Policy* (Ithaca, NY: ILR Press, 2013), available at <http://www.cornellpress.cornell.edu/book/?GCOI=80140100480110>. The first of its kind in the United States, which began in 2004. Drawing on original data from fieldwork and surveys of employers, workers, and the larger California adult population, Ruth Milkman and Eileen Appelbaum analyze in detail the effect of the state's landmark paid family leave on employers and workers. They also explore the implications of California's decade-long experience with paid family leave for the nation, which is engaged in ongoing debate about work-family policies. Milkman and Appelbaum recount the process by which California workers and their allies built a coalition to win passage of paid family leave in the state legislature, and lay out the lessons for advocates in other states and localities, as well as the nation. Because paid leave enjoys extensive popular support across the political spectrum, campaigns for such laws have an excellent chance of success if some basic preconditions are met. Do paid family leave and similar programs impose significant costs and burdens on employers? Business interests argue that they do and routinely oppose any and all legislative initiatives in this area. Once the program took effect in California, this book shows, large majorities of employers themselves reported that its impact on productivity, profitability, and performance was negligible or positive. Unfinished Business demonstrates that the California program is well managed and easy to access, but that awareness of its existence remains limited. Moreover, those who need the program's benefits most urgently—low-wage workers, young workers, immigrants, and disadvantaged minorities—are least likely to know about it. As a result, the long-standing pattern of inequality in access to paid leave has remained largely intact. URL: "http://www.cornellpress.cornell.edu/book/?GCOI=80140100480110" ISBN: "0801452384" author: [{"family": "Milkman", "given": "Ruth"}, {"family": "Appelbaum", "given": "Eileen"}], "issued": [{"date-parts": [{"2013", "11"}]}, "accessed": [{"date-parts": [{"2013", "11", "25"}]}], "schema": "https://github.com/citation-style-language/schema/raw/master/csl-citation.json"}- 3 U.S. Bureau of Labor Statistics. *National Compensation Survey: Employee Benefits in the United States, March 2013* (U.S. Department of Labor, 2013), Table 32, available at <http://www.bls.gov/ncs/ebs/benefits/2013/ebbl0052.pdf>.
- 4 Katherin Phillips, "Getting Time Off: Access to Leave among Working Parents" (Washington: The Urban Institute, 2004), available at <http://www.urban.org/publications/310977.html>; Sarah Jane Glynn and Jane Farrell, "Workers Deserve Equal Access to Paid Leave and Workplace Flexibility" (Washington: Center for American Progress, 2012), available at <http://www.americanprogress.org/issues/labor/report/2012/11/20/45589/workers-deserve-equal-access-to-paid-leave-and-workplace-flexibility/>, November 2012
- 5 Sarah Jane Glynn, "Fact Sheet: Paid Family and Medical Leave" (Washington: Center for American Progress, 2012), available at <http://www.americanprogress.org/issues/labor/news/2012/08/16/11980/fact-sheet-paid-family-and-medical-leave/>.
- 6 National Partnership for Women & Families, "A Look at the U.S. Department of Labor's 2012 Family and Medical Leave Act Employee and Worksite Surveys" (2013), available at [http://www.nationalpartnership.org/site/DocServer/DOL\\_FMLA\\_Survey\\_2012\\_Key\\_Findings.pdf?docID=11862](http://www.nationalpartnership.org/site/DocServer/DOL_FMLA_Survey_2012_Key_Findings.pdf?docID=11862)
- 7 Ibid.
- 8 National Partnership for Women & Families, "Family and Medical Leave Act (FAMILY Act) Frequently Asked Questions" (2013), available at <http://www.nationalpartnership.org/research-library/work-family/coalition/family-act-faq.pdf>. plainCitation: "Family and Medical Leave Act (FAMILY Act
- 9 National Partnership for Women & Families, "Fact Sheet: The Family and Medical Insurance Leave Act."
- 10 Social Security Administration, "Contribution and Benefit Base Determination," available at <http://www.ssa.gov/oact/cola/cbbdet.html> (last accessed December 2013).
- 11 Judith Warner, "Family Way: 'The Conflict' and 'The New Feminist Agenda,'" *The New York Times*, May 10, 2012, available at [http://www.nytimes.com/2012/05/13/books/review/the-conflict-and-the-new-feminist-agenda.html?pagewanted=all&\\_r=1&](http://www.nytimes.com/2012/05/13/books/review/the-conflict-and-the-new-feminist-agenda.html?pagewanted=all&_r=1&).
- 12 Authors' calculations based on Bureau of Labor Statistics, "Current Population Survey: Median Usual Weekly Earnings, Employed Full Time, Wage and Salary Workers, 2012 Annual Average," available at <http://data.bls.gov/cgi-bin/survey-most> (last accessed December 2013).
- 13 National Partnership for Women & Families, "New Poll Shows Bipartisan Voter Mandate for Family Friendly Workplace Policies," December 3, 2012, available at <http://www.nationalpartnership.org/news-room/press-releases/new-poll-shows-bipartisan-mandate.html>.
- 14 Linda Houser and Thomas P. Vartanian, "Pay Matters: The Positive Economic Impacts of Paid Family Leave for Families, Businesses and the Public" (New Brunswick, NJ: Center for Women and Work, 2012), available at <http://smlr.rutgers.edu/paymatters-cwwreport-january2012>; Eileen Appelbaum and Ruth Milkman, "Leaves That Pay: Employer and Worker Experiences with Paid Family Leave in California" (Washington: Center for Economic and Policy Research, 2011), available at <http://www.cepr.net/publications/reports/leaves-that-pay>.
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- 16 Cassandra D. Engeman, "Ten Years of the California Paid Family Leave Program: Strengthening Commitment to Work, Affirming Commitment to Family" (Santa Barbara, CA: Center for the Study of Work, Labor and Democracy, 2012), available at <http://www.femst.ucsb.edu/projects/crwsj/engagements/pdf/Engeman-PFL-Policy-Brief.pdf>; Lawrence M. Berger, Jennifer Hill, and Jane Waldfogel, "Maternity Leave, Early Maternal Employment, and Child Health and Development in the U.S.," *The Economic Journal* 115 (2005): 29–47, available at <http://www.sfu.ca/~mfs2/SUMMER%202010/.../BergerHillStudy-Feb05.pdf>; Tatsuko Go Hollo, "Evaluating Family and Medical Leave Insurance for Washington State" (Seattle, WA: Economic Opportunity Institute, 2012), p. 8, available at [http://www.eoionline.org/work\\_and\\_family/reports/EvaluatingFamilyandMedicalLeave-May12.pdf](http://www.eoionline.org/work_and_family/reports/EvaluatingFamilyandMedicalLeave-May12.pdf).
- 17 Donna Cooper, Adam Hersh, and Ann O'Leary, "The Competition That Really Matters: Comparing U.S., Chinese, and Indian Investments in the Next-Generation Workforce" (Washington: Center for American Progress and Center for the Next Generation, 2012), available at <http://www.americanprogress.org/wp-content/uploads/2012/08/USChinaIndiaEduCompetitiveness.pdf>.
- 18 National Partnership for Women & Families, "New Poll Shows Bipartisan Voter Mandate for Family Friendly Workplace Policies."
- 19 Ibid.
- 20 Small Business Majority, "Scientific Opinion Poll Finds Small Businesses Support Family Medical Leave Policies," Press release, September 27, 2013, available at <http://www.small-businessmajority.org/news-and-events/press-room-view.php?id=313>.
- 21 Ibid.
- 22 Ibid.
- 23 Appelbaum and Milkman, "Leaves That Pay."
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- 25 Family Values @ Work, "From the Story Bank: Dr. Herb Greenberg's Story," available at <http://familyvaluesatwork.org/story/dr-herb-greenbergs> (last accessed December 2013).