

HOUSE BILL 5659- Family Leave Insurance Bill.

The Bill recently passed in the Senate. It provides 5 weeks of leave for a new child or for care of a seriously ill family member, with \$250 per week in pay, pro-rated for part-time employees.

Good afternoon Chairman Conway and committee members. For the record, my name is Meenakshi (Meena) Rishi and I teach Economics at Seattle University. My testimony in favor of this bill is contained in 3 counterpoints to 3 popular arguments against this Bill.

1. Expensive and will lead to eventual job losses as businesses will fail. Also unnecessary as employees provide such benefits voluntarily.

Counter: This is exactly the kind of invective one heard from those opposed to minimum wage legislation. Indeed, most economists believed that minimum wages hurt the low-paid, since employers could be expected to respond to the increased cost of labor by employing fewer workers. However, recent research has called this belief into question.

In a landmark study, two well-known economists, David Card and Alan Krueger (1995), used variations in the minimum wage across states to analyze employment effects. Their conclusion was surprising—the 1992 increase in New Jersey’s minimum wage had a negligible impact, and if anything, may have actually caused a small increase in employment in the fast food industry. This finding was met with great skepticism. Nevertheless, other recent research by a number of authors leads to the same overall conclusion - moderate increases in the minimum wage have had negligible (or even positive) effects on employment.

Also, employer claims about benefits are not true because few employers in Washington offer paid sick leave that allows their employees any time off. According to the Tacoma News Tribune “ less than half the employers in WA offer paid sick leave...”

2. Long term job growth will be hampered as the state will become too expensive to do business in

Counter: Consider Washington’s official data and data on labor underutilization which are only available for the entire US.

	LF	LF	Num.	Num	UR	UR	UR	UR
	Dec	Dec	Dec	Dec	N	N	D	D
WA	2005	2006	2005	2006				
	3323.7	3,359.1	171.6	167.6	5.4	5.0	5.2	5.0

Table A-13. Persons not in the labor force and multiple jobholders by sex, not seasonally adjusted
(Numbers in thousands)

Category	Total		Men		Women	
	Feb. 2006	Feb. 2007	Feb. 2006	Feb. 2007	Feb. 2006	Feb. 2007
NOT IN THE LABOR FORCE						
Total not in the labor force	76,077	78,956	29,900	30,283	48,177	48,672
Persons who currently want a job	4,800	4,836	2,071	2,202	2,729	2,433
Searched for work and available to work now ¹	1,471	1,451	794	792	687	659
Reason not currently looking:						
Discouragement over job prospects ²	388	375	237	223	149	152
Reasons other than discouragement ³	1,085	1,076	546	569	538	508

While the state of Washington has over 3 million workers counted as part of the labor force, what about those not in LF but would work if they could?

The second table (only available in aggregate) suggests that in February 2007 nearly 4.6 million people reported that they “*want a job*”. This number is roughly 4 percent of the nation’s labor force. Of this count, 1 million indicated family responsibilities such as taking care of a child, elderly parent. With the passage of this bill such marginally attached workers who primarily face obstacles such as child care, bonding with an adopted child, family care giving, medical procedures kept them only marginally attached to the labor force. The passage of bill 5659 might actually induce the marginally attached workers to enter the pool of available workers. This outcome will have a potentially favorable impact on long term job growth!

Another point, typically these “other family responsibilities” fall on the shoulders of women. Indeed current data from California shows that Women filed 80 percent of the state’s paid family leave claims; and that 90 percent of the claims were for bonding with a new child; the remaining 10 percent were for family care giving mainly for surgical procedures, medical reasons, and to take care of an ill spouse or child. Also workers in the female-dominated health-care and social-assistance industry accounted for the largest participation rate—21 percent— although they represented only 8 .5 percent of the state’s workforce.

Thus passage of the bill would send a strong message of support to working women!

3. Encourages bureaucracy, fraud, and abuse of the system which add to long term costs.

Counter: Of course there are costs to adopting family friendly policies. Clearly, administrative costs are significant, but legislators should explicitly assess the cost of *not* helping Washington workers balance their work and family life, of denying children the opportunity to bond with their parents, of ignoring the demands that ailing members of a family make on workers. Ultimately the costs of distracted workers in the work place, ill nurtured children, spouses, or elderly parents do fall on society...don’t they?

This is a bill that empowers workers to take control of their family situations. It is a pro working women, pro children and pro family bill- It must be passed if we are to model ourselves as a state that cares about families and futures...

International Comparisons:

In most western countries parental leave is available for those who have worked for their current employer for a certain period of time. In the UK, for instance, working mothers are given the right to **26 weeks of paid leave for each child, 6 weeks at 90% of full pay and 20 weeks at a fixed amount.** An example of generous parental leave is **Sweden, where all working parents are entitled to 18 months' paid leave per child, the cost being shared between employer and State.** To encourage greater paternal involvement in child-rearing, a minimum of 3 months out of the 18 is required to be used by the "minority" parent, in practice usually the father. **Norway** also has a similarly generous leave. The system in **Bulgaria** is even more generous, providing mothers with 45 days 100% paid sick leave prior the due date, 2 years paid leave, and 1 additional year of unpaid leave.