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**Testimony before a Joint Session of the
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House Labor and Workforce Development Committees**

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Thank you for inviting me to testify before you today. My name is Ann O'Leary. I am the Children and Families Program Director at The Center for the Next Generation, a non-profit, non-partisan think tank in San Francisco, and a lecturer at the University of California, Berkeley, School of Law. I come before you as an academic and policy expert on the subject of work-family laws and policy. I have authored numerous scholarly articles and policy reports on the subject, and in the late 1990s I worked at the federal level on a federal regulation that would have allowed states to use their Unemployment Insurance systems to provide paid parental leave.

Today, I am here to review the research on the social and economic benefits of paid family leave. My testimony is drawn in large part from a report that I co-authored with a team of professors and lawyers from UC Berkeley School of Law and Georgetown University Law Center—*Family Security Insurance: A New Foundation for Economic Security*.

In writing this report, our team did an extensive review of social science literature to develop a research-based proposal for modernizing our current social insurance system to provide income replacement when people take time off from work because of one of the three following significant life events:

- One's own serious illness or temporary disability that renders a worker unable to perform his or her job;
- Arrival of a newborn, newly adopted or newly placed foster child who needs care and time to bond with parents; and
- The serious illness of a family member in need of care.

Before turning to the social and economic benefits of paid family leave, allow me to first review the underpinning of why our society needs paid family leave:

The world of work and family has changed

Profound demographic and societal shifts over the last 40 years have resulted in an increased and acute need for various types of workplace flexibility, including paid time off for health and caregiving reasons. For example:

- ⇒ In most families, the family-based caregiving safety net in the form of a stay-at-home spouse no longer exists. [SHOW SLIDE] Women are now nearly half of all U.S. workers and are integral to the national economy as primary or co-breadwinners in nearly two-thirds of households. [SHOW SLIDE]
- ⇒ We are living longer, working longer, and providing more care to aging relatives. In fact, caregiving demands are hitting a critical mass. **26 million caregivers** provide care to older individuals are employed, simultaneously juggling work and caregiving responsibilities.
- ⇒ Health technology has advanced in ways we could never have imagined 50 years ago. Health conditions that previously would have resulted in death or an inability to work now often can be treated through medication, short-term therapies, and surgery, allowing individuals to get back to work within a matter of weeks.
- ⇒ People with serious illnesses and temporary disabilities now are able to stay in the workforce and are expected to support themselves through work. In fact, with the passage of the Americans with Disabilities Act, these individuals are empowered to work and contribute to the economy.
- ⇒ The above changes have led to increased levels of reported work-family conflict. Both men and women experience this tug, and the need for flexibility and paid time off goes beyond one type of family or one type of industry.

Our policies haven't caught up to the changes in how we work and live

- ⇒ Our country has a robust social insurance system that provides cash benefits in the case of life risks that leave individuals unable to earn income in the labor market.
 - These programs are so familiar that we hardly pause to think of them as social insurance programs—unemployment insurance, Social Security retirement benefits, Social Security's long-term disability benefits, and workers compensation for injuries and illnesses that are work-related.

- ⇒ But these programs were all built on an assumption that families only needed insurance against the loss of the male wage earner's income. There was no consideration, and limited updating of existing social insurance policies, to account for wage earners that were wearing the dual hat of earning wages and providing family care.

- ⇒ Yet these social insurance policies are remarkable in how easily they could be considered as models for what California, New Jersey and now Washington State are creating in the area of paid family leave.
 - Just as in the situation of paid family leave, our existing social insurance scheme recognizes that workers and their families will need insurance against planned events—such as retirement under the existing system and the birth or adoption of a child under the new systems, both times in which workers are vulnerable and susceptible to poverty. Our social insurance scheme also recognizes the need to have protection against unplanned events—such as unemployment, or certain forms of disability—just as the new insurance recognizes the need for insurance against loss of income due to caring for a sick or disabled family member or dealing with one's own serious illness.

- ⇒ Despite the fact that our social insurance system has not been updated to extend to today's risks of loss of labor market income from family and medical leave, our private sector policies have not adequately filled the gap.
 - Current access to short-term disability insurance, paid sick days or paid time off is extremely varied depending on employer

occupation, income, industry, gender, union membership and number of hours worked. For example, in 2010, only 18 percent of low-wage private sector workers had access to short-term disability benefits, compared to 59 percent of high-wage workers.

- There is also no private insurance market that has developed to help workers and families adequately insure against such risks.
- An absence of private policies or a private market call is one of the primary reasons social insurance develops, but the other reason is to pursue a societal purpose that wouldn't be achieved through the private market. Let me turn to those purposes now – the social and economic benefits of paid family leave.

Parental Leave Improves Health and Well-Being for Children and Their Caregivers

- ⇒ Numerous studies establish that a child's overall physical, cognitive and behavioral outcomes are better when his or her parents have sufficient time off work after birth or adoption of a child.
 - In addition, women who return to work after fewer than 6 weeks of leave are four times more likely than women who take more than 12 weeks of leave to fail to establish consistent breastfeeding patterns, and are more likely to breastfeed for shorter periods of time.
- ⇒ For women returning earlier to work than preferred is associated with greater amounts of stress and higher rates of depression. By contrast, taking 12 weeks of leave is associated with a significant decline in depressive symptoms among mothers.
- ⇒ Fathers and non-biological parents also benefit from time off to bond with their children. Evidence shows that fathers who take time off work of at least two weeks or more are more involved in the care of their children later, resulting in stronger, long-term father-child relationships.

Finally, taking a longer-term view, caring for children in their critical, early years represents a frontline investment in human capital, playing a key role in the development of the cognitive and social capacities that are crucial for later productive contributions in the workforce.

Medical Leave Improves Outcomes for Workers and Is Good for the Bottom Line

Without paid time off, individuals who are ill or injured may return to work before being fully recovered, thus making them susceptible to a relapse or recurrence, and potentially placing additional burdens on our health care system. When a job requires physical stamina or ability, individuals who return to work too early may put themselves or others in jeopardy.

Faster and more complete recovery associated with paid time off reduces the cost of foregone productivity. Employers may also benefit from reduced health care costs since employees will have time off to recover from an illness or injury instead of developing a long-term chronic problem.

Family Caregiving of Sick Relatives Has Positive Health Outcomes for the Care Recipient

The care provided by family members also has significant positive health benefits for care recipients.

Sick children who stay home generally need their parents to administer medicines, take them to the doctor, and monitor their health in case their conditions worsen. And hospitalized children are able to go home more quickly and suffer fewer complications when a parent is present during the hospital stay than when a parent is absent. The American Academy of Pediatrics credits “familycentered care” — care that includes the presence and participation of family members — for various improvements in health outcomes and more efficient allocation of medical resources. In addition, although moderate illnesses or injuries generally cause family stress, there is less familial stress when family members can stay home to care for individuals who are in need.

Business Outcomes

First, those employers who offer paid parental care benefits experience increased morale and decreased stress among their employees. Employee satisfaction, in turn, is associated with increased revenue growth and greater customer satisfaction.

Second, paid parental-care benefits are associated with increased employee retention, particularly among female workers. This reduced turnover helps businesses avoid the significant costs of replacing a lost worker. In addition to being more likely to return to the workforce in general, evidence shows women receiving paid parental leave are also more likely to return to the employer they worked at before taking time off, optimizes the human capital investment a particular employer has made.

⇒ In fact in evaluating California's program, researchers Eileen Appelbaum and Ruth Milkman found that PFL greatly increased the likelihood that workers would return to the same employer – 83% of workers who used PFL returned to the same employer compared to 74% who did not.

Conclusion

In closing, let me acknowledge the skepticism about adopting paid family and medical leave during a recession, and at a time when Washington State, like so many other states, is focused on the very real challenge of maintaining its existing commitments.

It is important to remember, however, that with or without paid family and medical leave, every day workers are taking time off from work to have babies, care for sick relatives, or recover from their own illnesses.

Without paid family and medical leave, workers and their families bear the brunt of these risks. Workers lose labor market income that they are relying upon as central to their family budgets. They may put their health or their child's health at risk in order to go back to work early so as not to forgo this income. And workers face the risk that their savings are not enough to account for an unplanned event—a baby with special needs, a spouse with terminal cancer, or a sudden heart attack. The result of these events are real economic burdens on families, but families are not the only ones hit by these

risks—employers lose valuable employees, and the economy loses income that was previously being reinvested in the community.

The question before Washington State is whether it is smart economic policy for families to be bearing all the risks associated with loss of labor market income due to necessary family and medical work absences, or whether it would be smarter economic policy to insure families against these risks and thus place less shock on families and on the economy as a whole.