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Testimony before the Labor Committee Concerning S.B. 1, An Act Concerning Paid Family Leave

Gwen Pastor, Policy Analyst, Connecticut Association for Human Services, February 16, 2017

Good afternoon, Senator Gomes, Senator Miner, Representative Porter, and members of the Labor and Public Employees Committee.

My name is Gwen Pastor, and I am the Policy Analyst at the Connecticut Association for Human Services (CAHS). CAHS is a statewide nonprofit agency that works to reduce poverty and promote economic success through both policy and program initiatives.

I am here to express our support for S.B. 1, a bill that would create a paid family and medical leave system in Connecticut. This legislation would create a public insurance system, paid with employee contributions, creating a new program that will protect children and families in the state.

The United States is unique, as it is the only developed nation that currently does not offer paid family¹ and medical leave to its citizens as a right. As a result, it is treated as an employer benefit, and it is almost solely dependent on workplace policies. This leads to considerable disparities, as access to paid family and medical leave is highly dependent on the kind of job, industry, and employee qualifications. This results in a fragmented system, where qualified, well-paid workers are more likely to be protected.

According to a 2014 report by the Council of Economic Advisers,² employees with a Bachelor's degree are twice as likely to have access to any kind of paid leave compared to workers with less than high school education: 72% of college graduates have access to paid leave, compared to 35% for those with less than a high school education. Weekly earnings also show a similar pattern, with half of low-income workers (weekly earnings below \$540) receiving paid leave, compared to 83% for those making more than \$1,230 a week.

The numbers are even lower if we focus solely on paid family leave, covering leaves for maternity, paternity, or to take care of family members. According to the National Compensation Survey³ for private industry workers, only 12% of employees have access to paid family leave specifically to care for a family member, including maternity and paternity leave. Large employers are close to three times more likely than small business (22%, compared to 8%) to offer this benefit.

¹ <http://www.bloombergview.com/quicktake/family-leave>

² https://www.whitehouse.gov/sites/default/files/docs/leave_report_final.pdf

³ <http://www.bls.gov/ncs/ebs/benefits/2015/ownership/private/table32a.pdf>

Although access to unpaid leave is more widespread (77% of employees nation-wide are eligible, compared to 59% for paid leave), the reality is that many workers cannot afford to use it. Fewer than 40% of working parents that are eligible for unpaid family and medical leave have the savings or resources to use this benefit. Hispanic families are particularly vulnerable, as only 25% state that they can afford to take days off to take care of their children.⁴

Racial disparities extend to paid leave. More than 60% of white workers 18 and older have access to paid sick days, compared to 38% for Hispanics. Only 25% of Hispanic workers have paid parental leave, compared to close to 50% for whites.⁵

Latinos least likely to have access to paid sick days or paid parental leave
Percentage of workers age 18 and older with access to paid leave by race and ethnicity, 2011

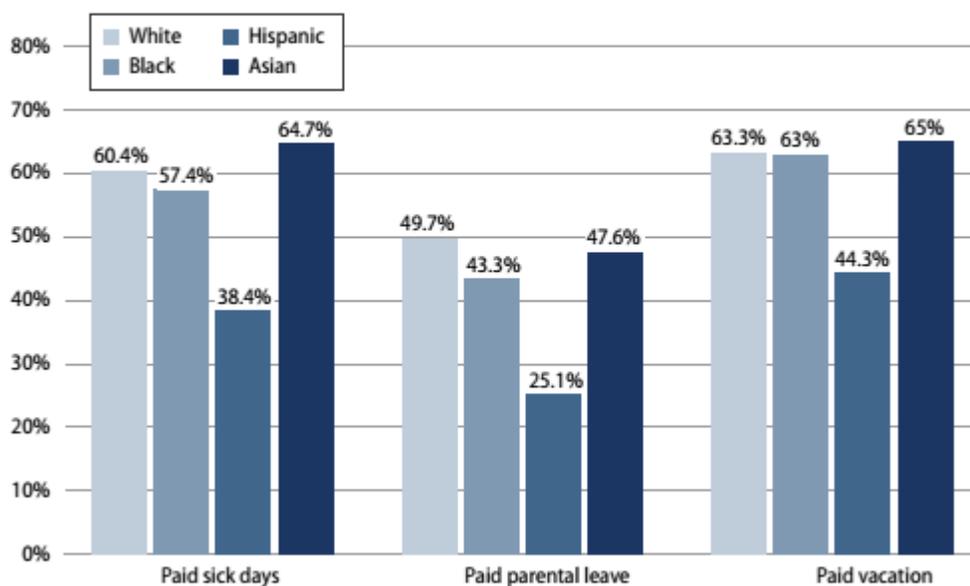


Figure 1: Source: Glynn and Farell, 2012 – see note 5

The present bill will enable Connecticut to dramatically close these gaps by creating an employee-funded, almost universal public insurance program. The system would be administered by an independent Family and Medical Leave Compensation Trust Fund, with payroll contributions directly deducted from employees’ paychecks. The framework contained in the legislation follows an extensive report by the Institute for Women’s Policy Research⁶ commissioned by the General Assembly, and is based on sound actuarial analysis of Connecticut’s labor force. The system, as established in this bill, would be financially sound and provide a crucial security net that would grant families a degree of financial security that they lack today.

The legislation is likely to have minor startup costs to set up the trust fund and create its administrative structure, but the fund could repay the initial expenses once it starts collecting employee contributions.

⁴ <http://www.diversitydatakids.org/files/Library/policy/FMLA%20Unequal%20Family%20Leave.pdf>

⁵ <https://cdn.americanprogress.org/wp-content/uploads/2012/11/GlynnLatinosPaidLeave1.pdf>

⁶ <https://www.ctdol.state.ct.us/FMLI%20report%20for%20CT.pdf>

Costs for business will be minimal, besides updating their payroll systems. Payment and administration of benefits will be handled by the state agency. The experience in other states backs this assertion. A survey of 253 employers affected by California's paid family leave initiative found that the vast majority – over ninety percent – reported no noticeable or a positive effect on profitability, turnover, and morale.⁷ Paid family leave decreases the probability of women quitting their jobs after having a child⁸ (potentially increasing labor force participation rates⁹), and has a significant positive effect in employee retention, productivity and morale¹⁰. The reduction of costs associated with lower employee turnover can more than offset any associated cost, and help Connecticut attract a qualified labor force.

The question, in this case, is not if Connecticut can afford to have paid family and medical leave, but if we can afford not to. Passing this bill will provide a sorely needed benefit to those workers that need it the most, provide a solid support for parents that want to form a family, improve the financial stability of those affected by family illness, allow small businesses to better compete and attract qualified workers by providing comparable benefits to larger companies, and strengthen our workforce by making it more productive and reducing staff turnover.

The experience of the three states that have implemented this policy (California, New Jersey and Rhode Island) is clear: far from increasing expenses and hurting business, it makes them more competitive, at no cost to the state.¹¹ It is time for Connecticut to take a step forward, and adopt paid family leave.

⁷ <http://cepr.net/documents/publications/paid-family-leave-1-2011.pdf>

⁸ Rossin-Slater, Maya, Christopher J. Ruhm, and Jane Waldfogel. 2011. "The Effects of California's Paid Family Leave Program on Mothers' LeaveTaking and Subsequent Labor Market Outcomes." *Journal of Policy Analysis and Management* 32, no.2: 224- 245.

⁹ International Labour Organisation (ILO). 2014. "Maternity and Paternity at Work: Law and Practice across the World." (http://www.ilo.org/wcmsp5/groups/public/---dgreports/--dcomm/documents/publication/wcms_242615.pdf)

¹⁰ Williams, Joan. 2001. *Unbending Gender: Why Work and Family Conflict and What to Do About It*. Oxford University Press

¹¹ <http://fortune.com/2015/02/05/paid-parental-leave-costs/>