

**AAUW CAPITOL HILL LOBBY CORPS**  
Family Leave Insurance Act (S. 1681)  
5/8/08

**I. SUMMARY**

**Message: Cosponsor the Family Leave Insurance Act (S. 1681)** which will provide up to 8 weeks of paid leave to workers needing time off due to the birth or adoption of a child, to care for a child, spouse or parent with a serious illness, or to care for their own serious illness.

**II. BACKGROUND**

**Paid Sick Leave**

AAUW has long supported flexible workplace policies to address the family responsibilities of employees. Offering workers the option of taking time off when a family member is sick is not just good for families, it's good for business. At least 145 countries worldwide provide paid sick days, with 127 providing a week or more annually. More than 79 countries provide sickness benefits for at least 26 weeks or until recovery.i[1] But many hardworking Americans do not have access to the important benefit of paid sick leave. In fact, just under half (43 percent) of the private sector workforce has no paid sick days.ii[2] Further, 27 percent of low income women put off getting health-care because they cannot take time off from work and 18 percent of women at all income levels face this situation.iii[3]

Without sick days, employees often come to work ill, decreasing productivity and infecting coworkers. Further, families with children are often confronted with difficult choices. For the 86 million Americans who do not have paid sick days,iv[4] a decision to stay home to care for a sick child or family member could jeopardize their job or family income. More than 22 million working women do not have paid sick days,v[5] and as a result half of working mothers report that they must miss work and often go without pay when caring for a sick child.vi[6]

**The Family Medical Leave Act**

The FMLA is a groundbreaking law, passed in 1993, that helps employees balance the increasing demands of work and family at little or no cost to employers. More than 50 million covered and eligible employees have used the FMLA to take care of themselves and their families during times of critical need without jeopardizing their health insurance benefits or job security.vii[7]

By making leave available to all eligible workers, the law has enabled both women and men to balance their work and family obligations without sacrificing long-term economic stability. The law also helps combat gender discrimination and insidious stereotypes about gender roles—because both male and female workers can take FMLA leave, the

law helps to ensure that women are not penalized or unfairly denied job opportunities simply because of assumptions about their family caregiving responsibilities.

The FMLA is a real success story: it ensures that America has productive and successful workers and healthy and secure families. However, in the fifteen years since the law's passage, some clear areas for improvement have emerged. One of the biggest challenges in FMLA coverage clearly arises from its unpaid status. For example, 78 percent of eligible employees who have needed FMLA-covered leave have not been able to take it because they could not afford it.viii[8] AAUW believes we should be putting our energy into expanding the FMLA to cover more workers, and into making paid family and medical leave and paid sick days available to all.

### **The Family Leave Insurance Act**

For these reasons, AAUW supports legislation like the Family Leave Insurance Act. Families need paid leave to adequately care of their families. Many people do exercise their right to time off through the Family Medical Leave Act, but because that time off is unpaid, many others must make the choice between caring for their family and financially supporting their family. Paid sick days retain workers, and keep workers healthy while helping families. In addition, the Family Leave Insurance Act of 2007 will benefit both businesses and their employees by establishing a Family Leave Insurance Fund, through which employees, employers and the federal government share the cost of providing compensation during times of family crisis.

### III. TALKING POINTS

#### **The Family Medical Leave Act Helps Families**

- More than 60 million covered and eligible employees have used FMLA to take care of themselves and their families during times of critical need without jeopardizing their health insurance benefits or job security.ix[9]
- In 2005 alone, over 7 million employees took some type of family medical leave.x[10]
- 78 percent of eligible employees who have needed FMLA-covered leave have not been able to take it because they could not afford it.xi[11]

#### **Paid leave is crucial for working women:**

- More than 22 million working women do not have paid sick days.xii[12]
- 27 percent of low-income women put off getting health-care because they cannot take time off from work. 18 percent of women in all income brackets face this situation.xiii[13]

#### **Women are still the primary family caregivers:**

- 80 percent of mothers assume primary responsibility in the family for selecting their children's doctor, taking children to doctor's appointments, and arranging for their children's follow-up care.xiv[14]
- Half of working mothers must miss work when their child is sick with a minor illness (such as a cold or ear infection)xv[15]

#### **Americans strongly support paid leave:**

The vast majority of Americans believe that working men and women deserve time off to balance their work responsibilities with their own, and their families' medical needs. According to the Senate HELP committee's research:

- Ninety-five percent of workers think it is "unacceptable" for an employer to refuse to provide sick days.
- Only one in three workers has paid sick days to care for a sick child. This means they must either lose a day's pay or send a child to school sick.

### IV. WHAT THIS BILL WOULD ACCOMPLISH

The Family Leave Insurance Act would provide 8 weeks of paid benefits to people who take time off from work for reasons allowed under the Family and Medical Leave Act. The Act creates a new "Family Leave Insurance Fund" to finance benefit payments.

#### **Benefits**

- 8 weeks of paid leave within a 12-month period for workers who need time off for reasons that parallel the Family and Medical Leave Act, which include:
  - birth of a child;
  - placement of adopted or foster child;

- care for a child, parent or spouse, who have a serious medical condition;  
or
- because the employee has a serious medical condition that makes it impossible to perform his or her job functions.
- The benefits are tiered based on income:
  - 100% of weekly earnings for employees earning up to \$20,000
  - 75% of weekly earnings for employees earning \$20,001 - \$30,000
  - 55% of weekly earnings for employees earning \$30,001 - \$60,000
  - 40% of weekly earnings for employees earning \$60,001 - \$97,000
  - *Wage levels will be indexed for inflation using the Social Security wage index.*

#### Eligibility

- Employees must pay insurance premiums for 12 months and have worked for the same employer for 12 months to receive benefits – consistent with FMLA requirements.
- Participation is mandatory for all businesses with more than 50 employees, but companies with materially equivalent or better benefits can choose to self-insure rather than participate in the federal program.
- Businesses with fewer than 50 employees may choose to opt in, with a 50% discount on premium payments.
- Self-employed workers can choose to opt in, paying both employer and employee shares of the premium at the 50% discounted rate for small businesses.

#### Financing

- Costs will be shared by employees, employers, and the federal government.
- Both employees and employers must pay a small premium for the insurance, equivalent to 0.2 percent of each employee's earnings.
- Employers with fewer than 50 employees may opt in to the Fund at a 50% discount, with premiums equivalent to 0.1 percent of earnings and the federal government paying administrative costs that are not covered by the Fund. This financing structure should allow the Insurance Program to pay for itself with little cost to the federal government and taxpayers.

## V. ARGUMENTS FROM THE OPPOSITION

*These new requirements would unfairly burden employers and affect businesses productivity.*

Similar arguments were lodged against the Family and Medical Leave Act before it was passed. However, in January 2001, the bipartisan Commission on Family and Medical Leave released a study reporting that almost 90 percent of covered employers said that complying with FMLA brought no or minimal increase in their administrative costs.xvi[16] Further, while the vast majority of employers reported the FMLA had no impact on business practices, productivity, and outcomes, some employers reported cost savings associated with lowered employee turnover, as well as improved morale.xvii[17] This particular paid leave legislation would spread the cost in a feasible way across all three entities involved – employees, employers and the government.

*These new requirements would cost employers too much, and affect companies' profits.*

Paid sick days produce savings for businesses through decreased turnover and increased productivity. The Institute for Women's Policy Research estimates that the Healthy Families Act would result in a net savings, after covering costs of paid leave, of \$8 billion per year. The benefits of the Family Leave Insurance Act would be similar, the costs would simply be distributed among other parties.

## VI. STATUS

Introduced 6/21/2007 by Sen. Chris Dodd (D-CT) read twice and referred to the Senate Committee on Finance. No House companion bill.

4 Cosponsors:

[Sen Kennedy, Edward M.](#) [MA] - 6/22/2007

[Sen Murray, Patty](#) [WA] - 6/25/2007

[Sen Stevens, Ted](#) [AK] - 6/21/2007

[Sen Whitehouse, Sheldon](#) [RI] - 3/10/2008

## VII. TARGETS

HELP Committee members, cosponsors of the Healthy Families Act, D women

## VIII. WHO TO ASK FOR :

Labor LA

- 
- i[1] The Institute for Health and Social Policy. (2007). *The Work, Family, and Equity Index: How Does the United States Measure Up?* Retrieved January 15, 2008, from <http://www.mcgill.ca/files/ihsp/WFEIFinal2007.pdf>.
- ii[2] U.S. Department of Labor, Bureau of Labor Statistics. (August 2007). *National Compensation Survey: Employee Benefits in Private Industry in the United States, March 2007*, Table 19. Retrieved January 16, 2008, from <http://www.bls.gov/ncs/ebs/sp/ebsm0006.pdf>.
- iii[3] Salganicoff, Alina, Usha R. Ranji, and Roberta Wyn. (2005) *Women and Health Care: A National Profile*. Kaiser Family Foundation. Retrieved January 15, 2008 from <http://www.kff.org/womenshealth/7336.cfm>.
- iv[4] Lovell, Vicky. (May 2004). *No Time to be Sick: Why Everyone Suffers When Workers Don't Have Paid Sick Leave*. Institute for Women's Policy Research. Accessed January 5, 2008 from <http://www.iwpr.org/pdf/B242.pdf>.
- v[5] Institute for Women's Policy Research. (February 2007). *Women and Paid Sick Days: Crucial for Family Well-Being*. Retrieved January 15, 2008 from [http://www.iwpr.org/pdf/B254\\_paidicksickdaysFS.pdf](http://www.iwpr.org/pdf/B254_paidicksickdaysFS.pdf).
- vi[6] Kaiser Family Foundation. (April 2003). *Women, Work and Family Health: A Balancing Act*. Retrieved January 15, 2008 from <http://www.kff.org/womenshealth/loader.cfm?url=/commonspot/security/getfile.cfm&PageID=14293>.
- vii[7] National Partnership for Women and Families. All statistics were compiled from the U.S. Department of Labor report, *Balancing the Needs of Families and Employers: Family and Medical Leave Surveys 2000 Update*. <http://www.nationalpartnership.org/portals/p3/library/FamilyMedicalLeave/THE FMLAWhatWhoHow.pdf>. Accessed January 5, 2007.
- viii[8] U.S. Department of Labor, Bureau of Labor Statistics. *The 2000 THE FMLA Survey Report*. Table A1-2.17. <http://www.dol.gov/esa/whd/the FMLA/the FMLA/APPX-A-1-TABLES.htm> Accessed January 12, 2007.
- ix[9] National Partnership for Women and Families. (February 2007). *Where Families Matter: State Progress Toward Valuing America's Families*. Retrieved January 15, 2008, from [http://www.nationalpartnership.org/site/DocServer/Final\\_2006\\_Round\\_Up.pdf?docID=2161](http://www.nationalpartnership.org/site/DocServer/Final_2006_Round_Up.pdf?docID=2161).
- x[10] The Family and Medical Leave Act of 1993, Proposed Rule, 73 Fed. Reg. 7875. (2008) (to be codified at 29 C.F.R. § 825 )
- xi[11] U.S. Department of Labor, Bureau of Labor Statistics. (January 2001). *Balancing the Needs of Families and Employers: Family and Medical Leave Surveys*, Table A1-2.17. Retrieved January 15, 2008, from <http://www.dol.gov/esa/whd/fmla/fmla/APPX-A-1-TABLES.htm>.
- xii[12] Institute for Women's Policy Research. (February 2007). *Women and Paid Sick Days: Crucial for Family Well-Being*. Retrieved January 15, 2008 from [http://www.iwpr.org/pdf/B254\\_paidicksickdaysFS.pdf](http://www.iwpr.org/pdf/B254_paidicksickdaysFS.pdf).
- xiii[13] Salganicoff, Alina, Usha R. Ranji, and Roberta Wyn. (2005) *Women and Health Care: A National Profile*. Kaiser Family Foundation. Retrieved January 15, 2008 from <http://www.kff.org/womenshealth/7336.cfm>.
- xiv[14] Ibid.
- xv[15] Ibid.
- xvi[16] National Partnership for Women and Families. (2001) *Highlights of the 2000 U.S. Department of Labor Report*. Retrieved January 20, 2008 from <http://www.nationalpartnership.org/site/DocServer/2000DOLLaborReportHighlights.pdf?docID=954>.
- xvii[17] U.S. Department of Labor, Bureau of Labor Statistics. (January 2001). *Balancing the Needs of Families and Employers: Family and Medical Leave Surveys*, Tables A2-6.12 and A2-6.19. Retrieved January 15, 2008, from <http://www.dol.gov/esa/whd/fmla/fmla/APPX-A-2-TABLES.htm>.