Security for our families, stimulus for our economy

In the midst of an economic downturn, programs that lower health care costs and support economic security for working families are more important than ever. Too many workers are forced to put economic security at risk when their families need them most. Improving health and maintaining buying power for working families is the most effective stimulus for our economy.

Most workers have major responsibilities for family care, but at best limited access to paid leave. Many small businesses do not have the ability to offer paid leave benefits, and even workers with vacation and sick leave rarely have enough when a new baby arrives or serious illness strikes.

Family Leave Insurance provides workers with partial pay when they need extended time off because of a new baby or serious illness. It builds economic security for Washington’s families, gives businesses a new tool for improving productivity, and promotes the health of our children, seniors, and workforce. It’s a cost-effective solution that allows individuals to meet their responsibilities to both job and family, while ensuring businesses remain competitive.

Background

In 2007, Washington adopted Family Leave Insurance (FLI) with benefits to new parents scheduled to begin October 1, 2009. But the national recession has hit state budgets hard, including here in Washington. Because the program as originally passed had no dedicated funding, Governor Gregoire put preparations for the new program on hold in the fall of 2008 as part of her response to the looming deficit.

Washington’s families need FLI now more than ever. In 2009, legislation will be introduced to:

- expand FLI to cover a seriously ill child, spouse, domestic partner, or parent, as well as a worker’s own serious health condition;
- finance the program through payroll premiums; and
- incorporate administrative efficiencies into program design.
It’s Time to Value Families at Work

Most workers have family responsibilities – and not enough paid leave:

- 91% of fathers and two thirds of mothers with children at home are in the workforce. Four in ten workers care for an elderly family member.

- Only 8% of private sector workers receive paid family leave, only half get paid sick leave, and one fourth have no vacation. Part-time and low income workers are especially unlikely to receive paid leave from employers.

- Those with paid leave typically earn only 2 or 3 weeks per year – not enough when a new baby arrives or a serious illness strikes.

Family Leave Insurance builds family security and stimulates the economy:

- FLI helps workers keep their jobs and maintain income during critical times.

- Lack of paid leave forces low-income workers to change jobs frequently, limiting their ability to gain income and assets and improve chances for their children.

- Families will spend FLI benefits in their communities, boosting local businesses.

Family Leave Insurance improves health – and lowers health care costs:

- According to a Harvard study, children get well more quickly and have 31% shorter hospital stays when a parent is present, lowering medical costs.

- FLI improves health of newborns by fostering bonding and breast-feeding. It lowers rates of infant mortality and illness and improves access to medical services.

- Kids do better in school when parents have paid leave to attend to a child's illness.

- Paid leave allows workers to care for aging parents and arrange appropriate levels of support. Two-thirds of workers caring for older family members lose earnings.

Family Leave Insurance saves the state and businesses money:

- Paid leave boosts morale, worker productivity, customer satisfaction – and profits. It results in less turn-over and lowers costs for hiring and training new workers.

- The state saves from fewer families on public assistance, fewer seniors in expensive care facilities, more kids with a healthy start in life, and lower health costs.

"Instead of focusing on my child in the neonatal critical care unit, I had to go to work because I couldn't afford not to… It broke my heart that I could not be with my son when he needed me so much."

- Selena Allen, new mother

“Just training a new employee costs me about $2,000. And that doesn't include costs to recruit new workers or lost efficiency when a worker comes to work when he should be at home. Family leave insurance is a win-win for workers, employers, and the state.”

- Richard Clark, business owner
Washington’s Family Leave Insurance Program

Washington’s Family Leave Insurance program was scheduled to begin in October 2009. However, start-up work is on hold because of the economy’s impact on the state budget.

Program features adopted in 2007:

- Up to 5 weeks leave to care for a newborn or newly adopted child, after a 1 week waiting period.
- Weekly benefits of $250 per week for full-time, prorated for part-time.
- Eligibility for those who have worked at least 680 hours in the previous year.
- Job protection for employees of companies with more than 25 employees, who have been with their employer a full year and worked at least 1,250 hours.
- Employer protections, including employer notification requirements and leave running concurrently with FMLA.

New features to build family economic security in 2009:

- Leave to care for a seriously ill child, spouse, domestic partner, or parent; or for the worker’s own serious health condition.
- Financing through an employee-paid payroll premium of between 2 and 3 cents per hour – about $1.00 a week for full-time workers.
- Efficiencies recommended by Joint Legislative Family Leave Task Force.

Who will benefit from Family Leave Insurance?

An estimated 80,000 families of all income levels will benefit in the first year Family Leave Insurance is available in Washington, growing to 116,000 over six years. Beneficiaries include:

- 26,000 parents caring for a new child
- 2,000 workers caring for seriously ill family
- 51,000 workers with their own serious health condition

The nation’s first family leave insurance program was adopted in the depths of a previous state budget crisis – in 2002 – when California added family leave to its temporary disability program. New Jersey will begin providing family leave benefits through its disability program in 2009. New York, Rhode Island, and Hawaii also provide partial wage replacement for all workers on leave for their own illness or disability and following childbirth. All of these programs are financed through payroll premiums.

“When patients have serious illnesses or injuries needing intensive care treatment, families are an integral part of the “team” to get their loved ones well.”

~ Sharon Ness, RN

“The stress of having to choose between caring for my Dad and my job was devastating to my own health. I gained weight, developed diabetes, high cholesterol and high blood pressure. Paid family leave would have reduced that stress considerably.”

~ Sean O.
Current Laws Don’t Go Far Enough

The Family and Medical Leave Act (FMLA) provides up to 12 weeks off to care for a new child, a seriously ill family member, or for the worker’s own serious health condition. But the FMLA provides no pay, and only covers individuals who work for an employer with 50 or more employees – leaving more than 40% of workers unprotected.

Washington’s Family Care Act gives all workers with paid leave the right to use it for care of a sick child, spouse, parent, parent-in-law, or grandparent. It has helped many families cope with family illness, but does nothing for the more than 600,000 Washington workers with no paid leave or those who need extended time off.

Coordination with Existing Benefits

Washington’s new family leave program will coordinate smoothly with existing laws and employer benefit packages. Leave under FLI will run concurrently with job-protected FMLA leave. Employers, collective bargaining units, and individual workers will have flexibility to mesh FLI with other paid leave benefits.

Making Paid Family Leave a Reality in Washington

Many organizations and thousands of individuals across Washington support expanding and funding Washington’s Family Leave Insurance program:

- **Physicians, nurses, and other health professionals** support FLI because of the multiple ways it boosts individual and public health.
- **Early learning and children’s advocates** support FLI to enable all parents to fulfill their role as their child’s first and best teacher.
- **Small business owners** support FLI to lower costs, raise productivity, increase profits – and benefit their employees and customers.
- **Labor unions and workers** support family leave insurance programs to modernize basic workplace standards and build economic security for all working families.
- **Senior groups, women’s organizations, faith communities, parent groups, and others** support FLI because we all benefit when children thrive, the ill are cared for by loved ones, and families and businesses prosper.

It’s time to put family values to work!