



To: Senator Sirotkin and members of the Senate Economic Development Committee
From: Michelle Fay, MPA | Executive Director
Re: Testimony in support of H.196 – An Act Relating to Paid Family Leave
Date: April 11, 2018

Voices for Vermont's Children promotes public policy that enhances the lives of children and youth. We are particularly focused on improving equity in our economy and institutions, in order to ensure that every Vermont child has what they need to thrive. Attacking inequity means directing resources and targeting policies to eliminate disparities. As you heard last night during the public hearing, too many Vermonters are thrown into financial distress or forced to make unthinkable choices when they grow their family or experience a serious illness. **Access to paid family and medical leave is an equity issue for low-wage workers, women, and their children.**

The US Department of Labor has run extensive studies of leave-taking behavior in connection with FMLA, and their data are clear: there are stark disparities in access to paid leave:

- Almost two thirds of people earning more than the median income received full pay during their leaves, compared to about a third of those earning less than median income.
- Unmet need for leave is substantially higher for those with children, people of color and people with low incomes.ⁱ

The recent feasibility study on paid leave in Vermont projected that “workers in families with incomes near the poverty threshold would increase their number of paid leaves by 38 percent compared with 9 percent for higher income families.”ⁱⁱⁱ Roughly a third of Vermont children live in low-income households – those at or below 200% of the federal poverty level.

You heard the testimonies of people who “made it work” when they experienced a serious illness or welcomed a new child without the benefit of paid family leave. Backed into a corner with no good choices, they were forced to take steps that undermined their family's financial security. 2012 FMLA survey data backs up their experiences: leave-takers without access to paid leave overwhelmingly reported that making ends meet was difficult. Most limit spending to bare necessities and many draw on savings. More than a third put off paying bills and about 30% borrowed money. Fifteen percent signed up for public assistance.

Even those families who technically are able to arrange paid leave by using their accrued sick or vacation time are left with no cushion for routine and preventive health care appointments, or unexpected events like child care closures, school snow days or regular sick days.

Family Economic Security is Fundamental

Welcoming a new child to the family, recovering from a serious illness or injury or supporting the recovery of a loved one are watershed moments that can set families on a path toward a healthy, secure future or turn them toward damaging hardship. The impacts of spending childhood in poverty are devastating to both children and our communities.

Children raised in poverty experience poor health outcomes in relation to their non-poor peers. They are twice as likely to repeat a grade or be expelled, and more than twice as likely to drop out of high school. Girls raised in poverty are more than three times as likely to have a child as a teen. And poor children are ten times as likely to have experienced food insecurity and hunger in the past year. **According to the Vermont feasibility study, an estimated 1,098 to 3,220 workers and their families will stay above the poverty level due to leave benefits.**

Supporting Family Formation Matters

When parents have access to paid leave to welcome a new child into their family:

- Infants are more likely to be breastfed in the first year of life, more likely to have their full DPT/Polio vaccinations, and more likely to have regular checkups.
- Adoptive families, experiencing a time of change and transition, are allowed much needed bonding and relationship-building time.
- Partners' early, shared involvement in the care of children is linked to reduced divorce rates as well as improved cognitive development and educational performance for their children.ⁱⁱⁱ

We All Benefit

Supporting parents in their dual roles as employees and caregivers yields economic benefits as well. Evidence from states with FMLI show that these programs improve workforce attachment and support economic independence, **with the greatest effects seen among the most disadvantaged families.**

Other key economic & health benefits:

- Studies show that children recover more quickly from illness when cared for by their parents. The presence of parents shortens children's hospital stays by 31 percent, and active parental involvement in children's hospital care may head off future health care needs.
- According to the IMPAQ report, Vermont would experience savings due to an increased number of Vermont's newborn infants that are healthy and have normal birthweights. Access to paid family leave has been correlated with 5% fewer low birthweight babies, 8% fewer preterm births, and 10% fewer child deaths.
- Vermont's foster care community needs our support. The first few weeks of a foster care placement are often filled with doctor's appointments, connecting to services, and establishing visitation. We need more foster parents, and foster parents face the same economic realities as any other family – balancing work and caregiving is difficult.

Thriving Families for a Thriving Vermont

Vermont needs families to build and sustain our economy, and those families need policies that make it possible to balance their roles as caregivers with their contributions to the workforce. The Vermont Dept. of Labor’s forecast through 2024 lists sales, food preparation/service, and office administrative support as the job sectors expected to have the greatest number of job openings. These are the very jobs that generally do not provide paid family and medical leave, offer wages below a livable standard, and are typically held by women. **If this is the reality of our economy, it is incumbent on the state to invest in infrastructure to meet the needs of our workforce.** And while establishing a family and medical leave insurance program will have the greatest impact on low-wage employees in Vermont’s service industry, it is a benefit that will attract and retain a vibrant workforce across all sectors.

Policy Recommendations

1. Increase the maximum leave to 12 weeks as it was in the original bill. This is the minimum recommended leave for recovery and bonding with a newborn, according to the American Academy of Pediatrics.^{iv} In addition to the health benefits of supporting at least 12 weeks of bonding, there is an infant care crisis in Vermont’s system of early care and learning. **Paid leave is infant care** and will take some of the pressure off this system. Implementation of a FMLI program would save Vermont families an estimated average of \$1,032 to \$1,747, primarily from averted child care costs. This translates to \$2.04 to \$3.46 million annually in savings for Vermont parents.^v
2. **Make the benefit accessible to low-wage workers.** A high level of wage replacement (80-100% of the employee’s regular wage, capped at twice the livable wage) is a key component of the bill to ensure that those who need it most are able to access the benefit. As we’ve seen in the early adopter states that – for whatever reason - kept wage replacement rates low, this effectively shuts out low-income workers who have zero slack in their budgets and are unable to get by on 55-60% of their wages.
3. **Reduce the eligibility threshold** or restore it to the level in the bill as introduced so that people who work seasonal or intermittent jobs and pay into the system can access leave it when they need it.
4. **Restore personal medical leave coverage.** Research by the USDOL shows that the majority (55%) of FMLA-qualifying leaves are for personal illness or injury.^{vi} We should design a leave insurance program that works for as many Vermonters as possible.

ⁱ Klerman, Jacob, Kelly Daley, and Alyssa Pozniak. (2012). Family and Medical Leave in 2012: Technical Report. Cambridge, MA: Abt Associates.

ⁱⁱ Elgin, Dallas. (2016) Vermont Paid Family and Medical Leave Feasibility Study. Columbia, MD: IMPAQ International.

ⁱⁱⁱ IWPR Briefing Paper: Maternity, Paternity and Adoption Leave in the United States. <https://iwpr.org/wp-content/uploads/wpallimport/files/iwpr-export/publications/A143%20Updated%202013.pdf>

^{iv} American Academy of Pediatrics, American Public Health Association, and National Resource Center for Health and Safety in Child Care and Early Education, Caring for Our Children: National Health and Safety Performance Standards, Third Edition (2011).

^v Elgin

^{vi} Klerman et al.