

# The Family And Medical Insurance Leave Act (The FAMILY Act)

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People across the country are working hard to make ends meet, yet the nation fails to provide the support they need to manage the demands of job and family, and that businesses and our economy need to thrive. Just 12 percent of the workforce has paid family leave through their employers, and less than 40 percent has personal medical leave through an employer-provided disability program.<sup>1</sup>

**A national paid family and medical leave insurance program would benefit workers, their families, businesses and our economy.**

## Legislative Overview

Sponsored by Rep. Rosa DeLauro (D – Conn.) and Sen. Kirsten Gillibrand (D – N.Y.), the FAMILY Act would ensure people have some income during family or medical leave.

### The FAMILY Act would:

- ▶ Provide workers with **up to 12 weeks of partial income when they take time** for their own serious health condition, including pregnancy and childbirth recovery; the serious health condition of a child, parent, spouse or domestic partner; the birth or adoption of a child; and/or for particular military caregiving and leave purposes.
- ▶ Enable workers to earn **66 percent** of their monthly wages, up to a capped amount.
- ▶ **Cover workers in all companies, no matter their size.** Younger, part-time, lower-wage and contingent workers would be eligible for benefits.
- ▶ Be funded by **small employee and employer payroll contributions** of two-tenths of one percent each (two cents per \$10 in wages), or about \$1.50 per week for a typical worker.<sup>2</sup>
- ▶ Be administered through a **new Office of Paid Family and Medical Leave** within the Social Security Administration. Payroll contributions would cover both insurance benefits and administrative costs.

## Benefits for Workers, Families, Businesses and Our Economy

### ECONOMIC SECURITY FOR WORKING PEOPLE AND THEIR FAMILIES

A birth is the most expensive health event for families during childbearing years.<sup>3</sup> Paid leave helps keep families on track to meet new expenses. In the year following a birth, new mothers who take paid leave are more likely than those who take no paid leave to stay in the workforce and 54 percent more likely to report wage increases.<sup>4</sup>

## IMPROVED HEALTH OUTCOMES FOR CHILDREN, ILL ADULTS AND SENIORS

Paid leave contributes to improved newborn and child health. New mothers are better able to initiate and continue breastfeeding, and new parents can more easily get babies to the doctor for check-ups and immunizations.<sup>5</sup> Paid leave also allows ill or injured adults to get critical care and take needed recovery time, and it enables caregivers to help ill parents, spouses and children fulfill treatment plans and avoid complications and hospital readmissions.<sup>6</sup>

## IMPROVED BOTTOM LINES FOR BUSINESSES

More small employers say they support family and medical leave insurance than oppose it.<sup>7</sup> The FAMILY Act model spreads the cost of leave, reducing the burden on individual employers and allowing many more employees access to paid leave. Paid leave contributes to reduced turnover and increased employee engagement and loyalty. In California, where a family leave insurance program has existed for nearly a decade, workers in low-wage, high-turnover industries are much more likely to return to their jobs after using the program.<sup>8</sup>

## A STRONGER NATIONAL ECONOMY

A national paid leave insurance program would help keep new parents and family caregivers in the workforce and boost their earnings and savings over time, all of which would contribute to economic productivity and growth. In contrast, when people have to forgo pay or lose a job when a serious medical or caregiving need arises, they often jeopardize their ability to afford even the most basic necessities. This hurts workers, their families and the businesses that depend on revenue from these purchases, and it stifles economic growth.

## Demonstrated Effectiveness

### **The FAMILY Act builds on successful state family and medical leave insurance programs.**

Family leave insurance has existed in California since 2004 and New Jersey since 2009, and will begin in Rhode Island in January 2014. Analyses of California's law show that both employers and employees have benefitted from the program.<sup>9</sup> In New Jersey, the program costs are even lower than expected, which led to a payroll tax cut.<sup>10</sup>

### **It is well past time for an America that meets our nation's needs and truly honors families.**

**It's time for the FAMILY Act.** For more information, visit, [www.NationalPartnership.org](http://www.NationalPartnership.org).

1 U.S. Bureau of Labor Statistics (2013, September). *Employee Benefits in the United States National Compensation Survey: Employee Benefits in the United States, March 2013 (Tables 16 and 32)*. Retrieved 5 November 2013, from <http://www.bls.gov/ncs/ebs/benefits/2013/ebbl0052.pdf>

2 National Partnership for Women & Families. Unpublished calculation based on median hourly wages for full-time and part-time wage and salary workers as of September 2013. U.S. Census Bureau. (2013, September 7). *Wage and Salary Workers – People 15 Years Old and Over, by Total Wage and Salary Income in 2012, Work Experience in 2012, Race, Hispanic Origin, and Sex (Table PINC-10)*. Retrieved 19 November 2013, from [http://www.census.gov/hhes/www/cpstables/032013/perinc/pinc10\\_000.htm](http://www.census.gov/hhes/www/cpstables/032013/perinc/pinc10_000.htm)

3 Amnesty International. (2010). *Deadly Delivery: The Maternal Health Care Crisis in the USA*. Amnesty International Publication. Retrieved 5 November 2013, from <http://www.amnestyusa.org/dignity/pdf/DeadlyDelivery.pdf>

4 Houser, L., & Vartanian, T. (2012, January). *Pay Matters: The Positive Economic Impact of Paid Family Leave for Families, Businesses and the Public*. Center for Women and Work at Rutgers, the State University of New Jersey Publication. Retrieved 5 November 2013, from [http://www.nationalpartnership.org/site/DocServer/Pay\\_Matters\\_Positive\\_Economic\\_Impacts\\_of\\_Paid\\_Family\\_L.pdf?docID=9681](http://www.nationalpartnership.org/site/DocServer/Pay_Matters_Positive_Economic_Impacts_of_Paid_Family_L.pdf?docID=9681)

5 Berger, L., Hill, J., & Waldfogel, J. (2005). Maternity Leave, Early Maternal Employment and Child Health and Development in the US. *The Economic Journal*, 115(501), F44.

6 See e.g., Institute of Medicine. (2008, April 11). *Retooling for an Aging America: Building the Health Care Workforce*, 254. Retrieved 5 November 2013, from <http://www.iom.edu/Reports/2008/Retooling-for-an-Aging-America-Building-the-Health-Care-Workforce.aspx>; Arbjae, et al. (2008). Postdischarge Environmental and Socioeconomic Factors and the Likelihood of Early Hospital Readmission Among Community-Dwelling Medicare Beneficiaries. *The Gerontologist* 48(4), 495-504. Summary retrieved 5 November 2013, from <http://www.rwjf.org/grantees/connect/product.jsp?id=34775>

7 Small Business Majority survey of 707 business owners with 1-100 employees nationwide. Conducted by Lake Research Partners from January 24-February 1, 2013.

8 Appelbaum, E., & Milkman, R. (2011). *Leaves That Pay: Employer and Worker Experiences with Paid Family Leave in California*. Center for Economic and Policy Research Publication. Retrieved 5 November 2013, from <http://www.cepr.net/index.php/publications/reports/leaves-that-pay>

9 Ibid.

10 Press of Atlantic City. (2010, November 15). *Paid Family Leave / Working well*. Retrieved 16 September 2013, from [http://www.pressofatlanticcity.com/opinion/editorials/article\\_0d6ba980-3a1d-56f7-9101-258999b5d9d0.html](http://www.pressofatlanticcity.com/opinion/editorials/article_0d6ba980-3a1d-56f7-9101-258999b5d9d0.html)