

The Need for

UNIVERSAL PAID FAMILY & MEDICAL LEAVE



parental
leave



personal
medical
leave



family
medical
leave

COUNCILMEMBER



M. LORENA GONZÁLEZ



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The Need for a Universal Paid Family & Medical Leave Program

We can significantly change social and economic outcomes in the City of Seattle by implementing a paid family and medical leave program for all Seattle employees.

Current laws and policies addressing medical and parental leave for private sector employees are inequitable and fail to meet even the basic needs of workers who are experiencing a major life event. Existing state and federal laws protect the jobs of some employees who have a new child or experience a serious family medical event; however, the Washington State Family Leave Act (FLA) and federal Family Medical Leave Act (FMLA) only provide workers with 12 weeks of *unpaid* leave and only apply to people who work for employers with at least 50 employees.¹

Not only does this small-employer exemption result in limited access to the benefit, but many workers who have access do not utilize unpaid leave benefits because they cannot afford the lost income.² The result, in practice, is that family and medical leave benefits are not realistically available to low- and mid-wage earners, causing further inequity in the workforce and in our society.

Because existing policies fail to meet the needs of working families, the City of Seattle is exploring the

development of a Universal Paid Family and Medical Leave program for all Seattle employees. Research demonstrates that the following outcomes are associated with access to paid family and medical leave:

- **A reduction in the gender pay gap**, increased female participation in the workforce and improvement in maternal economic outcomes, especially for low- and mid-wage earners and women of color³
- **Improvement in social, educational and health outcomes for children, especially among vulnerable populations** – children of parents who utilize paid family leave experience a reduction in infant mortality, an improvement in social abilities and an increase in graduation rates⁴
- **More economic security for families** and a decreased reliance on public assistance and food stamps⁵
- **Increased competitiveness for Seattle's businesses** which will attract and retain more talented and dedicated workers by offering a meaningful benefit at an affordable cost to employers⁶
- **A stronger local economy** with a healthier and more stable workforce⁷

Background

The United States is the only country in the developed world without legally-mandated paid parental leave.⁸ Nationally, only 14% of families have access to paid parental leave benefits through their employers.⁹ Additionally, this inequity impacts women and people

of color the most. Women in the United States earn on average 82¢ for each dollar a man earns for the same work.¹⁰ This number is even lower for women of color, who have disproportionately less access to paid leave benefits.¹¹

What Must Be Done

The implementation of a Universal Paid Family and Medical Leave program would allow all workers to access it equitably and minimize the financial impact on employers. By pooling resources with a shared funding model, businesses and employers of any size could offer their employees an important benefit at a vastly reduced cost.

This benefit has been shown to increase employee retention and morale and would make Seattle's

businesses more competitive in the hiring market. Indeed, in places where paid family leave programs have been implemented, businesses have thrived. In California, which implemented the nation's first statewide paid family leave program in 2004, 90% of businesses reported either neutral or positive impacts from the program.¹² In a recent survey of Seattle's employers, a majority of businesses (56%) favored the implementation of a Universal Paid Family and Medical Leave program.¹³

How Does It Work?

Paid family and medical leave works like an insurance benefit, similar to the state's workers' compensation and unemployment insurance programs:

- Employers and employees pay premiums into a fund** whose sole purpose is for paid family and medical leave claims.
- When an employee experiences a qualifying event, the employee is eligible to receive wage replacement benefits and be given job security while on leave for a determined period of time.

Covered Events

Three categories of major life events are covered:



Parental Leave: for the birth, adoption or fostering of a new child;



Family Medical Leave: to care for a family member who is seriously ill or injured; and



Personal Medical Leave: for workers who experience a critical injury or illness.**

Popular and Proven







States and cities are leading the charge on paid family and medical leave around the nation with more jurisdictions proposing and implementing programs than ever before. Four states (California, New Jersey, Rhode Island and New York) and two cities (San Francisco and Washington D.C.) have already passed or implemented paid family and medical leave programs. Seattle or Washington State could be next.

Washington State Democratic legislators have proposed a bill (HR 1116/SB 5032) to create a statewide program. The City of Seattle has dedicated lobbying resources towards advocating for a statewide solution for all working families. It is the City of Seattle's sincere hope that the State Legislature will finally adopt a common-sense approach to a well-known need. Should the state fail to act, the City of Seattle would consider a Universal Paid Family and Medical Leave program that incorporates the policies modeled on the following page:

Paid Leave Programs Across the Nation

	California (2004)	San Francisco (2016)	New Jersey (2009)	Rhode Island (2014)	New York (2018)	Washington D.C. (2018)
Maximum Length of Paid Leave	6 weeks	6 weeks	6 weeks	4 weeks	12 weeks	8 weeks
Employee Eligibility Required?	Yes	Yes	Yes	Yes	Yes	Yes
Funding Source	Employee Paid Premium	Employer Mandate	Joint Employer & Employee	Employee Paid Premium	Joint Employer & Employee	Employer Payroll Tax

A Proposed Policy Model for Seattle*

Issue	Proposal	Explanation
Covered Events	 The birth, adoption or foster-care placement of a new child	
	 A serious health condition affecting a family member (child, spouse, parent, grandparent, grandchild or sibling)	
	 An employee's own serious health condition	
	Military exigency	
Length of Paid Leave	26 weeks of family leave  	Employees receive 26 weeks of paid family leave to bond with a new child or care for a seriously ill family member
	12 weeks of medical leave 	Employees receive 12 weeks of paid medical leave in the event of a serious personal illness
Wage Replacement Rate	Employees receive 100% replacement of their wages with a maximum benefit of \$1,000 per week	
Eligibility	Employees who have worked at least 340 hours in covered employment can receive the benefit	
Required Employers	All employers in Seattle, regardless of size	
Funding Mechanism	Premiums are collected through an employer payroll premium and an employee payroll deduction	Premiums are put into a public trust fund which is self-sustaining and used to fulfill an employee's wage replacement claim for a qualifying event
Premiums	Employer contributions = 70% of total funding	
	Employee contributions = 30% of total funding	
Integration with FMLA	Wage replacement benefits and job protection run concurrent with FMLA requirements	An employer may not require an individual to exhaust accrued paid leave benefits
Implementation Timeline	Complete development of implementation framework and administration: December 31, 2018	It will take several months for the City to establish the structures and rules by which the program will be administered
	Begin collecting premiums: Jan 1, 2019 Benefit available to workers: Jan 1, 2020	12-month accrual period to allow the fund to grow to a sustainable size
Self-Employed Option	A self-employed person or independent contractor may opt-in to the program and receive benefits	These individuals must elect coverage and contribute premiums to the fund for a minimum period of time

Examples

Below are some illustrations of the high-level benefits of the proposed policy along with a scenario detailing how people with varying incomes would have their wages replaced.



Parental Leave
Up To 26 Weeks



Personal Medical Leave
Up To 12 Weeks



Family Medical Leave
Up To 26 Weeks

Sample Benefits for Employees with Different Incomes

Benefits vary based on income. If four employees, all with different salaries, took 26 weeks to welcome a new child into their family, each would receive the following compensation:

	Annual Salary	% of Wages Replaced	Total Benefit After 26 Weeks
\$	\$30,000	100%	\$15,000
\$\$	\$50,000	100%	\$25,000
\$\$\$	\$70,000	74%	\$26,000
\$\$\$\$	\$90,000	58%	\$26,000

Endnotes

* The statements and figures in this proposal are modeled in part from a paid family and medical leave bill under consideration in the Washington State legislature (HR 1116/SB 5032). The City is conducting its own analysis which will potentially alter the proposals outlined in this document.

** How the fund would be administered and separated from the City's other financial accounts and obligations will be developed in the future, keeping in mind the City's financial policies and responsibilities to its taxpayers. The program, including its administration and enforcement, is intended to be self-supporting.

*** Medical leave is distinct from paid sick and safe time laws and is reserved only for instances of severe illness as defined in the FMLA and Washington State FLA.

¹ <http://ini.wa.gov/WorkplaceRights/LeaveBenefits/FamilyCare/LawsPolicies/FamilyLeave/default.asp>

² Paid Parental Leave in the United States: What the Data Tell Us about Access, Usage, and Economic and Health Benefits, by Gault, Barbara, et al. US Dept. of Labor/Institute for Women's Policy Research (2014), pages 22-23

³ Paid Parental Leave in the United States: What the Data Tell Us about Access, Usage, and Economic and Health Benefits, by Gault, Barbara, et al. US Dept. of Labor/Institute for Women's Policy Research (2014), page 8

⁴ Paid Parental Leave in the United States: What the Data Tell Us about Access, Usage, and Economic and Health Benefits, by Gault, Barbara, et al. US Dept. of Labor/Institute for Women's Policy Research (2014), pages 13-14

⁵ Pay matters: The positive impact of paid family leave for families, businesses and the public, by Houser, L. & Vartanian, T.P., Center for Women and Work, Rutgers, The State University of New Jersey (2012), page 9

⁶ Paid Parental Leave in the United States: What the Data Tell Us about Access, Usage, and Economic and Health Benefits, by Gault, Barbara, et al. US Dept. of Labor/Institute for Women's Policy Research (2014), page 7

⁷ Paid Parental Leave in the United States: What the Data Tell Us about Access, Usage, and Economic and Health Benefits, by Gault, Barbara, et al. US Dept. of Labor/Institute for Women's Policy Research (2014), page 12

⁸ The effects of California's paid family leave program on mothers' leave-taking and subsequent labor market outcomes, by Rossin-Slater, M., et al. Journal of Policy Analysis and Management (2013), page 2

⁹ <http://www.nationalpartnership.org/issues/work-family/paid-leave.html>

¹⁰ <https://www.bls.gov/cps/cpsaat39.htm>

¹¹ http://nwlc.org/wp-content/uploads/2015/08/closing_the_wage_gap_is_crucial_for_woc_and_their_families_2015.pdf

¹² Leaves that pay: Employer and worker experiences with paid family leave in California by Appelbaum E. & Milkman, R. Washington, DC: Center for Economic and Policy Research (2011), page 4

¹³ Patinkin Research Strategies survey of Seattle Employers (2017)

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