

Family Leave Insurance Q & A

How much will family leave insurance cost taxpayers?

One-time start-up costs and initial benefits for family leave insurance will most likely be paid from the general fund surplus, with no new tax increases, if the Legislature follows the recommendations of the family leave insurance task force.

Benefits are estimated to cost about \$35 million to serve 35,000 families per year, much of which will be spent by in their local community on basic necessities. Long-term administrative costs are estimated by the Washington Department of Labor and Industries and the Employment Security Department at 17% of program costs – far less than the administrative costs of most health care plans.¹ California’s temporary disability insurance and family leave administrative costs are under 5%, but for a program with much more generous benefits that last up to a full year (and therefore proportionally lower administrative costs).

Most other states utilize payroll premiums to pay benefits. If Washington follows that model, costs are projected to be 1.5 cents per hour, including administrative costs (based on actual usage rates in California and other states that provide paid maternity leave such as New York, New Jersey, Rhode Island, and Hawaii). Costs can be reduced further as new efficiencies are discovered.

Will family leave insurance hurt employers?

No. According to a substantial majority of employers, the existing Family and Medical Leave Act has had no negative effect on productivity, absences, turnover and morale; nor has it hurt productivity, profitability or growth.² And businesses in the five states that cover pregnancy through temporary disability insurance are doing quite well.

Washington’s family leave insurance law also includes 10 specific protections for employers, such as requiring that family leave run concurrently with Family and Medical Leave Act benefits.³ Most workers already take leave to care for a new child (though too often without pay), so employers won’t see much difference there. Workers taking family leave insurance will receive compensation from the fund at no cost to the employer. The employer will have the salary of the worker on leave to cover the costs of replacement, if necessary.

How can we afford family leave insurance given the state of our economy?

Family leave insurance isn’t just an economic safety net for working families – it also improves productivity by reducing turnover, and helps children be better learners in school. Both are essential to continued economic growth. Our nation adopted the federal Family and Medical Leave Act (FMLA) in 1993, as the country was just emerging from a recession. There were dire predictions that it would hurt business and even prevent women from getting jobs, but in fact, the reverse proved to be true. Adoption of FMLA was followed by 8 years of strong economic growth and unprecedented numbers of women joining the workforce.

Why cover only babies for family leave insurance? What about taking care of a parent or spouse?

Washington’s law covers the handful of times in a working career when a parent needs extended time off for a newborn or newly adopted child. It can and should be extended in the future to cover other crisis situations, such as a spouse’s cancer diagnosis, or a parent’s final weeks of life. For example, California’s law gives new parents an additional 6 weeks of paid family leave benefits (in addition to

pregnancy-disability leave), and also provides leave for workers to care for a seriously ill parent, child, spouse or registered domestic partner. Workers in California and 4 other states also receive 6 months to 1 year of paid leave in the event of their own serious illness.

Will family leave insurance make Washington less competitive?

No. Washington's businesses are just as creative and competitive as the businesses in the 26 other states that have family leave laws more extensive than the federal Family and Medical Leave Act – not to mention those in other nations.⁴ California, New York, New Jersey, Rhode Island and Hawaii provide all women in the workforce with 10-12 weeks of paid maternity leave through temporary disability insurance programs that have covered pregnancy disability since the 1970's.

Hawaii, Maine, Oregon, and Vermont have extended FMLA protections to cover workers in smaller firms. Expanded leave is available to new parents in Connecticut, Iowa, Kansas, Louisiana, Maryland, Missouri, Minnesota, Montana, New Hampshire, Oregon, Tennessee, and Vermont. Almost every other country in the world provides new parents with paid time off work so that children get the best possible start during their first months of life.⁵

Will family leave insurance require a “big government” approach?

No new agencies will be created to administer family leave insurance – an existing agency will implement it. There are 3 million people and over 182,000 employers in Washington's workforce. Over a 10-year period, 12% of workers (350,000 people) are predicted to use family leave insurance. It will require additional staffing and technology to administer the program, educate businesses and workers, and provide efficient services to the estimated 35,000 children and families who will benefit from it each year.

What about family leave laws already on the books?

Existing laws fall short of providing complete coverage to families. The Family and Medical Leave Act (FMLA) provides only unpaid time off, and only for workers in companies with more than fifty employees who have been with their employer for a full year.⁶ Last year, an estimated 1.3 million Washington workers weren't covered by FMLA; 24,000 were eligible but couldn't afford to take it.

Because FMLA-covered employers can either require employees to use paid leave or opt to deny them use of it, workers who have diligently accumulated paid leave can be forced to take unpaid leave, while those who can afford to take unpaid leave can be forced to use up paid time off.⁷ Finally, while Washington's Family Care Act allows workers to use paid sick leave to care for a family member, it doesn't cover care of a healthy newborn.

Aren't all these different laws too confusing for employers?

No. Most of the definitions and conditions in Washington's leave laws use terms and definitions from applicable federal law in order to coordinate easily. The only thing new about family leave insurance is that it covers almost all employees and provides for partial wage replacement when a worker is on family leave.

Why should people without kids pay for those who choose to have them?

The benefits of family leave insurance will be shared by every taxpayer, business, health care provider and school district in the state through lower health care costs, reduced burdens on social services, and improved academic outcomes. As citizens in a shared community, we all have a stake in the well being of our citizens. According to our constitution, our state's paramount duty is to provide amply for the education of all children. Family leave insurance is a key step toward meeting that mandate.

Why do we need family leave insurance now? Don't parents already find ways to make it work?

Telling parents “you're on your own” ignores our collective responsibility for our children's education and well being. The days of mom at home with the kids and dad at work are long gone; two-thirds of mothers and nearly all fathers are in the workforce.⁸ The stresses on working families are more intense than ever: wages are stagnating, parents are aging and families are living further apart. It's time we stop talking about family values and start valuing families by reshaping our state's public services to meet the new needs of our working families. Family leave insurance helps parents balance work with family and provides for the economic security and stability of both in the short-term and long run.

Don't most employers already provide family leave?

Nationally, only 8 percent of private sector workers receive paid family leave.⁹ Fewer than half (46%) of Washington's employers offer paid sick leave, and 1 in 4 do not offer paid vacation to their full-time employees.¹⁰ Most part-time workers get no paid leave at all. Those workers with paid leave rarely get more than two or three weeks per year – not enough to ensure a new baby's health and the family's well-being. Even workers in companies with generous paid leave benefits who have planned carefully can still face an unexpected crisis (such as a sudden family illness, unexpected job change, a premature birth or critically ill baby). In these situations, family leave insurance can make all the difference.

Will people be able to “stack up” their benefits to unfairly receive extended time off from work?

Washington's family leave insurance runs concurrently with Family and Medical Leave Act (FMLA) leave. A typical worker eligible for 12 weeks of FMLA leave and Washington family leave insurance benefits would, after a required one-week waiting period, receive 5 weeks of family leave insurance benefits. Since FMLA benefits are concurrent, the employee would then be eligible for 6 more weeks of FMLA leave (on a paid or unpaid basis pursuant to their agreement with their employer).

There is little hard data to support claims of inappropriately extended leave under existing family leave laws. When women suffer extended disability due to pregnancy and childbirth, the law has long allowed workers to take more than 12 weeks of leave if necessary. Family leave insurance doesn't diminish that long-standing right. The appropriate administrative agency can review alleged abuse of family leave law(s) on a case-by-case basis and respond accordingly.

Hasn't family leave been pretty controversial?

Social Security and HeadStart had critics when those programs started. Even Boeing's Dreamliner has run into production difficulties. But were those programs scrapped? No. Instead, people got creative and hammered out solutions to their problems, which is just what the 13-members of the Washington family leave task force (made up of legislators, business and labor representatives and private citizens) has accomplished. The task force has developed recommendations for: financing benefits and administrative costs; implementing and running the program; improving administration and lowering costs; and mitigating impacts on the unemployment compensation system.

¹ “Costs of Health Care Administration in the United States and Canada”, New England Journal of Medicine, 2003; <http://www.pnhp.org/publications/nejmadmin.pdf>.

² “Balancing the Needs of Families and Employers: Family and Medical Leave Surveys”, by Westat (under contract with U.S. Department of Labor), January 2001, <http://www.dol.gov/esa/whd/fmla/fmla/cover-statement.pdf>.

³ “Straight Facts About Washington’s Family Leave Law”, Economic Opportunity Institute, September 2007; www.eoionline.org/familyleave.htm.

⁴ In Japan every worker gets a minimum of 10 days paid leave each year, and up to 14 weeks of maternity leave at 60% pay. In Canada, workers get two weeks of paid annual leave, and up to a year of maternity and parental leave. European countries guarantee workers 20-30 days of vacation and generous maternity and parental leave.

⁵ “The Work, Family, and Equity Index: How Does the United States Measure Up?”, McGill University Institute for Health and Social Policy, 2007, <http://www.mcgill.ca/files/ihsp/WFEIFinal2007.pdf>.

⁶ U.S. Department of Labor, http://www.dol.gov/dol/allcfr/ESA/Title_29/Part_825/29CFR825.110.htm.

⁷ U.S. Department of Labor, Family and Medical Leave Act Advisor, <http://www.dol.gov/elaws/esa/fmla/faq.asp>.

⁸ U.S. Department of Labor, Bureau of Labor Statistics News, <http://www.bls.gov/news.release/famee.t04.htm>.

⁹ National Compensation Survey, March 2006, p. 24, <http://www.bls.gov/ncs/ebs/sp/ebsm0004.pdf>.

¹⁰ Washington State Employment Security Department (ESD) 2006 Employee Benefits Survey, p. 19 http://www.workforceexplorer.com/admin/uploadedPublications/7794_EB_2006_Report.pdf.