



PAID FAMILY AND MEDICAL LEAVE: Essential Support for Working Women and Men

Achieving a sustainable work/life balance is of paramount concern for many Americans. It's easy to see why: two of every three adults are now active in the world of work,¹ and children are just as likely to live with a working mother as a working father.² Women's employment patterns are becoming more like men's, but public policies and employers have not filled in the gap between the time and care that families need and the time workers have available to meet those needs.

The need for paid family and medical leave

When a new baby arrives, a child or spouse has a medical crisis, or frail parents need assistance, workers must often choose between their caregiving responsibilities and the demands of their job. Some are lucky enough to have supportive family policies at work that let them take off the time they need, but most do not. Just over half the workforce is covered by a federal statute that guarantees job-protected, unpaid leave in certain family and medical situations,³ but only two percent of workers have paid family leave.⁴ Sixty-four percent of workers who need but don't take leave cannot afford the time without pay, and 21 percent of low-income workers who do take some leave have to turn to welfare for support.⁵

Surveys consistently show how important paid leave is to workers. One-third believe the difficulty of combining work and family is women's biggest work-related problem,⁶ and nearly three-fourths think the government should do more to help.⁷ Four of every five Americans support paid parental leave, and 85 percent favor paid leave to care for a new child or seriously ill family member.⁸

The impact of paid family and medical leave on women's employment

Research shows that leave policies covering childbirth and infant care significantly increase mothers' return to work.⁹ Providing wage replacement during leave also has a significant effect on women working later into their pregnancies and returning to work faster.¹⁰ This increased time at work leads to higher earnings, both by avoiding periods without income and by keeping women on a career development track.

The Family and Medical Leave Act: Important but inadequate support

The federal Family and Medical Leave Act of 1993 (FMLA) provides up to 12 weeks of job-protected leave within a 12-month

period for the birth and care of an infant or an adopted or foster child, care of an immediate family member (including parents) with a serious health condition, or a worker's own serious health condition. The FMLA covers private, state and local government employees, and some federal workers, who have worked at least 1250 hours for an employer in the previous 12 months in a workplace with at least 50 employees.

The FMLA is a very important workplace benefit for families, and it is a step toward making the work/life balance easier. However, it is of limited value to workers who cannot afford to go without a paycheck. These workers will either take the shortest possible job-protected leave or will simply attempt to work through the family crisis to keep the money coming in. And workers in small businesses are left out entirely.

Current state initiatives to provide paid family and medical leave

A strong movement has developed in recent years to enact paid family and medical policies at the state level. In the last three years, at least 21 state legislatures have considered initiatives for some form of paid family leave.¹¹ Most state policy initiatives have proposed using either unemployment insurance or temporary disability insurance to fund and administer paid family and medical leave, but several states considered other approaches in their 2000 legislative sessions.

Unemployment Insurance

- In June 2000, the U.S. Department of Labor issued regulations that allow states to extend unemployment insurance (UI) benefits to workers on temporary leave to care for infants and newly adopted children. The "Baby UI" regulations anticipate that such a policy would enhance parent-child bonding, lead to more stable child-care arrangements and increase workforce attachment.
- Baby UI benefits would be funded by employer payroll taxes (just as regular UI is, except that expenditures under Baby UI would not affect an individual employer's tax rate).¹² Existing administrative systems would absorb the new program.
- Baby UI does not offer help for other FMLA circumstances, such as caring for a sick spouse or parent, nor does it support workers who do not meet their states' UI eligibility criteria. In

addition, UI benefit levels are often very low, especially for women, and Baby UI does not necessarily provide job protection for workers not covered by the FMLA.

Temporary Disability Insurance.

- Temporary Disability Insurance (TDI) programs in five states and Puerto Rico provide income to workers with non-work-related, short-term medical disabilities. These plans are funded by employee or employer contributions, or both, and benefit periods range from 26 weeks to 52 weeks. Many other employers offer group TDI plans, with full or partial premium coverage, as a fringe benefit, and some workers purchase their own individual policies.
- TDI policies cover disability related to pregnancy and childbirth on the same basis on which other medical disabilities are covered. Thus, TDI programs in California, Hawaii, New Jersey, New York, Rhode Island and Puerto Rico provide paid leave for eligible employed mothers for the period of medical disability surrounding childbirth. Recent proposals would expand TDI to provide more complete insurance coverage for periods of work absence due to family care needs.
- Providing paid family and medical leave through TDI avoids debate over the suitability of UI for workers who have family responsibilities that temporarily impede their employment. However, few states currently have mandatory TDI programs, and TDI does not guarantee job protection for workers not covered by the FMLA.

Other leave proposals

- The Minnesota legislature considered a bill that would have required the state to reimburse employers for half the amount they pay their employees for parental leave, to a maximum of 26 weeks per year.
- The governor of Massachusetts vetoed a Baby UI measure and proposed an employer tax credit of 50 percent of wages paid to employees on leave to care for infants or newly adopted children as an alternative.
- In Connecticut, a bill that combined Baby UI with a new Family and Medical Leave Insurance program received a do-pass recommendation from the Committee on Labor and Public Employees.
- Legislative studies of paid leave were mandated in California, Connecticut, Illinois, and New Hampshire.

How much would paid family and medical leave cost?

Estimates of the cost of expanding UI to cover birth and adoption leave range from \$11 to \$28 per worker per year – a dollar or two a

month.¹³ The California Employment Development Department estimated that FMLA circumstances could be added to the state's TDI program for about \$22 per worker per year.¹⁴

Conclusions

The increasing work commitment of American families is putting new pressure on employers and policymakers to address the problem of work/life balance. Paid family and medical leave is one crucial step toward developing the public policies women and men need to help them keep their jobs while they nurture strong, healthy families.

Endnotes

- 1 *Economic Report of the President* (Washington, D.C.: U.S. Government Printing Office, 2000), Table B-33.
- 2 Heidi Hartmann, "Economic Security for Women and Children – What Will it Take?," in *The Next Agenda: Blueprint for the New Progressive Movement*, Robert L. Borosage and Roger Hickey, eds. (Westview Press, forthcoming).
- 3 Commission on Leave, *A Workable Balance: Report to Congress on Family and Medical Leave Policies* (1996), Tables 5.H. and 5.R.
- 4 Bureau of Labor Statistics, *Employee Benefits in Medium and Large Private Establishments, 1997* (1999).
- 5 Commission on Leave.
- 6 Center for Policy Alternatives and Lifetime Television, *Women's Voices 2000* (2000).
- 7 National Partnership for Women and Families, *Family Matters: A National Survey of Women and Men* (1998).
- 8 CIVITAS Initiative, ZERO TO THREE and BRIO Corporation, *What Grown-Ups Understand About Child Development* (2000).
- 9 Marit Rönson and Marianne Sundström, "Maternal employment in Scandinavia: A comparison of the after-birth employment activity of Norwegian and Swedish women," *Journal of Population Economics* 9:267-285 (1996).
- 10 Jutta M. Joesch, "Paid leave and the timing of women's employment before and after birth," *Journal of Marriage and the Family* 59:1008-1021 (1997).
- 11 Center for Policy Alternatives, "Momentum builds in states for paid family and medical leave," *Alternatives* 8(5):1 (July/August 2000), and National Partnership for Women & Families, *State Family Leave Benefit Initiatives: Making Family Leave More Affordable* (1999).
- 12 New Jersey has an employee tax in addition to the employer tax.
- 13 Authors' calculation based on data from U.S. Department of Labor (2000), Gregory L. Williams, *Estimate of Utilization and Cost of Family Leave Benefits Under Assembly Bill, No. 2037* (New Jersey State Legislature Office of Legislative Services, March 26, 2000), and Gregory L. Williams, personal communication.
- 14 Authors' calculation of benefit costs based on California Employment Development Department, *The Fiscal Impact on the Disability Insurance Fund of Extending Disability Benefits to Individuals Granted Family Leave* (2000).

This Fact Sheet was written by Vicky Lovell and Hedieh Rahmanou in November 2000. It is based on Dr. Lovell's testimony before the Illinois General Assembly, House Committee on Labor and Commerce, Subcommittee on Unemployment Insurance for the New Workforce, "Paid Family and Medical Leave: Supporting Working Families in Illinois," September 7, 2000.

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