FAMILY LEAVE BENEFITS:

A Menu of Policy Models for State and Local Policy Leaders

Prepared by:
National Partnership for Women & Families
Campaign for Family Leave Benefits
1875 Connecticut Ave. N.W. #650
Washington, D.C. 20009
202-986-2600
www.nationalpartnership.org

National Partnership for Women & Families

September 2001

FAMILY LEAVE BENEFITS:
A Menu of Policy Models for State and Local Policy Leaders

***Prepared by*:**
National Partnership for Women & Families
Campaign for Family Leave Benefits
1875 Connecticut Ave. N.W. #650
Washington, D.C. 20009
202-986-2600
www.nationalpartnership.org

September 2001

Acknowledgements:
Donna R. Lenhoff is the principal author of this publication. *Lissa Bell, Nicole Casta, Jodi Grant, Kara Peterman*, and *Laurie Rubiner,* all of the National Partnership, provided extensive editorial and research assistance.

Contents

Introduction: What Family Leave Benefits Are and Why We Need Them

Working men and women face conflicts between their work responsibilities and their families every day. In order to work they must make arrangements for their children and elderly family members who need assistance with daily living tasks. They address these conflicts via a variety of child care, afterschool, and eldercare arrangements, as well as creative scheduling such as parents alternating work schedules. But sometimes—when a child is seriously ill, an aging parent's health deteriorates suddenly, or a baby is born or adopted—these daily arrangements are no longer adequate. At such times of compelling family need, an employee simply *must* take time off from work because no alternative care arrangements will do.

The Family and Medical Leave Act (FMLA) was the first national policy designed to help working people balance their work and family responsibilities. It guarantees covered employees (those working at a workplace of at least 50 employees within a 75 mile radius and who have worked for an employer for 1250 hours and for at least a year) 12 weeks of unpaid leave each year to care for a newborn, a newly adopted child, or a seriously ill family member, or to recover from their own serious health conditions. It has been a great success, allowing an estimated 4 million working men and women each year to care for their loved ones without putting their jobs or their health insurance at risk.

However, for millions of Americans across the country, when a crisis strikes, family leave turns out to be a luxury they can't afford. Current law guarantees only unpaid leave. So, when a new baby arrives or a medical crisis strikes, many women and men are unable to take essential time off because they cannot afford to take unpaid leave. The promise of family and medical leave remains largely unfulfilled because going for weeks without a paycheck isn't an option. Working men and women are still forced to choose between taking care of a sick family member, like a parent, child, or spouse, and maintaining their family's economic security.

In 2000, 78% of people who needed but did not take family or medical leave said that they could not afford to take the leave. The problem is greatest for lower-income families, who have the least access to any form of compensation during leave. Nearly one in ten of all FMLA users receiving no pay or less than full pay are forced to go on public assistance while on leave.[1]

That's why the National Partnership for Women & Families is working with states across the country to find innovative solutions to this problem. We call these solutions family leave benefits. "The goal is to make society more family-friendly—to solve the problem of unpaid leave by finding ways to provide some income to Americans with new babies or family health emergencies."[2]

Existing Family and Medical Leave Benefits

There are a few existing public and private family and medical leave benefits programs that can be used as models. The leading public program is called temporary disability insurance (TDI). It provides partial wage replacement to employees who are temporarily disabled for medical reasons, including pregnancy and childbirth. Five states (as well as Puerto Rico) have state-run TDI systems or require employers to provide TDI.

Many employers voluntarily offer TDI as an employee benefit as well.[3] Others offer paid sick and vacation leave, and some allow their employees to use sick leave not only for their own illness, but also for time off to care for sick children or other family members. California law requires employers to allow employees to use their own accrued sick leave for sick children as a minimum labor standard. Puerto Rico requires employers to pay employees on maternity disability leave half their salaries for up to eight weeks.

Another initiative, the At-Home Infant Care Program, has been pioneered by Minnesota. Working parents who meet the program's income eligibility requirements receive subsidies for caring for infants under age one.

But these programs do not begin to fill the need. They are all limited—whether in geographic reach, in scope of conditions covered, in length of leave, or in dollar amounts.

We Can Do Better

There is no need for American working women and men to have to choose between their paychecks and seriously ill children or family members. Other democratic industrial societies have adopted universal family and medical leave policies. These policies are affordable and easy to administer. A new mom in Chile, for example, can take up to 18 weeks off after childbirth at full pay. French mothers are entitled to 16 weeks; German moms, 14 weeks; and Italian moms, 20 weeks—all at 100 percent of pay. In Norway, moms can take up to a year off at 80 percent of pay. And this year, Canadian moms won the right to take off a full year from work after the birth of a baby at sixty percent of pay. Several of these countries have paid leave policies covering both mothers and fathers.

This publication is designed to help state and local policy leaders address the problem of unpaid leave. It provides ***A Menu of Policy Models.*** The first section sets out the various design issues and funding choices confronting policymakers as they craft proposals. The second section presents the major solutions that policymakers have already crafted. Some of these models have already been enacted; some are still under consideration. We hope to assist policymakers—state and local leaders in the executive and legislative branches, their staff, researchers, and others who focus on making change through law—by providing these models for use in tailoring paid leave programs to meet the needs of their individual state or jurisdiction.

Not all the models described in this publication need be adopted in law. Some of them, such as those providing temporary disability insurance or expanding sick leave policies, can be adopted by individual employers, either voluntarily or through collective bargaining with unions. For this reason, we hope that these policy options will be considered by private and public enterprise executives and union leaders as they seek to strengthen their workforces.

• • • • • • • •

This Menu of Policy Models is a publication of the National Partnership for Women & Families' **Campaign for Family Leave Benefits**—the first national campaign to help more working people afford time off when their families need them most. After leading and winning the fight for the Family and Medical Leave Act (FMLA), the National Partnership launched this multi-year campaign in 1999 to build a new social movement to solve the problem of unpaid leave. The **Campaign** brings together a wide range of experts and state and national organizations representing women, children, families, senior citizens, caregivers, people with disabilities, business, and labor.

For more information about the **Campaign for Family Leave Benefits,** including a list of Advisory Committee members, a round-up of state proposals, and the latest news and research, please see our website (www.nationalpartnership.org) or contact us at 202/986-2600 or info@nationalpartnership.org.

Menu of Policy Options

The family leave benefit proposals discussed in this publication provide employees with some income during family and medical leave. The examples do not include a number of proposals (such as expansion of state-level Earned Income Tax Credits) that may help working families financially, but are not tied to leave-taking by employees. Similarly, this document focuses on family leave benefits and, therefore, it excludes proposals that may increase working families' access to family or medical leave without providing paid benefits (such as the expansion of coverage in state FMLAs).

As policymakers design family leave benefit programs, they will confront a number of important issues. First and foremost are cost, savings and other benefits. Design decisions are crucial. They will directly affect the program's cost, legal basis, political viability, and effectiveness. A final concern is the funding stream: where will the money come from? The following three sections discuss these issues in more detail.

Cost/Benefit Analysis

For every new program, cost is a central question. In general, the bigger the program—the more conditions it covers, the more people, or the longer the leave—the more costly it will be. But also in general, the bigger the program, the broader its public support and the greater the benefits to employers, to employees, and to public health.

Insufficient attention has been paid to date to the financial benefits that can result from family leave income programs. For example, how much does a state or locality gain:

- in tax revenue from the success of businesses that save money due to reduced turnover costs attributable to family leave benefits?
- in tax revenue from employees who have returned to work after family or medical leave (rather than having lost their jobs and therefore having become unemployed)?
- in tax revenue from taxes paid on the benefits that employees receive?

And how much does a state or locality save:

- in reduced unemployment and public assistance because employees who have been on family or medical leave have returned to work?
- in unspent child care assistance because parents of new babies can be home with them for the FMLA's guaranteed leave period of 12 weeks? (There is even evidence that infant mortality is reduced when longer parental leaves are guaranteed and taken,[4] suggesting that providing partial payment to allow parents to stay home with new babies saves health care costs as well.)
- in Medicaid payments because incapacitated seniors can stay in their own homes for 12 weeks longer than they otherwise could have.

As one witness testified in regards to a Massachusetts proposal to provide benefits during parental leave:

"As a taxpayer, I wholeheartedly support this proposal. I would rather see people continue paying taxes on their income and retain their purchasing power than feel compelled to drop out of the labor force and possibly have to apply for public assistance because they can't afford to take a few weeks off to tend to their families."[5]

Design Issues

Scope of benefits. For which kinds of family or medical leave should the program provide benefits? The Family and Medical Leave Act provides for three kinds of leave:

- "parental leave": leave to care for newborns or newly adopted children;
- "medical leave": leave when an employee is recovering from his or her own serious health condition; and
- "family medical leave": leave to care for seriously ill family members—children, spouses, and parents. (Some state laws cover other family members as well.)

In general, family leave benefits programs can cover all or only some of the leaves, provided that they do not run afoul of legal limitations. For example, a program cannot, under constitutional equal protection doctrine, be available only to employees of one sex.

Length of benefits. How long should the program provide benefits? Over what period of time? The federal FMLA sets a standard leave period of 12 weeks a year. General leave laws in a few states provide for longer periods. Neurological research on human brain development suggests that parental leaves of 12 weeks are just barely adequate to meet infants' developmental needs. The considerations going into evaluating the length of leave necessary for an employee to recover from a serious health condition or to care for a seriously ill aging family member, might suggest different lengths. For example, the five state temporary disability leave insurance programs all provide for at least 26 weeks of benefits for employees to recover from illnesses.

Amount of benefits. How much should weekly benefits be? Should the benefits be paid at a flat rate or based on a percentage of income? Should they be capped? The answers to these questions will depend in part on whether the program is being added to an existing program or is being newly constructed.

Universe of beneficiaries. Who should be eligible for the family leave benefits? The FMLA contains several provisions that set limits on eligibility: the 50-employee threshold and the workforce requirements. State family leave benefit models need not import these limitations. If the program is an amendment to another existing program, it incorporates the eligibility criteria of the existing program.

Open-ended or capped. Are the benefits available to any working family member who fits the eligibility requirements or is there a ceiling on the benefits program? If so, how is that ceiling reached? (The program could, for example, be accessed on a first-come first-served basis).

Universal requirements or voluntary participation. Another design issue is universality vs. voluntariness. In voluntary programs, employers choose to participate. Universal programs, on the other hand, ensure participation by every employer, and therefore by every employee. If a program is voluntary, what incentives are there to induce employers' participation? In particular, how is the provision of new benefits induced? Will the provision provide additional men and women with paid leave or merely reward employers that already provide benefits?

Administration of the program. How will the family leave benefit be provided to employees? Will employees receive their benefits from an agency, and if so, which one? Are there existing agencies that have similar portfolios, such that their jurisdiction can be easily and logically expanded to cover family leave benefits as well? Do different systems of administering the program have different cost implications?

Phase-in. Should the program be phased in over time, and if so, how? Some states have considered adopting pilot programs to assess costs and benefits before full commitment to a program.

Each of these design issues needs to be evaluated for its impact on low-income working families, who are most likely to need income during their family and medical leave. Some designs are more likely to cover, or be used by, low-income workers. For example, a model that only covers employees who are also covered by the FMLA will disproportionately exclude low-income employees. Only 43% of employees whose annual household incomes were less than $20,000 in 1994-95 were covered by, and eligible for, the FMLA, compared with 64% of employees whose annual household incomes were between $50,000 and $75,000.[6] On the other hand, a model that pays the same benefits to everyone will help a greater percentage of low-income families.

Similarly, model design can significantly impact the degree to which each sex uses the benefit. Parental leave benefits that can be split between a mother and father tend to be used primarily by the mother, whereas benefits that accrue to each employee individually encourage use by the father. When benefits are tied to unemployment compensation eligibility, male workers are more likely to be eligible than female workers.[7]

Another consideration is the varying effects of different models on different types of business: old economy vs. new economy; small vs. large companies; service vs. manufacturing sectors. Programs that provide benefits during family leave at little or no cost to the employer may 'level the playing field' for small employers, who otherwise might not be able to compete with larger companies that can already afford to provide such benefits voluntarily.

Finally, many of the models under consideration involve either building upon an existing, or creating a new, social insurance system.

Funding Mechanisms

Policy leaders around the country are exploring a variety of funding mechanisms for statewide family leave benefits programs, including payroll taxes, state general funds, child care funds, supplemental funds through TANF and MOE, tax expenditures, and federal funding. Each of these funding streams needs to be evaluated for affordability, reliability, political viability, and impact on different demographic groups in the labor force and in the economy.

Below is a brief outline of each of these funding streams and some of the questions they raise.

Payroll taxes. Payroll taxes are already collected for social security, Medicare, unemployment compensation and, in some states, disability insurance. They can be collected from the employer (based on a percentage of payroll paid) or from the employee (based on a percentage of salary received) or both. Because they are flat percentage rates, they are inherently regressive taxes, a problem which can be ameliorated by a progressive benefits structure.

"Shared responsibility." This phrase refers to funding for family leave benefits in which three parties—the employer, the employee, and the state government "share responsibility" for providing benefits. For example, the state may match employers' contributions of one-third of the cost of providing paid leave so that one-third is paid by the employer, one-third by the state, and one third by the employee (the latter in foregone wages).

General funds. States can simply allocate some of their general funds for family leave benefits programs, either as a one-time appropriation or on an on-going basis, to people who meet the eligibility criteria of the program.

Child care funds. States can use child care funds, such as those made available through the Child Care and Development Block Grant, to provide income for eligible low-income working parents who elect to stay home to care for their infants. Because these funds are for child care, they are limited to parental leave and carry with them the state and federal income eligibility criteria applicable to child care programs.

TANF and MOE supplemental funds. Each state receives a Temporary Assistance for Needy Families (TANF) block grant each year. In order to receive the TANF block grant, the state must meet a maintenance of effort (MOE) obligation, requiring the state to spend at least a specified level of state funds for benefits and services to needy families. States can use TANF or MOE dollars to fund the low-income family component of a paid family leave initiative.[8]

Tax expenditures. Tax credits and other tax incentives are often suggested to encourage employers to provide paid leave.

Potential federal demonstration or grants monies. There are several federal bills that would authorize a federal program to make grants to state or local governments to pay for the federal share of the cost of providing wage replacement for individuals responding to their family's caregiving needs.

Putting It Together: Examples of Models

Following are examples of family leave benefits models. Some have already been adopted by states, some are under consideration, and some have been suggested by researchers, policymakers or advocates.

To date, the primary models that states have considered build on current state programs, such as unemployment compensation and temporary disability insurance. These systems have many advantages: they are often well established and rely on existing administrative mechanisms. We encourage state policymakers to explore other innovations that match the political climate and needs of their state. The varying mechanisms will also create a natural experiment allowing for comparative evaluation after they have been in effect for a sufficient period of time.

In the next section, we briefly describe each model, outlining the funding stream it uses, who it covers, its status, relevant precedents, data on cost and benefits, public support, and other salient information. We also provide, in the final section, a list of additional resources.

Establishing a State Temporary Disability Insurance (TDI) Program

The Model:

A state program that provides partial wage replacement to employees who are temporarily disabled for non-work-related reasons, including pregnancy and childbirth.

Funding Stream:

Payroll taxes.

Universe Covered:

All employees who have non-work-related medical conditions that make them temporarily unable to work. Definitions of medical conditions and eligibility requirements vary from state to state.

Precedent:

Five states (New York, California, New Jersey, Rhode Island, and Hawaii and Puerto Rico) have state-required TDI benefits programs and have had them for over 40 years.

Cost/Benefit Analysis:

TDI program costs are funded by a combination of employer and employee contributions; the state funds are all solvent. In New Jersey, in 1998, the total benefits paid via the state plan were about $6.5 million ($2.43 per covered worker per week). New Jersey's average benefit for 1997 was $273.

Status:

While employees in the five TDI states and Puerto Rico enjoy TDI's income security, employees in the other 45 states lack this protection unless their employers provide it voluntarily.

Making the Case:

TDI is the nation's biggest "Paid Medical Leave" program and has been working well for over 40 years, in large and small states alike.

Expanding a State Temporary Disability Insurance (TDI) Program

The Model:

A state that already has a TDI program expands it to provide partial wage replacement to employees who are on 'parental leave' (leave to care for newborns or newly adopted children) or 'family medical leave' (leave to care for a seriously ill family member). A state could choose to expand this definition further. Note that the "medical leave" portion of FMLA leave (leave when an employee herself or himself is recovering from a serious health condition) is already covered in these states by the existing TDI program.

Funding Stream:

Payroll taxes.

Universe Covered:

All employees who are already covered by the state's existing TDI program.

Precedent:

The existing state TDI programs are probably the closest analogues to such systems. The federal Employee Retirement Income Security Act (ERISA) explicitly exempts state TDI programs from federal preemption.

Cost/Benefit Analysis:

Program costs would be funded by the same combination of employer and employee contributions that are used to fund each state's TDI program. The California Employment Development Department estimates that the cost of the expanded California program would range from $276 to $330 million.[9] Mary Forsberg, of New Jersey Policy Perspective, estimates a maximum cost of $0.88 per covered worker per week.[10] The benefits provided are 55-60% of the employee's earnings up to a maximum of $490 per week.[11]

Status:

Bills to extend the state's TDI programs were introduced in New York and New Jersey in 2000-2001. An active coalition is working in California to develop a similar bill.

Public Opinion:

89% of parents of young children and 84% of all adults support expanding disability or unemployment insurance as a vehicle for paid family leave.[12]

Making the Case:

"It just makes sense to extend this sort of leave to more employees, since it is already conceived of as a way to help disabled workers and new parents. Adding on the employees who need a paycheck while they are taking care of an ill spouse or elderly parent would be logical, since the needs of the family members are also related to medical or health issues."—State Senator Nicholas Spano (R-NY).

Family Leave Benefits Insurance Program

The Model:

A newly established "family and medical leave benefits" insurance system through which employees receive partial wage replacement while they are out on family or medical leave. Benefit levels, lengths of leave for which benefits are paid, and eligibility requirements vary at state discretion.

In Massachusetts, Senate leaders have proposed a 3-year pilot program, for a New Families Trust. The program provides men and women with up to 12 weeks to care for a newborn or newly adopted child with benefits up to 50 percent of their average weekly salary. The Governor has proposed a similar program that provides men and women with up to 12 weeks to care for a newborn or newly adopted child with benefits up to 50 percent of their average weekly salary. Her proposal is limited to low-income families. Families earning more than 250% of poverty and no more than $88,250 are responsible for paying back a portion of the benefits over a five-year period. Both programs are funded by state surpluses.

In Washington state, advocates and legislators have designed a payroll-based Family Leave Insurance Fund that pays employees a flat-rate weekly payment of $250 for five weeks to care for a newborn or newly adopted child, a seriously ill child, spouse, or parent, or to recover from the employee's own serious illness.[13]

In December 2000, the New Hampshire legislature charged a special committee with determining the most feasible family leave benefits option for the state. It developed the model of an employee-financed Family and Disability Insurance Trust Fund to provide partial wage replacement to employees who take family and medical leave.[14]

Funding Stream:

Payroll taxes collected from the employer or out of the employee's salary, and/or funding from general revenues.

The Massachusetts proposal is funded by surplus funds in the State Treasury and existing employer contributions to the Medical Security Trust Fund.

The Washington state proposal is funded by a payroll contribution by both employees and employers of one-cent per hour worked, added to the workers' compensation payroll tax.

The New Hampshire proposal is funded by an employee payroll contribution.

"We just went without those weeks of paychecks that we thought we'd have. It was stressful, of course. It's not something that you need as a new parent, when you're already stressed and trying to recover. What we need is some sort of paid leave in this country."—Sara Dotson, Olympia, Washington, speaking of her parental leave when her son was born.

Universe Covered:

Varies at state discretion.

The Massachusetts proposal covers employees who are eligible for unemployment insurance and it is modeled after the state's unemployment insurance system.

The Washington state proposal covers employees who have significant workforce attachment. It is prorated for employees who work less than 40 hour per week. It is estimated that about 80% of the state's 2.9 million employees would be covered and eligible.

The New Hampshire proposal covers employees in the state who are covered by unemployment insurance, an estimated 570,000 employees.

Cost/Benefit Analysis:

The expected cost of the Massachusetts proposal is $70 million per year.

The weekly cost of the Washington state family leave insurance fund to employees and employers would be about 38 cents per week, an amount which would raise more than $72 million per year.

The proposed New Hampshire program is estimated to cost $1.83 per week for each covered employee, an assessment of .003% of total payroll.[15]

Status:

On August 2, 2001, the Massachusetts Senate adopted a bill providing funding for a three-year pilot project.

Hearings on the Washington State proposal were held in both the House and Senate in February 2001. This same model was also proposed in Hawaii in 2001.[16]

The New Hampshire proposal was first introduced in 2001, and a hearing was held on it in March 2001.

Public Opinion:

74% of Washington voters support establishing family leave insurance for Washington workers and would support a new two-cent-per-hour payroll tax shared by workers and employers to fund it.[17]

75% of Massachusetts registered voters support a proposal that would establish Parental Leave Insurance by expanding unemployment insurance to provide partial wages for up to 12 weeks when people need to take time from work to care for a newborn or a newly adopted child.[18]

Making the Case:

Business owners like Jenifer Stewart of Browsers' Book Shop in Olympia, Washington, are often surprised to learn family leave benefits models like the Washington state proposal could cost businesses so little. "It would be nice, especially if a lot of the people who'd be benefiting are on the lower end of the pay scale," Stewart said. "Those are usually the people who don't get the benefits" *(The Olympian*, January 19, 2001).

"Birth and Adoption Unemployment Insurance"

The Model:

The state amends its Unemployment Insurance (UI) laws to allow qualified employees to collect unemployment compensation while they are temporarily not working because they are caring for a newborn or newly adopted child.

Universe Covered:

All employees eligible for UI under existing state law who are on parental leave (i.e., caring for newborn or newly adopted children).

Precedent:

This model is explicitly permitted by a June 2000 U.S. Labor Department regulation.[19] The regulation contains approved statutory language that states can adopt.

Cost/Benefit Analysis:

Depends on population, birthrate, benefit levels, eligibility, take-up rates, and program design. Annual cost estimates range from just over $2 million (or 15 cents per covered employee per week for the Vermont proposal in 2000) to $98.1 million (or 55 cents per covered employee per week for the New Jersey proposal in 2001). The Vermont program covers 274,000 workers and benefits average $190 per week, while the New Jersey program covers 3,436,300 workers and the benefits average $294 per week. The latest research review from the Urban Institute estimates that the average cost of the program would be only six to seven percent more than the cost of a state's existing UI program.[20]

"Paid leave is the right thing to do. There is absolutely no greater time with an infant than those first few months. I am going to do whatever I possibly can to get it passed."— State Senator Jack Sinagra (R-NJ), January 22, 2001.

In many states, these costs could be absorbed easily, without any increase in unemployment taxes, due to surpluses in state unemployment funds. In fact, over half the states have reserves that exceed solvency guidelines specifically designed to measure the state program's ability to withstand a severe recession.[21]

In other states, the program would require a small increase in employers' unemployment taxes. On average, employers now pay only 0.5% of payroll in unemployment taxes.[22]

Status:

This model was proposed in at least 14 states in 2001 and was the subject of hearings in states as diverse as Maryland, Florida, Texas, New Mexico, Massachusetts, and New Jersey. It was adopted by the Massachusetts legislature in 2000, but vetoed by then-Governor Paul Cellucci.

The federal "Baby UI" regulation has been challenged in federal court in the District of Columbia but has been defended by the U.S. Labor Department on the grounds that the issue is not yet ripe for adjudication.

Public Opinion:

May 2000: Parents favor the idea of new mothers being allowed to collect UI benefits when they are on parental leave by a margin of *five to three,* even when presented with the opposing argument that this could draw down reserves that might be needed in times of recession.[23]

June 2000: 75% of Massachusetts registered voters support a proposal that would expand unemployment insurance to provide partial wages when people need to take up to 12 weeks off from work to care for a newborn or a newly adopted child.[24]

Making the Case:

When the unemployment insurance system was first established, most workers were male and temporarily unemployed because of economic downturn. Today, employees are male and female, and their reasons for temporary unemployment include compelling family needs. It makes sense to update the UI system to reflect the reality of today's workforce.

"It seems to me that helping new parents afford to take a modest amount of time off ... is a small price to pay for winning the loyalty of workers, for reducing some of the stresses of modern life, for strengthening families that are often fraying around the edges, and for making Massachusetts a family-friendly place to live and do business." —Steve Grossman, Massachusetts business owner and 2002 candidate for governor.[25]

Set-Aside for Family Leave Benefits

The Model:

The state or community sets aside a fixed annual amount in its budget to be used for family leave benefits. Employees who qualify for such benefits apply to a state agency, or the state delegates administration to localities or employers. Benefits can be provided at a flat rate or awarded on a sliding scale. Benefits can be paid on a first-come first-served basis or on any other basis that the state designs.

In his budget proposal to the Vermont Legislature, Governor Howard Dean recommended a general fund appropriation of $750,000 for a pilot parental leave benefits program.

Funding Stream:

General fund.

Universe Covered:

Varies according to design of the model. The Vermont model covers all employees eligible for unemployment.

Cost/Benefit Analysis:

The cost varies according to the amount of benefits provided and the number of employees covered. In the model, appropriations are annual.

Status:

This model was proposed for the first time in Vermont in 2001. The bill was introduced in the Vermont Senate and a hearing was held in the State General Affairs and Housing Committee. It passed out of this committee with a vote of 5-1 and was referred to the Senate Appropriations Committee where it awaits further action next session.

Making the Case:

"I don't think there's anything more important we can do for young children and their parents than allowing them to be together for the first 12 weeks of life."—Vermont State Senate President Pro Tem Peter Shumlin (D-Windham).[26]

Subsidy for Employer-Provided Paid Leaves

The Model:

Minnesota's proposed "voluntary paid leave" model would provide new parents and their employers with financial assistance for 6 to 26 weeks of leave. Total assistance would be based on pre-leave wages and would range from a minimum of $300 to a maximum of $750 per week (shared equally among the employer, employee, and state).

Funding Stream: "Shared Responsibility":

One-third of the costs: the state general fund.
One-third of the costs: employers' contributions.
One-third of the costs: employees' contributions.

Universe Covered:

Employees of any Minnesota employer that chose to participate—estimated to be 20% of employers in the state. There is no size limitation on the employers that can participate.

Precedent:

The Minnesota proposal was the first of its kind.

Status:

The voluntary paid leave bill was introduced in both the Minnesota House and Senate in March 2001.[27] Also in 2001, a similar bill was introduced in the Illinois legislature.[28]

Cost/Benefit Analysis:

Cost: Per employee, the state's share would be one-third of the assistance amount, ranging from a weekly minimum of $100 to a maximum of $250. This is estimated to total $15.6 million per year.

Benefits: Reductions in the state's child care expenditures; reduced turnover and increased employee satisfaction; improved infant and child health.

Public Opinion:

Employers: 83% of respondents to a 1999 survey of Minnesota employers who offer parental leave reported doing so causes no management problems, and almost one-third indicated that offering parental leave provides benefits both for employers and employees. Those with paid leave programs were most positive about the benefits of the program.[29]

Employees: Sixty percent of Twin Cities adults favor a proposal to "help new parents afford to take time off from work [whereby] [n]ew parents who [are] paid some of their lost wages by their employer for at least six weeks would have part of their employer's contribution matched by the government."[30]

Making the Case:

"Addressing employers' cost concerns is necessary to encourage more leave options for employees. As employers have more experience with parental leave, they are likely to discover that its costs are less than anticipated, and that financial savings may even be realized in some parts of their operations. Making the program voluntary will increase its acceptance among employers."—Children's Defense Fund of Minnesota.[31]

"At-Home Infant Care" (AHIC) Program

The Model:

Parental leave benefits are provided to low-income families through a state's child care assistance program when one parent stays at home to care for a child. In Minnesota, eligible families receive a stipend of 90% of the child care payment rate (minus a co-pay based on the income of the family while on the program) for up to one year.[32]

Funding Stream:

State subsidized child care funds; funds that come to the state through the Federal Child Care Development block Grant.

Universe Covered:

Families who are eligible for a state's sliding-fee child care program. (In Minnesota, this is for families with an upper income limit of approximately $42,000 for a family of three.)

Cost/Benefit Analysis:

Expenditures for the Minnesota AHIC program in calendar year 1999 were $60,707, and in CY 2000, $356,416. The projected amount for CY 2001 is $660,000.

These expenditures are offset by savings in the child care subsidy program. The Minnesota Department of Children, Families and Learning estimates the average savings per family who previously had received subsidies (approximately 55% of users) to range from a total of $690 to $2380; the savings would average $420 for the additional 24% of users for whom the infant in AHIC was the first child.[33]

Status:

The AHIC Program was enacted in Minnesota in 1997, effective July 1, 1998.[34] One hundred one families participated in the first 18 months of the program.[35]

A similar program has been passed in Missouri but has not yet been implemented.[36]

Public Opinion:

Parents who participated in the first year of the AHIC Program say that bonding and development benefits, financial benefits, or both, were the benefits of the program for their families.[37]

Making the Case:

"How would you like to spend the first year of your newborn infant's life at home—and get paid for doing so? Thanks to a new state law, that's exactly what many Minnesota mothers are now able to do.... Because the first twelve months of a child's life is vitally important to his or her development, this program promotes healthy development and strengthens family structure.... The legislation creating this program recently won regional acclaim by earning first place at the 55th Annual Midwestern Legislative Conference's C.S.G. Innovations Award ceremony. It serves as a model to other states."
—State Representative and pediatrician Richard Mulder (R-MN).[38]

Expanded Use of Sick Leave

The Model:

State law requires employers to allow employees to use their accrued paid sick leave for parental and family medical leave purposes. Under this model, employees on leave get 100% of their salaries during the period of their accrued sick leave. In some cases employees can donate unused sick leave to co-workers in need.

In 1999, Governor Gray Davis signed legislation, effective January 1, 2000, that requires California employers that offer sick leave to let employees use at least the amount of sick leave earned in six months to care for a sick child, parent, or spouse.[39]

Similarly, Wisconsin's state Family and Medical Leave law, enacted in 1988 as one of the nation's first comprehensive state family and medical leave laws, specifically allows employees to use their accrued sick leave when out of work temporarily for any covered family or medical reason.[40]

In June 2001, Oklahoma enacted a law permitting state employees to use sick leave for the care of family members. It also allows employees to donate unused sick and annual leave to co-workers for family and medical leave.

Funding Stream:

Employee and employer contributions. Employees contribute because they may use sick leave that they otherwise might have needed, when they themselves were sick, for family leave. Employers contribute because employees may use sick leave that they otherwise might *not* have used.

Universe Covered:

The model is limited to employees who have accrued sick leave. It excludes the 44% of those working in medium and large private establishments who do not get paid sick leave.[43] It also covers lower income employees at a lower rate since such employees are disproportionately without sick leave benefits. A full 76% of *poor* working adults lacked paid sick leave at least some of the time over a seven-year period between 1990 and 1996.[44]

Cost/Benefit Analysis:

"Many [state governments] have found that allowing employees to use their sick leave for ill family members improves morale and productivity because it acknowledges the family responsibilities of the employees."[41]

When parents cannot miss work and must send sick children who are contagious to child care, these children worsen the high rate of infections in child care centers. Children left home alone, meanwhile, can't get the care their illness demands and are unable to see a physician if the need arises.[42] Both of these problems mean increasing public health costs.

Other Precedent:

Federal Office of Personnel Management regulations allow federal employees to use their accrued paid sick leave for "family care" purposes—to care for a child, spouse, or parent who has a "serious health condition" (as understood under the FMLA). Before 1999, this use of sick leave was limited to 13 days a year; in 1999, it was expanded to the full 12 weeks of leave permitted under the FMLA.[45] Similarly, at least 24 states let state employees use accrued paid sick leave when they need to care for ill family members.[46]

Making the Case:

"Even when people [already] do have some form of paid leave [like sick leave], it doesn't mean that they can use it when they really need it to care for family members."—Dr. Jody Heymann, Harvard School of Public Health.[47]

Minimum Paid Sick or Annual Leave Standard

The Model:

Establish a minimum standard for employer-funded, fully paid sick and annual leave for covered employers. A minimum that has been suggested is 7 days of annual and 7 days of sick leave a year.

Universe Covered:

Varies according to coverage definition.

Precedent:

Other minimum labor standards that are well established in law (both federal and state law) include minimum wage, overtime protections, occupational safety and health protections, pension standards, and of course the FMLA itself. Most states provide paid sick and vacation leave to their state employees.[48]

Status:

Millions of employers already provide these benefits voluntarily: over half of all employers offer paid sick leave.[49] Yet many workers—especially the ones who need it the most—lack any paid sick leave or paid vacation days. One third of all Americans who are above the poverty line and two-thirds of the working poor lack such benefits.[50]

Making the Case:

Without paid sick leave employees are forced to come to work ill. This leads to decreased productivity from the sick workers and from other workers subsequently infected. Similarly, parents are forced to send their children to school sick. Paid sick leave and annual leave leads to increased productivity and morale and decreased employee turnover.[51]

Paid Family Leave for State Employees

The Model:

The state, county or city provides fully or partially paid family and medical leave for a longer period than sick and annual leave ordinarily covers (e.g., for the 12 weeks of (otherwise unpaid) leave guaranteed by the FMLA). This can be done through legislation, through negotiation with a union representing the employees, or voluntarily.

Funding Stream:

State or local funds for personnel expenses.

Universe Covered:

Employees of the government agency adopting the model. This is a limited universe, but state governments are often a state's largest employer.

Precedent:

By collective bargaining, Ohio provides covered state employees four weeks of paid leave for the adoption or birth of a child at 70% wage replacement. Employees may use unpaid leave to take longer leaves.[52]

Through a collective bargaining agreement, eligible Illinois state employees have two weeks of paid maternity, paternity, or adoption leave.[53]

"Workers. . . need the time off and the benefits to take care of their loved ones— their children, their spouses and partners, their parents. That's why we're fighting for paid leave."— AFSCME President Gerald McEntee[57]

Cost/Benefit Analysis:

"The most progressive states...justify expenditures for [family-friendly] programs...by showing how much the program has saved in terms of productivity, recruitment, and retention."[54]

Status:

States and localities continue to consider various forms of providing paid leave directly to their employees. In 2001, legislation to provide for paid family and medical leave for state employees was introduced in Connecticut.

Public Opinion:

Two-thirds of Americans feel that time pressures on working families are getting worse. Large majorities of Americans also say that *both employers (90%) and government (72%) should be doing more* to help working families.[55]

Making the Case:

"Because of the higher concentration of women and minorities [in state government], there has been a greater urgency for the state governments to develop progressive personnel policies—particularly those that help balance work and family responsibilities— in response to the diverse needs of their workforce."—Family and Work Institute.[56]

Requiring Government Contractors to Provide Family Leave Benefits

The Model:

A minimum standard for employer-funded, fully paid sick and annual leave is established for government contractors, enforced by contract compliance procedures and, ultimately, disbarment from future contracts if the standard is not met.

Universe Covered:

State and local governments employ government contractors extensively. (There are about 200,000 federal government contractors, employing approximately 26 million employees or 22% of the civilian workforce.)[58]

Precedent:

A major federal contract compliance program was established by President Johnson as early as 1964 to ensure that the government not do business with companies that discriminate on the basis of race and ethnic origin; President Nixon expanded the program to include discrimination on the basis of sex in 1972.

Many cities and counties have similar programs and have expanded them to create incentives for employers to meet other minimum employment standards. For example, over 50 localities around the country, from Alexandria, VA, to Omaha, NE, and Corvallis, OR, have enacted ordinances requiring contractors to pay a "living wage."[59] Some of these ordinances also require the contractors to provide health benefits or paid vacation to their employees.[60]

Making the Case:

Government can use its "power of the purse" to encourage the contractors with which it does business to provide family leave benefits. Indeed, taxpayers should not subsidize employers that do not provide these benefits by awarding them government contracts.

Future Policy Innovation: Assessing Models and Solutions

The models described above are not the only solutions to the problem of unpaid leave. Policy innovators are exploring other, perhaps less developed, options as well. The possibilities are only limited by our creativity. As Justice Brandeis said almost 70 years ago, "It is one of the happy incidents of the federal system that a single courageous state may, if its citizens choose, serve as a laboratory, and try novel social and economic experiments without risk to the rest of the country."[61]

One idea that is often raised is using the tax system to create incentives for family leave benefits programs. Some suggest creating tax credits or other tax incentives for employers that provide some minimum paid family leave.[62] Another possibility is personal tax credits or deductions—perhaps for employees' foregone income while on family leave. Or how about tax-advantaged savings for employees, like a new 401(k) for family leave?

Other models might target particular types of employers or somewhat limited types of leaves. For example, a state or locality could set aside government contracts for companies that provide minimum paid leave benefits (an idea not unlike requiring government contractors to provide family leave benefits—a model discussed above). Or a state law could target adoption leave by requiring adoptive parents to have the same rights to paid leave that biological parents do.

Many policymakers have decided to approach the problem of unpaid leave initially by studying the costs and benefits of various models. For example, in 1999, California Governor Davis signed legislation mandating a study of the costs of expanding that state's disability insurance system (the second model discussed above).[63] In 2000, New Hampshire, Illinois, and New York created legislative or other mechanisms to assess the costs and, in some cases, benefits of various family leave benefits models. And just this year, the Minnesota legislature appropriated $35,000 for a study on the costs and benefits of providing wage replacement during parental leave. This legislation is noteworthy because it specifically directs the commissioner conducting the study to include "an estimate of the public health costs of not providing wage replacement during parental leave, including the impact on infant care and maternal health," a feature not usually given sufficient consideration in the policymaking process.[64]

However it is approached, there is no question that the need for family and medical leave is at the center of the day-to-day reality of working families today. To be responsive to those working families, state and local leaders have a responsibility to address their need for benefits during family and medical leave. Luckily, there is also no question that those leaders have the creativity, vision, and courage to develop and fight for innovative solutions.

References and Resources

[1] *Balancing the Needs of Families and Employers: Family and Medical Leave Surveys, 2000 Update, U.S.* Department of Labor, Washington, D.C. 2000, <http://www.dol.gov/dol/asp/public/fmla/main.htm>.

[2] Judith L. Lichtman, President, National Partnership for Women & Families, Washington, D.C., June 10, 1999.

[3] One recent survey found that while nearly 60% of Americans say they are covered by long-term disability income insurance, fully 82% either have no such coverage or believe their coverage is inadequate. *News Release*, Consumer Federation of America, April 23, 2001, <http://www.acli.com/>.

[4] Scott Mooneyham, "Study Ties Time Off to Infant Survival," AP, *The News & Observer on the Web,* July 21, 1998.

[5] Steve Grossman, President, MassEnvelopePlus and Givenation.com, *Statement on An Act to Provide Unemployment Benefits for Birth & Adoption (Substituting for S. 161/H 1890)*, Hearing, Massachusetts Legislative Task Force & Joint Committee on Commerce and Labor, Boston, MA, June 26, 2000.

[6] *A Workable Balance,* Commission on Family Leave, U.S. Department of Labor, Washington, D.C., 1996.

[7] *Women, Low-Wage Workers and the Unemployment Compensation System: State Legislative Models for Change,* Revised Edition, National Employment Law Project, New York, NY, October 1997, <http://www.nelp.org/nwp/pubs.htm>.

[8] The United States Department of Health and Human Services has expressly recognized that funding paid family leave for needy families is allowable under TANF and that a state has broad discretion in formulating its methodology for determining whether families are "needy" in such an effort. (United States Department of Health and Human Services, Office of Family Assistance, *TANF Program Policy Questions: Use of Funds Question 22*, Washington, D.C., June 2000, <http://www.acf.dhhs.gov/programs/ofa/polquest/usefunds.htm>.) Note that "a state might use TANF or MOE funds (or both) to provide [Unemployment Insurance]-type benefits to families with insufficient earnings to meet UI thresholds or to provide paid parental leave to families who would otherwise qualify for TANF cash assistance." While this language refers to families who "would otherwise qualify for TANF cash assistance," a state would also be free to set its definition of needy families at a higher income level. Thanks to Mark Greenberg of the Center for Law and Social Policy (CLASP) for contributing this information. For more details on the TANF/MOE funding stream, see <http://www.clasp.org/pubs/TANF/tanffederal.htm> and <http://www.clasp.org/ pubs/TANFSTATE/ tanfstate.htm>.

[9] *The Fiscal Impact on the Disability Insurance Fund of Extending Disability Benefits to Individuals Granted Family Leave,* Employment Development Department, State of California, Sacramento, CA, June 2000.

[10] Mary E. Forsberg, "Put in Perspective Family Leave Strikes Needed Balance," 2001, <http://www.njpp.org/familyleave.html>.

[11] *Frequently Asked Questions,* Employment Development Department, State of CA, Sacramento, CA, n.d., <http://www.edd.ca.gov/difaq2.htm#Benefits>.

[12] *What Grown-Ups Understand About Child Development: A National Benchmark Survey,* conducted for Zero to Three: The National Center for Infants, Toddlers and Families; Civitas; and the Brio Corporation, DYG, Inc., Danbury, CT, October 2000.

[13] In 2001, the bills were HB 1520 and SB 5420.

[14] Representative Michael Gilman, *Memorandum re: Final Report on HB 1512-FN*, State of New Hampshire State House, December 1, 2000.

[15] Ibid, p. 4.

[16] Hawaii 2001 companion bills HB 31 and SB 892 would establish a "Family Leave Insurance" fund to be financed by a payroll contribution by employees and employers totaling a maximum of 2 cents per work hour <http://www.capitol.hawaii.gov>.

[17] *Family Leave Insurance: Working Families Need a Break,* Economic Opportunity Institute, Seattle, WA, October 2000.

[18] *University of Massachusetts Poll,* John W. McCormack Institute of Public Affairs, University of Massachusetts at Boston, Boston, MA, June 2000.

[19] 20 CFR Part 604, "Birth and Adoption Unemployment Compensation. Final Rule," U.S. Department of Labor, Employment and Training Administration, *Federal Register,* Volume 65, Number 114, June 13, 2000, pp. 37209-37227, <http://wais.access.gpo.gov>.

[20] Wayne Vroman, "Compensating American Families for Births and Adoptions," revised edition, Urban Institute, Washington, D.C., April 2001.

[21] These guidelines, known as the "Average High Cost Multiple," are calculated by averaging actual unemployment costs from the three worst economic downturns of the previous twenty years. They measure the length (in years) of expected trust fund duration, assuming a severe recession. The U.S. Labor Department calculates the Average High Cost Multiple for every state each quarter and publishes the results in *UI Data Summary,* U.S. Department of Labor, Office of Workforce Security, Division of Fiscal and Actuarial Services, Washington, D.C.

[22] *Beyond Boom and Bust: Financing Unemployment Insurance in a Changing Economy,* National Employment Law Project, New York, NY, April 2001, <http://www.nelp.org/ui/pubs.htm>.

[23] *What Will Parents Vote For?,* National Parenting Association & Offspring Magazine, New York City, NY, May 2000.

[24] *University of Massachusetts Poll,* John W. McCormack Institute of Public Affairs, University of Massachusetts at Boston, Boston, MA, June 2000.

[25] Trevor Hughes, "As Session Winds Down, Future Uncertain For 'Baby UI' Parental Leave Plan," *State House News Service,* June 26, 2000.

[26] David Mace, "Committee Supports Parental Leave Bill," *The Times Argus,* April 13, 2001.

[27] Minnesota State Bills HF 1623 and SF 1617.

[28] Illinois State Bill HB 497.

[29] *"Parental Leave in Minnesota: A Survey of Employers,* Children's Defense Fund of Minnesota, St. Paul, MN, Winter 2000, p. 1.

[30] *2000 Twin Cities Area Survey: Results and Technical Report,* University of Minnesota, Center for Survey Research, April 6, 2001.

[31] *A Proposal to Expand Parental Leave Options in Minnesota,* Children's Defense Fund of Minnesota, St. Paul, MN, Winter 2000, pp. 4, 6, <http://www%2ecdf%2dmn%2eorg/PDF/Publications/ProposalPL.pdf>.

[32] *Minnesota At-Home Infant Child Care Program,* Minnesota Department of Children, Families & Learning, St. Paul, MN, n.d., <http://cfl.state.mn.us>.

[33] *At-Home Infant Child Care Program: Report to the Legislature,* Minnesota Department of Children, Families & Learning, St. Paul, MN, February 2000, p. 9.

[34] Minnesota Statutes 2000, Chapter 119B.061. Implementing rules can be found at Minnesota Rules, Chapter 3400.0235, <www.revisor.leg.state.mn.us/revisor.html>.

[35] *At-Home Infant Child Care Program: Report to the Legislature,* Minnesota Department of Children, Families & Learning, St. Paul, MN, February 2000, p. 3.

[36] Anne Mitchell, Louise Stoney, and Harriet Dichter, *Financing Child Care in the United States,* The Ewing Marion Kauffman Foundation, Kansas City, MO, 2001, pp. 48-49.

[37] *At-Home Infant Child Care Program: Report to the Legislature,* Minnesota Department of Children, Families & Learning, St. Paul, MN, February 2000, p. 11.

[38] State Representative Richard Mulder, *News Release,* Republican Caucus, Minnesota House of Representatives August 18, 2000, <http://www.house.leg.state.mn.us/GOP/goppress/Mulder/0818rmAHICprogram.htm>.

[39] California Assembly Bill 109, <http://www.leginfo.ca.gov/pub/99-00/bill/asm/ab_01010150/ ab_109_bill_19990726_chaptered.html>.

[40] Wisconsin Statutes 103.10. <http://www.dwd.state.wi.us/er/familyandmedicalleave1.htm>.

[41] Michele Lord and Margaret King, *The State Reference Guide to Work-Family Programs for State Employees,* Families and Work Institute, New York, NY, 1991, p. 31.

[42] Jody Heymann, *Parental Availability for the Care of Sick Children,* Harvard School of Public Health, Boston, MA, 1996.

[43] *Employee Benefits in Medium and Large Private Establishments 1997,* U.S. Department of Labor, Bureau of Labor Statistics, Washington, D.C., <http://www.bls.gov/ebs2/ebnr0005.pdf>.

[44] Jody Heymann, *The Widening Gap: Why America's Working Families Are in Jeopardy and What Can Be Done About It,* Basic Books, New York, NY, 2000, p. 115.

[45] *Code of Federal Regulations,* 5 CFR 630.120, <http://www.opm.gov/wtw/html/06301201.HTM>.

[46] Michele Lord and Margaret King, *The State Reference Guide to Work-Family Programs for State Employees,* Families and Work Institute, New York, NY, 1991, pp. 15-16 and 31-32.

[47] "Nation's Leave Policies Wanting For Both Middle Class And Poor, New Harvard Research Finds," *News Release,* National Partnership for Women & Families, Washington, D.C., November 15, 2000, <http://www.nationalpartnership.org/news/pressreleases/2000/111500.htm>.

[48] *1999 State Employee Benefits Survey,* Workplace Economics, Inc., Washington, D.C., 1999, p. 18, <http://www.workplace-economics.com>.

[49] Jacqueline L. Salmon, "Fever Pitch: When Children Are Sick, Parents Scramble," *Washington Post,* February 1, 1998, p. A1.

[50] "Nation's Leave Policies Wanting For Both Middle Class And Poor, New Harvard Research Finds," *News Release,* National Partnership for Women & Families, Washington, D.C., November 15, 2000, <http://www.nationalpartnership.org/news/pressreleases/2000/111500.htm>.

51 Judith L. Lichtman, President, National Partnership for Women & Families, Washington, D.C., July 2001.

[52] This agreement was the result of collective bargaining by the American Federation of State, County, and Municipal Employees (AFSCME). Lea Grundy and Netsy Firestein, "Work, Family, and the Labor Movement," Radcliffe Public Policy Institute, Cambridge, MA, 1997, <http://laborproject.berkeley.edu/radcliffe.shtml>.

[53] This agreement, too, was the result of collective bargaining by the American Federation of State, County, and Municipal Employees (AFSCME). "Bargaining for Family Leave," Labor Project for Working Families, Berkeley, CA, n.d., <http://labor-project.berkeley.edu/bargfam.html#top>.

[54] Michele Lord and Margaret King, Families and Work Institute, *The State Reference Guide to Work-Family Programs for State Employees,* New York, NY 1991, p. 11.

[55] *Family Matters: A National Survey of Women and Men,* conducted for the National Partnership for Women & Families, February 1998, <http://www.nationalpartnership.org/survey/survey.htm>.

[56] Michele Lord and Margaret King, *The State Reference Guide to Work-Family Programs for State Employees,* Families and Work Institute, New York, NY, 1991, p. 11.

[57] *How Can I Take Care of My Family and Do My Job?,* AFL-CIO, Working Women's Department, Washington, D.C., n.d., <http://www.aflcio.org/women/wf.htm>.

[58] *The Facts on Executive Order 11246: Affirmative Action,* Revised, U.S. Department of Labor, Washington, D.C., April 17, 1997.

[59] C. Brocht, "The Forgotten Workforce," *Economic Policy Institute Briefing Paper,* November 2000, <http://www.epinet.org/briefingpapers/livwage.html>.

[60] *Introduction to ACORN's Living Wage Website,* ACORN, Washington, D.C., n.d., <http://www.livingwagecampaign.org>.

[61] J. Brandeis (dissenting), *New State Ice Co. v. Leibmann,* 285 U.S. 262, 311, 1932.

[62] Unfortunately, business tax credits have not been very successful in other contexts. One researcher characterized tax credits designed to encourage employers to provide jobs to low-income people as follows: "Firm-based programs, such as the Targeted Jobs Tax Credit and its successor, the Work Opportunity Tax Credit, have been characterized by low participation rates and limited success" (Stacy Dickert-Conlin and Douglas Holtz-Eakin, "Helping the Working Poor: Employer- vs. Employee-Based Solutions," *Policy Brief,* Center for Policy Research, Syracuse University, Syracuse, NY, 1999, pp. 2-3, <http://www-cpr.maxwell.syr.edu>). Similarly for tax credits designed to encourage employers to provide child care to their employees: "Even though almost half the states provide an employer-supported tax credit for child care, it is unclear whether these credits are having any effect...In fact, no more than 1 percent of employers that filed tax returns in any state claimed the credit" (Julie Poppe, "Business Tax Credits for Child Care," *NCSL Legisbrief,* National Conference of State Legislators, Denver, CO, Vol. 8, No. 35, August/September 2000, www.ncsl.org).

[63] *The Fiscal Impact on the Disability Insurance Fund of Extending Disability Benefits To Individuals Granted Family Leave,* State of California Employment Development Department, Sacramento, CA, June 2000.

[64] *SS HF5, Art. 1, Sec. 4, Sub. 5,* emphasis added. The study legislation is a part of the Omnibus Economic Development, Housing, and Other State Agencies Appropriations Bill (SS HF 5). It was introduced in the 2001 special session. The full language of the study legislation is as follows:

"The commissioner of economic security shall report to the Legislature by February 1, 2002, on the costs and benefits or providing wage replacement during parental leave. The report should include 1) estimates of the percent of employees who currently have the option of taking paid parental leave, including the nature and extent of the benefits, 2) the impact on employers of offering paid parental leave, including wage replacement costs, and the impact on overall employment, retention and recruitment costs, and 3) an estimate of the public health costs of not providing wage replacement during parental leave, including the impact on infant care and maternal health. The commissioners of health and children, families and learning shall assist in the report's preparation, as needed."

National Partnership
for Women & Families™

1875 Connecticut Avenue, NW
Suite 650
Washington, DC 20009
202.986.2600
www.nationalpartnership.org
info@nationalpartnership.org