



Smart policies for today's families.

**Testimony before the House Committee on Early Childhood and Family Supports
in support of House Bill 3087: the Family & Medical Leave Insurance (FAMLI) Act**

March 23, 2017

Chair Lively and Members of the Committee:

My name is Andrea Paluso, and I am the Executive Director of Family Forward Oregon and a representative of the Time for Oregon coalition — a diverse group of community organizations, labor unions, small businesses, racial justice organizations, public health entities, and advocates for women, seniors and children — working together to create a paid family and medical leave program in Oregon.

First, I'd like to start by saying that caregiving matters. It is the work upon which the rest of our economy is built — even though it often done invisibly and with little to no compensation or recognition. Caregiving is important to raising the next generation, to helping our elders age with dignity, to reducing healthcare costs, to improving childhood outcomes, to building vibrant communities, and the list goes on and on.

Having our loved ones able to be there for us is critical when we need care. Being with our loved ones when they need care is something we all value. We all know this, and it's time to create the legal and financial supports that make this possible — for all our families.

Whether it's the birth of a child, the serious illness of a spouse, or the end-of-life for a parent — we all need time to care for our families, or to be cared for by a loved one. And providing care to a loved one shouldn't mean compromising our economic security.

Right now, only 14% of American workers have access to paid family & medical leave through their job, and only 40% of American workers have access to a short-term disability policy at work.¹ The federal Family & Medical Leave Act (FMLA) and the Oregon Family Leave Act (OFLA) took important first steps by creating standards for providing unpaid, job-protection to deal with these critical life events, but these protections have not been extended to everyone. Currently, 40% of American workers lack even job-protected but unpaid leave from work because of gaps in coverage under the Family and Medical Leave Act (FMLA).² The same is true for Oregon workers under the Oregon Family Leave Act (OFLA).

¹ <https://www.bls.gov/ncs/ebs/benefits/2014/ebbl0055.pdf>

² Ibid.

Additionally, many people who qualify for unpaid leave report it is essentially inaccessible to them because they cannot go without an income in order to make use of the time.

This means:

- In this country, a quarter of new mothers are going back to work within 2 weeks of having a baby. They've barely recovered from childbirth, much less had sufficient time to bond with their new baby and adjust to parenthood.³
- Many people are living without a break from work so they can bank their sick time and vacation (if they have any to bank at all), and exhausting it in order to have any paid time off when a new child is born.
- Many families are going into debt or spending down their whole savings or retirement accounts to cover unpaid time away from work during critical life events. Many also needing government assistance to make it through or facing bankruptcy.
- People (especially women) quit their jobs, knowing the long-term financial consequences will be devastating, because they refuse to abandon a family member who needs care.
- People are going back to work when they have not recovered from a serious illness or injury, leading to greater health problems down the road.

And the list goes on. Families are finding heroic ways to fill the gap created by our lack of paid family and medical leave — but at great expense to their health and finances. And it doesn't need to be this way.

Nearly every other country in the world has figured out how to make sure new mothers have time off. Yet in the U.S., mothers aren't even guaranteed a single paid day off to have a baby, much less recover and bond. Most other wealthy nations have figured out how to ensure all new parents, including fathers, have time to care for a new child, and that everyone has paid time to recover from serious illness or care for other family members with serious health issues. It's time for us to do so, too.

Because nearly every other country has tested various models for doing this — and because a similar insurance model already exists in four states — we already know a lot about what works. We have seen the data to show that these programs create a win-win for employees and employers. Data supporting the positive and economy-wide benefits that a program like this creates.

A statewide paid family and medical leave insurance program will operate much like other social insurance programs, including Unemployment Insurance, Social Security or Workers Compensation. Employers and employees would make contributions to a pooled state fund, contributions that will be capped at half of one percent of payroll. The fund, which is designed to be self-sustaining and to cover its own startup and ongoing administrative costs, will be administered by the Department of Consumer and Business Services, with support from the Department of Revenue, the Employment Department, and the Bureau of Labor and Industries. It is important to note that we do have technical amendments coming and look forward to a more in-depth discussion about the program details once that amendment is before us.

³ <http://inthesetimes.com/article/18151/the-real-war-on-families>

Every employer and employee in Oregon would be covered by this program - regardless of the number of hours an employee works each week, the size of the employer, or the type of work they do. This includes elective coverage for those who are self-employed. For us, the universality of this program is a critical equity principle. One that acknowledges that most of us will have a child, experience an illness, or lose a loved one. These life experiences are universal. Ensuring that we all have access to this program reduces stigma for needing and using this time, it reduces the experience of on-the-job discrimination faced by caregivers, it protects those of us with the least economic security who are often working in sectors that have historically been excluded from even basic labor protections.

Additionally, every type of family is covered by this bill. Oregon's families are beautiful in their diversity, they are two-parent, one-parent, blended, multigenerational. Some are related by blood, others are chosen families. Whatever their configuration, every family needs recognition and protection. This bill ensures that.

When an employee has a qualifying reason for leave, including: welcoming a new child into their family, time to recover from a serious illness or injury, time to care for a seriously ill family member, to care for a service member as their next of kin, or to take military family leave — they will apply for wage replacement directly from the state fund.

This is important because an employer is no longer involved in verifying medical necessity, or having to decide what amount of leave an employee needs, or in paying them during their leave (unless they choose to augment what the state insurance benefit provides. The employer is simply responsible for: 1) using the same combined payroll reporting system they currently use to ensure premiums are paid, 2) restoring an employee to their job without penalizing or discriminating against an employee for using time they have earned, and 3) posting in accordance with the notice requirements in this bill. Beyond that, the administration of this benefit happens between the employee who needs leave and the state program.

This also means that, even though the employee can receive wage replacement during their leave, their employer is not the one paying them, allowing the employer to use wages they may have otherwise paid to the person on leave to pay a replacement employee if one is needed.

Someone who needs paid family or medical leave could qualify for up to 12 weeks a year — based on medical necessity — to manage their own health condition or to care for a seriously ill family member. When a parent welcomes a new child, they could add an additional 6 weeks of leave, for up to 18 weeks total.

In this bill, employee wage replacement would be tied to Oregon's Average Weekly Wage (AWW), a figure calculated each year by the Employment Department. An employee making less than Oregon's Average Weekly Wage would receive 90 percent wage replacement. Those making over AWW would receive 90% of the AWW plus 50% of their remaining wages up to what will be a cap of \$1200/week in the amendment currently being drafted

This is important because it ensures that those who are struggling most to get by, who are least likely to be able to save for this much time away from work on their own, and who are least likely to have paid leave through their job, are receiving the kind of wage replacement they need to be able to truly access this program when they need it.

There are a couple of common misconceptions that you may hear about how these programs work in other states. First, it should be noted that paid family leave and temporary disability insurance (or medical leave) are co-managed but function slightly differently in the four other states with both these programs. This bill creates one program - paid family **and** medical leave together - a solution that we believe works better for Oregon. But, to truly understand how paid family leave and medical leave work in other states, you must look at the laws and rules around each of these programs.

First, most other states provide more leave than this bill contemplates for personal medical issues. In New Jersey, an employee can qualify for up to 26 weeks of leave because of their own medical condition. In California, an employee can qualify for up to 52 weeks for those reasons. A new mother may qualify in either place for disability leave to recover from childbirth and an additional 6 weeks of family leave for bonding.

Additionally, in all these states, all private-sector employers, regardless of size, are included in paid family and medical leave insurance programs.

In half of these states, as is true in most other economically-advanced nations, paid family and medical leave is funded through joint contributions by employers and employees.

The idea that the bill before you is more generous, different in its funding mechanism or more comprehensive than those in other states is simply false.

We have a lot of expertise in how these programs are run and in how they are working. While we have learned from the programs in other states, we believe House Bill 3087 represents the right solution for Oregon. One that simplifies the administration, uses existing Oregon processes wherever possible, that draws on the expertise of agencies administering similar programs, that is self-sustaining and fiscally sound, and that provides a benefit employers and employees need and can afford.

This is a program whose time has come. It is, in fact, long overdue. We must figure out how to support caregivers and those needing care. We must support family economic security in the short- and long-term. We need to acknowledge that every one of us will at some point need time away from work for the very events that make us human, that demonstrate the family values we all hold. We need our state to have a plan for how to better support all our working families.

We urge your support for the House Bill 3087.

Example of costs and benefits of Paid Family and Medical Leave Insurance

90% up to AWW + 50% of additional weekly wages up to \$1200/week cap
(cap adjusted annually for inflation)

Hourly Wage	Weekly wage (40 hrs/week, before deductions)	Annual wage (52 weeks)	Employer Contribution/week @ 0.5%	Employee Contribution/week @ 0.5%	Annual Contribution (for each employer & employee)	Benefit/week of leave	Benefit % of regular wages
\$11.50	\$460.00	\$23,920.00	\$2.30	\$2.30	\$119.60	\$414.00	90.00%
\$15.00	\$600.00	\$31,200.00	\$3.00	\$3.00	\$156.00	\$540.00	90.00%
\$20.00	\$800.00	\$41,600.00	\$4.00	\$4.00	\$208.00	\$720.00	90.00%
\$25.00	\$1,000.00	\$52,000.00	\$5.00	\$5.00	\$260.00	\$868.81	86.88%
\$30.00	\$1,200.00	\$62,400.00	\$6.00	\$6.00	\$312.00	\$968.81	80.73%
\$35.00	\$1,400.00	\$72,800.00	\$7.00	\$7.00	\$364.00	\$1,068.81	76.34%
\$37.50	\$1,500.00	\$78,000.00	\$7.50	\$7.50	\$390.00	\$1,118.81	74.59%
\$40.00	\$1,600.00	\$83,200.00	\$8.00	\$8.00	\$416.00	\$1,168.81	73.05%
\$50.00	\$2,000.00	\$104,000.00	\$10.00	\$10.00	\$520.00	\$1,200.00	60.00%
\$60.00	\$2,400.00	\$124,800.00	\$12.00	\$12.00	\$624.00	\$1,200.00	50.00%

Based on 2015 Oregon average weekly wage of \$922.02

