



SENATE FINANCE COMMITTEE
PAID FAMILY LEAVE WORKING GROUP
MEMBER ROUNDTABLE

Testimony
Carrie Lukas
June 18, 2020

I'm Carrie Lukas, President of Independent Women's Forum. Thank you very much for including me on this important panel today. Independent Women's Forum is a nonprofit organization (501c3) dedicated to developing and advancing policies that aren't just well-intended, but actually enhance people's freedom, opportunities, and well-being.

Paid leave policies have long been a top priority for IWF, both as a matter of public policy as well as an issue that impacts all of us personally. IWF employs 24 full-time workers, many of whom are moms or family caregivers. I know firsthand the importance of leave policies both for workers and on an employers' bottomline. Like every employer, this spring, IWF faced employees with big challenges and the need for leave time in the aftermath of COVID-19. But leave is an issue that comes up regularly. In fact, I have two employees on maternity leave right now.

Americans overwhelmingly agree that it is important for workers to be able to stay home when they are sick and need to care for loved ones. The pandemic reminded us that we are tied together: Decisions made about whether to stay home don't just impact individual families and business, but have implications for communities and our health care system.

Yet the Coronavirus also showed us that we need workplaces that are flexible and innovative. Policies and benefits that are needed for some workers aren't necessary or appropriate for others. Sweeping government policies that dictate employee benefits can discourage the development of win-win relationships between employers and employees, and end up leaving workers with fewer options and opportunities, and ultimately worse off.

Undoubtedly, those who propose a lasting government paid leave mandate or entitlement program hope to help women and low-income workers, but experience shows that, in fact, it is women and low-income workers who end up paying the largest costs, in terms of lost opportunities and lost income, from these government mandates.

That's why, as we look forward, the top priorities should be to:

- Create an environment and economy that gives people the opportunity to find work opportunities that meet their unique needs. The Bureau of Labor Statistics most recent report estimated that **21 million Americans** are currently unemployed. Getting their jobs back so that they can continue to work and earn more, and not suffer from a permanent loss or decline in income, should be priority number one.
- Encourage employers to provide paid leave benefits voluntarily. Before COVID-19, employers were increasingly offering paid leave benefits to workers. We want to get this trend back on track.
- Support people who need it most—especially low-income workers who are least likely to have employer-based paid leave benefits and cannot afford to take unpaid time off of work.
- Make it easier for workers to prepare for time away from work, by facilitating savings and allowing people to bank comp-time.
- Develop new options so that people can receive support they have already earned, such as by frontloading tax credits or accessing a share of future retirement benefits, when they need to take time off from work.

Everyone agrees that workers need to be able to take time off from work when they are ill or need to take care of their loved ones. The question is how best to provide this support, without destroying true job flexibility and without taking away employment opportunities from women and lower-income workers?

We can find solutions by keeping these principles in mind. Thank you.

SUPPORTING INFORMATION

A Growing Number of Employers are Providing Paid Leave Voluntarily

- Over 90% of employers offer paid leave of some kind. **Source:** [SHRM's 2019 Employee Benefits Survey](#)
- As of 2019, 76% of all civilian workers (and 86% of all full-time workers) had access to paid sick leave benefits. **Source:** [Bureau of Labor Statistics](#)
- [In a poll of 113 large employers](#), 30% said they added new paid leave programs in 2019. Additionally, 24% said they plan to add programs in 2020. **Source:** [Business Group on Health](#)
- As of 2019, 43% of civilian part-time workers had access to paid sick benefits. **Source:** [Bureau of Labor Statistics](#). In 2009, just 28% had access to paid sick leave. **Source:** [Bureau of Labor Statistics](#)
- Since the passage of the Tax Cuts and Jobs Act of 2017, numerous companies expanded their benefit packages, including for hourly and lower-wage workers. This includes major employers such as [Walmart](#), [Lowes](#), [Starbucks](#), and [Target](#).

Government Paid Leave Mandates and Programs Would Leave Many Workers Worse Off

- Many workers—including union workers, public-sector workers, and millions of private sector workers—have paid leave benefits that are more generous than proposed government paid leave programs. Government programs tend to “crowd out” private programs: Employers that must comply with or pay into government programs eliminate their own programs, which makes many workers worse off.
 - At a [Congressional hearing on paid leave](#), a Deloitte representative testified that the company reduces the amount of paid leave it offers employees in states that have adopted paid leave programs.
 - [Research](#) shows that, with health insurance, the expansions of public benefits have a crowd-out rate of approximately 60%. That means for every dollar of new government spending on health insurance, companies reduce their own spending by 60 cents. The crowd-out rate with respect to paid leave benefits will likely be higher, as paid leave is viewed as a less significant benefit and lacks the same preferential tax treatment.

Government Paid Leave Programs Transfer Wealth from the Poor to the Rich—a Robin Hood in Reverse

- Rhode Island’s state paid leave program replaces only about **60%** of an individual’s wages. The result? Low-income workers are less-inclined to take paid leave (yet are still forced to fund it through a payroll tax). In **2017**, 42% of the workers paying into the program made less than \$20,000, but only 19% of beneficiaries were from this income group. **Sources:** [IWF](#); [National Partnership for Women and Families](#); [Rhode Island Department of Labor and Training](#)
- One study of California’s paid family and medical leave program concluded that “[a]lthough a large majority of the California workforce is eligible for [paid family leave], only a quarter of new mothers use the benefit,” and “[t]he median [leave] taker makes about \$10,000 more per year than the median of working California women.” Another found that “fewer than 4 percent of claimants had incomes in the lowest [income] bracket,” whereas “more than 20 percent of claimants had incomes in the highest bracket.” A survey of employed women in San Francisco found that while 79 percent of new moms with household incomes above \$97,000 received paid leave benefits from the government, only 36 percent of moms with household incomes under \$32,000 received such support. **Sources:** [Center for Policy Research](#); [California Senate Office of Research](#); [University of California at Berkeley](#)
- In Canada, two recent studies found that about 75 to 85 percent of mothers with household incomes above \$60,000 receive parental leave benefits from the government, whereas only about 45 percent of mothers with household incomes under \$30,000 receive such benefits. As one of the studies’ authors put it, “[w]hile all Canadian workers and employers . . . are contributing to parental leave benefits, some groups—notably low-income households—are consistently not receiving these benefits, thus indicating class discrimination in leave benefit policy as a systemic and structural inequality.” Similarly, economists studying Norway’s expansion of its paid parental leave entitlement program concluded that it amounted to a “pure leisure transfer to middle and upper income families . . . at the expense of some of the least well off in society.” They reiterated that their analysis “make[s] clear that paid parental leave has negative redistribution properties.” **Sources:** [Journal of Industrial Relations](#); [University of California](#)

Government Paid Leave Mandates Will Make It Harder for People to Find Jobs

- Government paid leave mandates, whether new payroll taxes or requirements that employers provide paid leave, make it more expensive and difficult for employers to hire workers. People may want and need paid leave benefits, but those who are out-of-work need jobs more.

- By imposing a one-size-fits-all policy, paid leave mandates also destroy flexibility for employers to adapt paid leave policies to the unique needs of their employees and their business.
 - Such policies tend to rule out, for example, various work-from-home arrangements or part-time solutions that are so important, especially for small businesses, in trying to find win-win paid leave solutions for employers and employees.
 - Women particularly do not want to be pushed back into a 9-to-5, all or nothing environment, in which they either have full-time traditional employment or no work at all. We need flexibility and paid leave mandates erode these options.

Government-Run Paid Leave Programs Did Not Appear to Slow Down COVID-19

- **Thirteen states** currently mandate paid sick leave, including New York, New Jersey, Connecticut, Massachusetts, Michigan, the District of Columbia, and Rhode Island. (New York's law takes **effect in 2021**, although New York City enacted its own law **in 2013**.) These states **represent** seven of the top ten states—and five of the top five—with the highest COVID-19 death totals per capita.
 - While comparisons between states should be drawn with caution, as the data is almost certainly affected by a number of confounding variables, these facts suggest that sick leave mandates are ineffective at preventing a pandemic.
 - While **some studies** suggest that mandates decrease incidence of a contagious illness by a small percentage, **others** have found that they are ineffective. The best that can be said, therefore, is that the research is conflicting and, regardless, the policy clearly is not a panacea.
 - One explanation for that failure may be that government paid leave programs tend to be slow to provide workers with income support. This means that they often fail in terms of encouraging sick people to stay home. For example, due to a backlog of applications, workers in Washington have to **wait up to 10 weeks** before they receive benefits. That's because over 30,000 people applied when the program was first implemented in January 2020, which was three times the number that was projected. **Source: NPR**

Our Goal: A Dynamic, Flexible Employment System that Provides Opportunity for All, with Government Aid and Intervention Focus on Those Who Need Help.

- Our first priority must be to restore America's economy and ensure that everyone who lost a job during COVID-19 finds employment again. This is also necessary to ensure

that there are resources there for those who need it during a crisis—whether that is a national crisis or a personal crisis.

- Create voluntary Earned Leave programs that help people save for emergencies and time off from work, and ways they can access support during a crisis.
 - Government leave programs should fill gaps, but not displace, existing benefit programs.
 - Policymakers could allow people to pull forward accrued Social Security benefits or tax credits.
 - They could explore expanding Unemployment Insurance or SSDI, or providing direct, income-tested financial support during a national emergency such as a pandemic, rather than creating a sweeping, ill-targeted, and job destroying government paid leave mandate.