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### **Committee on Labor and Public Employees**

Public Testimony of the Connecticut Women's Education and Legal Fund (CWEALF)

S.B. 1: *An Act Concerning Paid Family and Medical Leave*

H.B. 5003: *An Act Implementing a Paid Family and Medical Leave Program*

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The Connecticut Women's Education and Legal Fund (CWEALF) is a statewide, nonprofit organization that advocates for and empowers women and girls in Connecticut, especially those who are underserved or marginalized. For forty-five years, CWEALF is a leading advocate of policy solutions that enhance women's economic security and combat discrimination at work.

We urge the Committee to support S.B. 1: *An Act Concerning Paid Family and Medical Leave* and H.B. 5003: *An Act Implementing a Paid Family and Medical Leave Program*.

CWEALF leads the CT Campaign for Paid Family Leave with a Steering Committee of five other organizations: AARP-CT, Make the Road CT, Planned Parenthood of Southern New England, SEIU 32BJ and Working Families. Since 2012, the Campaign has advocated for the passage and implementation of a comprehensive system of paid family and medical leave.

Our coalition includes more than 75 organizations across Connecticut that represent a variety of interests: elder care, women's health, children's groups, special needs, labor unions, religious groups, low-income advocacy organizations, long-term illnesses and pediatrics. Approximately 100 small businesses are official supporters of the Campaign and a sensible wage replacement system that benefits both workers and employers.

CWEALF applauds the Committee, Senate and House leadership and the Governor and Lt. Governor for prioritizing paid family and medical leave legislation to address the needs of our state's families and workforce. Currently, both state and federal FMLA provide unpaid leave to eligible workers who have a serious medical condition, need to care for an ill or elderly family member, for the birth or adoption of a child, to serve as an organ or bone marrow donor, or to care for an injured member of the military.

While FMLA has provided job-protected leave to millions of workers since it was passed in the early 1990s, it is inaccessible to too many workers. Federal and state laws apply solely to larger companies of 50 or more employees and leave out approximately 40% of the workforce. In other words, forty percent of the current workforce risks their jobs if they become seriously ill, need to take care of an ill family member, or decide to grow their family.

Even among workers covered by FMLA, many choose not to take leave because they simply cannot afford to forgo consecutive paychecks. Currently, just 17% of workers have access to paid family and medical leave through their employers. Among low-wage workers, access to paid leave falls to just 6%.<sup>i</sup>

When a worker is seriously ill, caring for a loved one who is seriously ill or elderly, or attending to the needs of a newborn baby, the last worry on their mind should be missing a paycheck or falling behind on paying bills or medical expenses. Workers who take unpaid leave experience higher incidences of bankruptcy and reliance on public assistance, and risk economic devastation for their families. Research shows that new mothers with paid leave are 39% less likely to use public assistance, 40% less likely to need food stamps, and 54% more likely to experience a wage increase in the following year.<sup>ii</sup>

Contrary to the outdated rhetoric that pro-worker policies somehow harm businesses, national research demonstrates that paid family and medical leave boasts strong benefits for businesses and the broader economy.<sup>iii</sup> In recent years, several larger businesses, including Google, Hilton, Etsy and Microsoft, among others, expanded their parental leave policies. Deloitte now offers up to 16 weeks of fully paid leave for family care. The reason for this expansion is simple: paid family and medical leave benefits their bottom line.

Paid leave boosts productivity, attracts top-notch, young workers, lowers expensive turnover costs and fosters a greater attachment to the labor force. We have learned from other states that paid leave is a major “win” for business. In California, a state with a paid leave program for more than 10 years, almost 90% of businesses surveyed nearly fifteen years after the implementation of paid family leave reported that it had a neutral or positive impact on business.<sup>iv</sup> Research on the business impact of New Jersey and Rhode Island’s paid leave programs show similar results. In 2017, a poll by BLS Research & Consulting found that 77% of small business owners in Connecticut support paid leave legislation. When respondents learned more about the benefits of paid leave, support climbed to 82%.

Employees get sick, have babies, or take on the role of family caregiver, whether or not they have access to paid leave. Current solutions, whether they provide partial pay for as long as the employer can manage or offer some type of short-term disability, are admirable, but costly to small employers. A paid leave program as proposed in S.B. 1 and H.B. 5003 lifts the burden from the employers and shifts it to a system funded solely by small employee payroll contributions.

Senate Bill No. 1 and House Bill No. 5003 offer a common sense, business and employee friendly solution to ensure all workers in Connecticut have access to paid family and medical leave. Both bills will create a “real” paid family and medical leave program that:

1. Is publicly administered: S.B. 1 and H.B. 5003 will create a paid family and medical leave insurance program that is administered through the Connecticut Department of Labor. Public administration of a paid family and medical leave program mirrors best

practices from other states and ensures transparency of a program that should already exist as a human right.

2. Includes high wage replacement and job protection for all workers: Under S.B. 1 and H.B. 5003, all workers will contribute a very small percentage of weekly earnings to an insurance fund. Businesses will contribute \$0 into the program. Once eligible, workers will have access to up to 12 weeks of job protected paid leave and will receive 100% of their weekly earnings, up to a cap of \$1000/per week. Full wage replacement is critical to ensure that the program is accessible to low-wage workers, who cannot afford to miss any portion of their paychecks.

When taking paid leave, it's also critical that workers have the peace of mind that they will return to their jobs when they return to work. Job protection is a critical component to ensure that workers will utilize paid leave and will not risk any part of their financial or occupational security while doing so.

3. Covers family and medical leave: S.B. 1 and H.B. 5003 includes the ability to take paid leave for family caregiving and medical reasons. Currently, the majority of FMLA claims are for a worker's own personal illness. Coverage of both family and medical leave will encourage men to take paid leave to care for their families to further equalize and caregiving responsibilities among men and women and normalize male caregiving in the workplace.
4. Expands FMLA's definition of family: The Campaign for Paid Family Leave strongly supports S.B. 1 and H.B. 5003's expansion of FMLA's definition of family member to include siblings, grandparents, grandchildren, children over the age of 18, and any other individual related by blood or whose close association with the employee is the equivalent of a family relationship. Due to cultural, economic, and social forces, the overwhelming majority of households today depart from the "nuclear family" model of a married husband, wife, and their children. This language mirrors paid family and medical leave legislation recently passed in New Jersey and paid sick leave ordinances in several municipalities across the country. The federal government has also used a similar definition in providing paid sick leave for federal contractors for decades.
5. Is portable to the employee and is based on earnings: To be eligible to take paid family and medical leave under S.B. 1 and H.B. 5003, a worker must earn \$2325 in one of the previous five calendar quarters. This standard is based on a part-time worker who earns about \$10/hour. Earnings may be with one or multiple employers and are not tied to the number of hours worked for one employer. This makes the program accessible to employees who juggle multiple jobs.

In 2016, a report ordered by the General Assembly determined through an actuarial and financial feasibility study that the proposed system in S.B. 1 and H.B. 5003 is self-sustaining and does not require yearly funding from the state to operate or distribute compensation. The total cost of compensation for requested leave and administration of the program is sustained by the recommended contribution of 0.5% (1/2 of one percent) of an employee's

earnings. This also mirrors legislation that has passed since the report's release in Washington State and Massachusetts, the first states to pass paid family and medical leave without a pre-existing Temporary Disability Insurance (TDI) program.

Access to paid family and medical leave should not depend on what state a worker lives in, where they work or who they work for. As a state, we must escape the false notion that policies such as paid family and medical leave that support workers do so at a cost to businesses. We must invest in policies that prioritize the physical, emotional and financial well-being of our workforce, with the knowledge that this, in turn, will lead to economic prosperity and a competitive state economy.

Connecticut is now entirely surrounded by states with paid family and medical leave programs. Rhode Island and New Jersey already implemented and currently administer successful paid leave programs. New York passed paid leave in 2016 and Massachusetts passed legislation in July 2018. Vermont, New Hampshire and Maine are also taking steps to pass paid family and medical leave.

In 2015, a Harvard Business Review study found that nearly 40% of millennials would move, not only to another state, but another country for better parental leave benefits.<sup>v</sup> We must act now to recruit and retain skilled workers and young people in our state.

The time is now for Connecticut to pass paid family and medical leave to attract a young workforce, remain competitive in our region, and support workers who need to take time off from work to care for their families, recover from an illness, or welcome a new baby. Workers simply cannot wait any longer. Thank you for your consideration.

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<sup>i</sup> Pew Research Center. Access to paid family leave varies widely across employers, industries. Retrieved from: <http://www.pewresearch.org/fact-tank/2017/03/23/access-to-paid-family-leave-varies-widely-across-employers-industries/>.

<sup>ii</sup> Houser, Linda and Vartanian, Thomas P., "Pay Matters: The Positive Economic Impacts of Paid Family Leave for Families, Businesses, and the Public," Rutgers Center for Women and Work, January 2012.

<sup>iii</sup> Applebaum, Eileen and Milkman, Ruth, "Leaves that Pay: Employer and Worker Experiences With Paid Family Leave in California," Rutgers Center for Women and Work, January 2011.

<sup>iv</sup> See note 3.

<sup>v</sup> Harvard Business Review. Millennials say they'll relocate for work-life flexibility. May 7, 2015. Retrieved from: <https://hbr.org/2015/05/millennials-say-theyll-relocate-for-work-life-flexibility>