The FMLA & Infant Care Leave: Next Steps?

Susan Muenchow
Christopher Ruhm

Risks to Future

- Parents & babies need time to get to know each other
  - Parents to read baby’s cues/expressions of need
  - Babies to learn that care is forthcoming & predictable
  - **Short-changing that time together may undermine:**
    - Parent-child attachment
    - The child’s formation of basic trust
    - The child’s ability to learn, exercise self-control, & form positive relationships from then on
20 Years After Enactment

- The FMLA has expanded access to job-protected, unpaid leave for infant care
  - Mothers covered take from 2 to 6 more weeks leave
  - Fathers take 2 more days off than they did in past

- Strengthened ties of best educated, highest trained mothers to workforce
  - ¾ of new mothers with BA or higher back at work within 5 months
  - 80% to pre-birth employer
  - Most employers say no adverse effects
BUT…

- Many workers still not covered by FMLA:
  - Only 3 in 5 workers eligible
- Women in particular left out
  - Less than 1/3 of mothers employed for 1 year qualify
- Many eligible cannot afford to take unpaid leave
  - ½ who did not take needed leave said could not afford loss of pay
  - Low-income, lower-educated less likely to take leave
Unequal Access to Paid Leave

- Only California & New Jersey currently offer part-paid family leave
  - Washington enacted in 2009 but still being implemented

- Access to paid leave in the private sector varies greatly based on where one works
  - Only 22% get paid maternity leave
  - “Paid leave” most often means accrued sick or vacation leave
# State Leave Rights Beyond FMLA

## Expanded rights to unpaid leave

<table>
<thead>
<tr>
<th>State</th>
<th>Smaller firms</th>
<th>Shorter tenure</th>
<th>Fewer work hours</th>
<th>Longer leaves</th>
<th>Temporary disability insurance</th>
<th>Paid leave</th>
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Paid Leave Available to Mothers*

* Leaves to mothers include time that can be taken by either parent
Result: Not Much Time for Baby

- **New mothers in the U.S. return to work quickly**
  - 40 percent within 3 months, as compared to only 7 percent in the U.K.

- **Less educated, lower paid moms much more apt to return within 2 months**
  - Half of first-time moms with no more than high school education
  - One-third of those with BA degrees

- **Today’s dads more likely than their fathers to take leave, but few manage more than a week**
Impact on Parents

- Inadequate time for physical recovery from delivery
  - 1 in 3 deliveries now by C-section

- Postpartum depression
  - “Baby blues”
  - 10-20% more serious

- Sleep disruption for both parents
Risks to Child Health

- Fewer babies breast-fed
  - Pediatricians recommend 6 months
  - Only 16% of babies in the U.S. get that

- Fewer get well-baby visits & immunizations

- Opportunity lost to reduce post-neonatal mortality
  - Cross-national studies link a 10-week extension of paid leave to nearly a 5% reduction in death rate between 28 days & 1 year of life
Risks to Child Development

- Fewer developmental disabilities detected & treated early
- Reduced opportunity to influence brain development
- Pressure to place infants in early non-parental care
Paid leaves of 6 months to a year affect job continuity & employment positively

Lengthy leave entitlements may reduce women’s wages & limit their advancement

Leave policy costs relatively low
• 0.1 percent to 0.2 percent of GDP in 7 western European nations
Estimated Costs of Paid Leave in the U.S.

- Claims for California’s part-paid (55%) leave cost less than predicted
  - $41 per year per employee
  - Expanded nationally, roughly $4.7 billion for a 6-week leave or $9.4 billion for a 12-week leave

- For leave policy at low end of the European range, 0.1 percent of U.S. GDP, about $14.5 billion in 2010
Estimated Return on Investment at Different Ages

- Early Intervention Programs
- Quality Preschool Programs
- Job Training/Compensatory Etc.

Birth to 3 years  4-5 years  School Age  Post-school
Potential Savings

- Up to $13 billion in reduced expenditures for infectious disease
- Employer savings on hiring & re-training, estimated at 1.5 times a departing professional’s salary
- Reductions in:
  - $50 billion spent annually on special education
  - $14 billion spent on compensatory education
  - State & federal expenditures for cash assistance & unemployment insurance
Why Mandate Rights to Paid Leave?

- “External” costs and benefits
  - Health of mother and child
  - School Readiness & other child outcomes

- Employers voluntarily providing leave may attract disproportionate number of workers who will use it
Framework for Our Proposal

- Still less generous than those in most other industrialized nations
- Consistent with areas of strongest international consensus on what is needed to protect child development & enhance labor market outcomes
- Designed to minimize financial & administrative burden on employers
- Gender-neutral where feasible
- Build on existing structures & policy
Duration of Recommended Leave Package

- 14 weeks of job-protected paid leave
  - 2 “bonus” weeks if both parents use at least some leave

- Added to 12 weeks of job-protected unpaid (FMLA) leave
# Recommended Leave Package

<table>
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<tr>
<th>Eligible Worker</th>
<th>Paid, Job-Protected Leave</th>
<th>Unpaid, Job-Protected Leave</th>
<th>Total Paid and Unpaid, Job-Protected Leave</th>
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<tbody>
<tr>
<td>Parent A (typically mother)</td>
<td>Maximum of 14 weeks</td>
<td>12 weeks</td>
<td>26 weeks (14 weeks paid plus 12 weeks unpaid)</td>
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<tr>
<td>Parent B (typically father or domestic partner)</td>
<td>Portion of above or 2 additional &quot;bonus&quot; weeks if Parent B claims at least 2 weeks</td>
<td>12 weeks</td>
<td>14 weeks (2 paid bonus weeks plus additional 12 unpaid)</td>
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<td>Family total</td>
<td>14-16 weeks</td>
<td>12-24 weeks, depending on extent to which both parents claim unpaid leave</td>
<td>40 weeks, depending on extent to which both parents claim unpaid leave</td>
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Wage Replacement Rate

- 55 percent of weekly earnings (precedents: California and Canada)
- Up to Social Security taxable wage base ($113,700 in 2013)
- Paid Leave Benefits are taxable
Other Provisions

- **Prior Work History:**
  - At least 1000 hours in previous 12 months

- **Business Size:**
  - No minimum employer size for paid leave
  - Reduce minimum employer size for job-protected leave from FMLA-requirement of 50 employees to 25

- **Administration: Through Social Security Administration**
  - Infrastructure already exists

- **Financing: General revenues and/or payroll taxes**
Contact Information

Susan Muenchow, Principal Researcher, American Institutes for Research
smuenchow@air.org

Christopher Ruhm, Professor of Public Policy and Economics, Frank Batten School of Leadership and Public Policy, University of Virginia
ruhm@virginia.edu