

**Hearing on Paid Family and Medical Leave:
Helping Workers and Employers Succeed**

HEARING

BEFORE THE

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PAID FAMILY AND MEDICAL LEAVE:

HELPING WORKERS AND EMPLOYERS SUCCEED

Wednesday, May 8, 2019

House of Representatives,

Committee on Ways and Means,

Washington, D.C.

The Committee met, pursuant to notice, at 10:02 a.m. in Room 1100 Longworth House Office Building, Hon. Richard Neal [Chairman of the Committee] presiding.

*Chairman Neal. The committee will come to order. Good morning, and welcome to our witnesses, several of whom have traveled the considerable distances to be here today for this important hearing on paid family and medical leave.

Before we move to our scheduled committee business, I want to take a moment to acknowledge the recent tragic passing of Pamela Moomau, a valued member staff of the staff of the Joint Committee on Taxation for over 28 years. A reminder, again, of the considerable talent that exists sometimes outside of the glare of publicity.

Pamela began her career at the Joint Committee on Taxation in May of 1991, and over the years applied her skill on many legislative issues, both large and small. Her colleagues on the Joint Committee on Taxation have said that Pam was tireless in her dedication to the work of the Joint Committee, and that she readily accepted projects that were analytically difficult and often data deficient.

She was in her office cheerfully working on a legislative issue just 5 days before she succumbed to a long-term health issue on April 7.

She was a leader in the development of the Joint Committee's macroeconomic models. She led the Joint Committee's 1997 symposium on modeling the macroeconomic consequences of tax policy, which represents Congress's first attempt to bring serious and thoroughly macroeconomic modeling to bear on proposed changes in tax policy. She was a leader of the Joint Committee's macroeconomic team for 20 years, and oversaw the publication of Congress's first macroeconomic report of proposed tax legislation in 2003.

Pam worked on a long list of legislation, both big and small. Notably, she oversaw the Joint Committee's 2017 macroeconomic reports on the legislation that became Public Law 115-97, and she was a key economist in the Joint Committee's collaborative efforts with the Congressional Budget Office to model and estimate the effects of the Affordable Care Act.

She worked on lesser-known projects, as well, including serving as the Joint Committee's lead economist for estimates offered by Congress to modify the excise taxation of bows and arrows, fishing tackle, and firearms ammunition, a reminder of sometimes the arcane policies that come before this committee.

Members of the committee know that we often rely on the economic analysis of the Joint Committee staff to do the important work of this committee. Over many years Pam Moomau was a very important source of much of that economic information.

But most importantly, Pam was a wife, a mother, a grandmother, a friend, a valued colleague, and a very dedicated public servant. We extend our deepest condolences to her family and friends, and remain grateful for her contributions to this nation.

And with that I want to recognize Ranking Member Brady, who would also make a few remarks.

*Mr. Brady. Thank you, Chairman Neal. Congress only works because of dedicated public servants who work behind the scenes. These laudable and intelligent individuals, they never seek the spotlight, never ask for praise, nor do they take credit for helping Congress ultimately pass laws that positively impact millions of families.

For more than a quarter of a century Pam Moomau was one of those many public servants who helped the Ways and Means Committee in countless ways. As one of the Joint Committee on Taxation senior economists, Pam was a leader, as the chairman said, on macroeconomic analysis. Her expertise was invaluable in helping staff and helping Members and helping me navigate tax policy and how it shaped our economy, especially as it relates to health care.

Committee members and staff all attest that Pam was smart as a whip, a straight shooter, and, above all, dedicated to studying the complex taxation systems that make our economy and our government function.

On behalf of the Republicans on our committee I join Chairman Neal in offering our condolences to Pam's family and all the staff at Joint Tax during this time. This committee forever owes a debt of gratitude for her service, and she will be greatly missed.

Mr. Chairman?

*Chairman Neal. Thank you very much, Mr. Brady.

We are here today to discuss what it means for working Americans across the country that the United States is the only industrialized nation that does not guarantee any access to paid family and medical leave.

No one should be forced to choose between caring for a loved one or dealing with a serious medical condition and paying their bills, but American working families face this choice all too frequently. Nearly all workers will need to take time away from work at some point to deal with serious personal health issues, to care for a family member, or to welcome a new child. But for middle-class workers, especially those on the lower end of the pay scale, taking unpaid leave makes it impossible to make ends meet. Other struggles without income for short periods of time then cut into these opportunities, and we simply see families that can't afford to take any leave from their responsibilities.

Fewer than half of the American workers currently have access to employer-provided medical leave, and only 17 percent receive paid parental or caregiving leave through their employers. And despite inflated claims, we know that the tax bill that was enacted in the last Congress did not change that. The vast majority of those benefits still go to people at the top, including wealthy shareholders, as evidenced by a record \$806 billion in stock buybacks paid out to shareholders in 2018.

To the extent that workers are seeing an improvement in their benefits or wages, this is a result in some measure of a tight labor market which does not benefit all workers equally, and as a result of states stepping up because the Federal Government has failed to

act.

Lack of paid leave doesn't mean just harm to workers and their families; it also makes it difficult for employers to recruit and retain good workers. Many small business owners would like to provide paid leave, but can't without the backstop of a state or federal program. And the lack of access to paid leave hurts our economy by forcing talented, hard-working people to take a step back in their careers or drop out of the labor force entirely.

This is a problem. It is only going to grow. The most common reason that workers take leave today is to deal with their own serious medical conditions while remaining attached to the labor force. The population is aging, and the Department of Health and Human Services estimates that about half of Americans turning 65 today will develop a disability serious enough to require care. This means that the number of American workers who need personal medical leave and the number of American workers who need leave to care for aging parents, spouses, and other family members is only going to increase.

It has been more than 25 years since the Family and Medical Leave Act was enacted. The Family and Medical Leave Act was an important first step, and it has provided most workers with access to unpaid leave. I voted for that measure three times: twice when it was vetoed and once when it was subsequently signed into law.

Since then Americans have taken family medical leave over 200 million times and proven the naysayers wrong. Fewer than 10 percent of the employers reported problems complying with the law, and many reported it had helped them by reducing turnover and improving morale.

Several of our biggest states have successfully built on the progress made by family medical leave and implemented comprehensive paid leave laws. In 2021 my state of

Massachusetts will become the sixth state to implement a paid leave law, and ensure that our residents can earn comprehensive paid leave benefits to use when they need them.

The result of these state efforts speak for themselves. Researchers have found that access to paid leave increases wages for women and those with children. It increases labor force attachment or participation, it reduces use of public assistance, it reduces infant mortality, and nursing home admissions.

In addition, according to surveys, the majority of employers in states with paid leave support, their -- state paid leave laws and -- report that providing those laws has either helped their businesses or had negligible effect.

But this progress is limited to a number of states and, we acknowledge this morning that federal action is necessary. American workers have been outspoken about the importance of paid leave for all workers. We are here today because we have heard from them and it has been loud, and it is clear.

[The statement of Chairman Neal follows:]

*****COMMITTEE INSERT*****

*Chairman Neal. And with that I would like to recognize the Ranking Member Mr. Brady for an opening statement.

*Mr. Brady. Thank you, Chairman Neal, for convening this hearing on paid family and medical leave to help workers and businesses succeed.

Republicans are the party of life. We understand that babies and the loving parents that are raising them need all the resources available as they raise their family from conception to the birthing room, through growing years, to their aging years. Republicans support expanding access to paid medical and family leave, and hope to work with Democrats and President Trump to find the right way to help families balance work and family.

We believe expanding access to paid family leave reduces preventable deaths of new moms and babies, helps with family bonding, increases employee morale, and improves productivity, which is why Republicans have taken important steps to help our local businesses offer paid family leave programs to their workers.

As part of the Tax Cuts and Jobs Act, Republicans created the first-ever national tax policy on paid family and medical leave. The Paid Family and Medical Leave Tax Credit reimburses businesses up to 25 percent of the cost of providing paid leave to their workers, for offering up to 12 weeks of paid leave.

Well, we know every family is different. Not only do millions of families welcome a new child each year, there are other families who do the important work of taking care of an aging relative. So under Republican leadership last Congress we passed the RAISE Family Caregivers Act, a new law that directs the Department of Health and Human Services to create a national strategy to develop better support for family caregivers to keep their loved ones at home rather, than in a nursing home.

We passed into law the VA Mission Act, allowing more of our veterans, our heroes

who served our country, to be taken care of by their families at home, rather than within the massive VA system.

Republicans are proud to champion these vital initiatives, to set into motion the engine that is making paid leave a reality for more families today.

We also know every dollar counts for families. That is why in the Tax Cuts and Jobs Act we doubled the Child Tax Credit to its largest amount in history, increased its refundability and expanded it, so eight million more families, working-class households, could access this important credit to help with the expenses of raising kids.

We know good jobs with growing wages are vital to families. By rejecting the slow growth and stagnant paychecks of the past, Republicans and President Trump have created an economy growing 50 percent faster than the Obama projections. We have the lowest unemployment in nearly half a century, and the fastest-growing paychecks in more than a decade, rising even further and faster among blue-collar and low-income workers.

Because America today has a million more job openings than workers to fill them, the competition among businesses to hire workers is fierce. This is encouraging more businesses to provide expanded benefits for their workers like paid family and medical leave. That is good news. Today half of all U.S. workers have access to paid maternity medical leave, and it is growing. According to the Society of Human Resource Management, businesses offering this have tripled, just in the past four years, and that is without a costly federal mandate.

As we work to expand access to paid medical leave there are real concerns that a new one-size-fits-all Washington mandate will limit family flexibility, could be extremely costly, and will lead to higher taxes on workers, reduce the job benefits, or harmful cuts in education, Social Security, and Medicare to pay for this costly new mandate.

The true cost of the family leave mandate is up to \$1 trillion in the first decade,

according to the highly-respected American Action Forum. And it could go higher. This could force an average worker making \$50,000 a year to pay more than \$58,000 in higher payroll taxes and lower wages over the work career, whether they ever use the program or not.

Families in the 21st century want flexibility at work, not a smaller paycheck for life. Fifty eight thousand dollars is a lot of money. That is one full year of retirement. That \$58,000 could be better spent by families on what they need, like diapers, or child care, or education. And rather than an expensive Washington mandate that means smaller take-home pay, let's join together to give local businesses the flexibility to craft plans that are best for their workers, instead of taking money away from hard-working moms and dads.

As Republicans, we urge first making permanent the Paid Family and Medical Leave Tax Credit, which expires at the end this year. No Member of Congress should support taking away this valuable tax incentive if we are serious about expanding access to paid leave. Secondly, let's make it easier for small businesses to join together to make it more affordable to offer paid family leave to their workers. Finally, let's continue to empower job creators so they can tailor paid leave plans to fit their workers' needs. Families and businesses are different, and benefits help workers best when Washington doesn't interfere.

Today the question isn't whether to expand paid family leave, but how best to achieve it. We look forward to the hearing today. Thank you, Mr. Chairman.

[\[The statement of Mr. Brady follows:\]](#)

*****COMMITTEE INSERT*****

*Chairman Neal. Thank you, Mr. Brady. We have a distinguished panel of witnesses here with us today to discuss this important issue of how to access paid family and medical leave, and how it can help workers, employers, and our economy.

But just before I introduce the witnesses I want to acknowledge the untimely passing of New York Times health care reporter Robert Pear. Robert spent many years sitting in this very room with many of us, covering the work of our committee, and he had an unrivaled knowledge of the health care system, and he will be deeply missed. We send our deepest condolences to Robert's family and his colleagues at the New York Times.

With that, let me introduce our witnesses. I want to welcome Marisa Howard-Karp from my home state of Massachusetts. Ms. Howard-Karp is raising two high-needs children, and dealing with her parents' illnesses.

Mr. Anthony Sandkamp. Mr. Sandkamp is a business owner from New Jersey who can help us learn about the transition to a state paid leave program, such as the one that they have in New Jersey, and the effects that it has had on his business and employees.

Ms. Pronita Gupta comes to us from the Center for Law and Social Policy, where she works on issues including job quality and economic security. She will help us to understand the research on paid family and medical leave programs.

Let me welcome also Suzan LeVine from Washington State, the home state of our colleague, Ms. DelBene. Ms. LeVine is the state commissioner of Washington State Employment Security Department, whose state has paid family and medical leave programs that will come online in 2020.

And finally, Ms. Rachel Greszler is a research fellow focusing on economics, the budget, and entitlements at the Heritage Foundation's Institute for Economic Freedom.

Each of your statements will be made as part of the record in its entirety. I would ask you to summarize your testimony in five minutes or less.

And to help with that time there is a timing light on your table. When you have one minute left the light will switch from green to yellow, and then finally to red when the five minutes are up.

Ms. Howard-Karp, would you please begin?

STATEMENT OF MARISA HOWARD-KARP, MEMBER, MOMSRISING

*Ms. Howard-Karp. Good morning, Chairman Neal, Ranking Member Brady, and members of the committee. My name is Marisa Howard-Karp. I live in Dedham, Massachusetts, and I am a proud member of MomsRising. I am a wife, a mother, an only child, and a member of the sandwich generation, caring for my children and supporting my aging parents. I want to tell you today about why I believe so strongly that a national paid family and medical leave policy should address the full range of caregiving needs, and not only the needs of new parents.

Thank you for the opportunity to share my story today. I am a nonprofit professional currently working in pediatric health care. My wife is in graduate school and works part-time. And we have two incredible kids.

A little more than five years ago I was buying back-to-school clothes with my seven-year-old son and my five-year-old daughter when my mom called from Georgia. My dad had suffered a major stroke and he was in intensive care. I was on a flight within a few hours, and I spent the next months shuffling back and forth to help my parents navigate, first, this crisis, and then the huge changes in their lives that came from my dad permanently losing his ability to walk and to speak clearly.

Around the time my dad got out of rehab I got another awful phone call. It was 2 a.m. and I was traveling for work in Chicago. My mother was at the ER, and a scan showed that she had a malignant brain tumor. Again, I was on a plane to Atlanta within a few hours. Over the next few months I flew back and forth 16 times, as my mother underwent first surgery and then inpatient chemotherapy, then again when my father had another major stroke the month after my mom's diagnosis. Though their lives are not the same, both of my parents survived, and I am so grateful. But that year was awful.

We were terrified about their health and we faced financial uncertainty, because none of us had access to paid leave. My parents were self-employed, and they lost income while they were hospitalized. I had recently started a new job and I was worried that taking any type of leave would jeopardize my job security. Without my job I have no idea how we would have stayed afloat. My wife was teaching at the time, and we needed both of our incomes to cover our day-to-day expenses.

Both of my kids have some intense needs, and I carry the insurance for my family because the insurance available through my wife's employer would have cost more and covered less.

We had so much going for us. We had college degrees and salaried jobs, and my parents had been saving for retirement for many years. Still, their medical crisis almost created a financial crisis for them and for us because none of us had access to paid family and medical leave.

My employer turned out to be incredibly supportive and I was able to keep my job. They were flexible about when I put in my hours, and they let me do a lot of remote work. But even with the support, the juggling was not easy without paid leave. I worked on planes and in hospital rooms, at nights and on weekends. My productivity suffered because I was exhausted and distracted. Still, I was better off than people who can't work remotely or with that kind of flexibility.

My hope is that nobody should have to rely on luck or flexibility or the goodwill of a boss to stay afloat when they have a family emergency. If we had a national paid family and medical leave policy it would have made a huge difference for both my family and my employer.

Access to paid leave would have been guaranteed, and I wouldn't have had to worry about losing my income while I was also worried about losing my parents. I would not

have had to rely on having a flexible job or on juggling work while also trying to manage my parents' health crisis and my children's needs. I could have taken paid leave a week or two at a time. My employer would have benefitted from a subsidized insurance program, and my self-employed parents could have recouped some income during a financially difficult time.

As this committee is discussing a national paid leave policy I hope that what I have shared will stay with you. It was very difficult, but it is not unusual. Although some states, like my home state of Massachusetts, have stepped up to pass comprehensive paid leave policies, the vast majority of families don't have access to paid leave. And making the choice between our families in the time of emergency and our paycheck is an immoral choice. As a country I believe that we can do better.

A policy that only covered people with new children would have left my family behind. Families are counting on Congress to adopt the kind of comprehensive paid leave that this country needs.

Thank you, so much.

[\[The statement of Ms. Howard-Karp follows:\]](#)

*****INSERT 1*****

*Chairman Neal. Thank you.

Mr. Sandkamp is recognized for five minutes.

STATEMENT OF ANTHONY SANDKAMP, OWNER, SANDKAMP
WOODWORKING

*Mr. Sandkamp. Chairman Neal, Ranking Member Brady, members of the committee, thank you for the invitation to testify today during Small Business Week about the benefits of paid family and medical leave.

My name is Tony Sandkamp and I am the owner of Sandkamp Woodworks, an architectural woodworking business in Jersey City, New Jersey. My four full-time employees and I provide custom work to high-end clients from Boston to New York City to here, in Washington D.C. I have been running my business since 1991, and I am a member of the Main Street Alliance, a national network of more than 30,000 small business owners.

I am a proud supporter of the New Jersey family leave and temporary disability insurance programs. The protections my business and employees count on should be available nationwide. Yet in most states lawmakers have failed to adopt paid family and medical leave, harming the country's 30 million small businesses, our 59 million employees, and our communities.

Small firms generally don't have the capital and scale to provide paid leave. The lack of a national paid leave program hands the advantage to large corporations that can use their size and market power to offer such benefits, resulting in a hiring disadvantage for small business.

We can change this picture. My company provides a before-and-after snapshot that shows how.

Before New Jersey adopted paid family leave I had an employee who left his job because of family needs. He didn't tell me why he was leaving, but I later found out his

mother was dying of cancer in Florida. He was too proud to ask me for help, and my business couldn't have covered his salary, even if he had. Much of the pain and damage could have been avoided if family leave insurance had been there at the time. My employee would have been able to take paid leave without feeling like he was asking me for a personal favor, and my business would have been able to retain a valuable employee. But we didn't have paid leave yet, and my business paid the price.

This employee had been the best on my team for many years. The cost in time and money to replace him were astronomical. I had to take time away from my responsibilities as an owner and a business, and my business suffered. Replacing employees is expensive, with turnover costs averaging one fifth of an employee's annual salary.

And now for the after picture. Four years ago an employee came to me and told me that his wife was having twins. He needed paid time off. And I had recently joined the Main Street Alliance, where I learned about the family leave insurance program. The paperwork was straightforward. The employee and I filled it out together, and he got the wage replacement, and he bonded with his twins. He is a very important part of my business, and taking time with his family was extremely important to him.

We made a plan for his time off. We moved a part-time employee to full-time, giving that employee the opportunity to acquire new skills. And as it turned out, the business needed the extra help, and we kept him on full-time when the father of the twins came back.

From a business perspective, well-structured, comprehensive leave programs like New Jersey's make leave simple and affordable. They spread costs without creating significant new administrative requirements. When an employee needs time off they draw income from a fund to get by until they return. Business owners can use the salary of on-leave employees as they see fit. Most importantly, workers with paid leave are more

likely to return to their jobs. New Jersey's program wasn't perfect out of the gate. This year we updated the definition of family to make it more representative of actual families.

Now, for example, a person can take paid leave to care for a sibling. I know how important that is, because one of my sisters, who wasn't working at the time, cared for another one of my sisters for four months until she passed away from stomach cancer.

We also expanded job protection and increased wage replacement so more workers can afford to use the benefit.

All these changes are business-friendly. We need a policy that reflects the reality for people who make small businesses run. Humans have fragile bodies, and none of us is Superman or immune to illness or injury. We need a safety net that includes paid family and medical leave, paid sick days, and other supports that recognize that working people have families, dignity, and human bodies with limitations.

Supporters of paid leave are often asked whether the cost would harm small business. It is the cost of not having these policies that hurts. I can't have people distracted or sick when they are working, they make mistakes that delay or ruin projects. More importantly, for safety I need everyone operating at 100 percent.

We need Congress to act. We need to recognize that this problem can be solved only through good public policy and a well-crafted national social insurance program. We are eager to contribute to such a program and make it a success.

Thank you for the opportunity to speak today. I look forward to your questions.

[\[The statement of Mr. Sandkamp follows:\]](#)

*****INSERT 2*****

*Chairman Neal. Thank you, Mr. Sandkamp, but let me recognize now Ms. Gupta for five minutes.

STATEMENT OF PRONITA GUPTA, DIRECTOR OF JOB QUALITY, CENTER FOR
LAW AND SOCIAL POLICY

*Ms. Gupta. Thank you, Mr. Chairman, Ranking Member Brady, and members of the Ways and Means Committee. My name is Pronita Gupta. I am the director of job quality at the Center for Law and Social Policy, CLASP, an anti-poverty organization that promotes effective federal and state policies for low-income families and individuals. I am truly honored to come before this committee to speak to the central importance of paid family and medical leave, especially as a critical support that can help low-income workers and their families stay steadily employed, while also having the time and resources to care for a loved one, or their own health, without jeopardizing their economic security.

I bring to this testimony extensive experience on paid family and medical leave at both state and federal levels at CLASP, and previously as the deputy director of the Women's Bureau in the U.S. Department of Labor. I have also experienced the power of paid family and medical leave personally, as a new mother whose baby needed to be delivered early and go to the NICU for two-and-a-half weeks. As I dealt with my own healing and worried about my baby's health, the one stress I didn't have was economic insecurity because I was among the first people to take advantage of California's new paid family leave program.

I would like to highlight five key points today.

To begin with, almost all working people will experience a caregiving need at some point in their lives. And while paid parental leave is needed, it is not enough. According to the most recent data from the U.S. Department of Labor, roughly 75 percent of people take leave to care for a seriously ill loved one or their own serious illness, compared to the 21 percent of leaves taken for the birth or placement of a new child. I am now a caregiver

for my father, who is suffering from Alzheimer's. So as someone in the sandwich generation I definitely understand this need.

Secondly, paid family and medical leave strengthens individuals and families' economic security and the national economy, reduces racial disparities in wage loss, and improves workers' health and that of their family members. Without access to paid leave, families, especially low-income families and people of color, have no good choices. One in seven low-wage workers and one in five low-wage working mothers report losing a job because of illness or the need to care for a family member.

Third, paid family and medical leave programs are endorsed by employers who may see benefits such as reduced turnover. Evidence from the states that have implemented paid family medical leave show that large majorities of employers report positive or neutral experiences with the laws, and that many experience positive results such as improved employee morale and retention.

Paid family medical leave also levels the playing field for small businesses. Small businesses that can't afford to shoulder the full cost of paid leave today would be able to offer it through a national paid family and medical leave social insurance program, such as envisioned by the FAMILY Act.

Fourth, given the current realities of work in the United States, we urgently need a national paid family and medical leave program now. Millions of workers, predominantly women and people of color, now have jobs with low pay, shifting work schedules, limited or no workplace protections, and few, if any, benefits including access to paid family medical leave. Workers who are classified as independent contractors or who work part-time may lose out on a host of critical employer-provided benefits, including paid leave, vacation time, sick days, or disability insurance.

Lastly, state experiences tell us that paid family medical leave works, and give us a

rich trove of experiences on how best to implement it. We have data from six states and the District of Columbia that have enacted paid family medical leave. My written testimony covers these lessons in detail, and I would be happy to answer questions.

But most of all, the state momentum demonstrates that a social insurance model for paid family and medical leave is affordable, practical, successful, and broadly supported by the public, elected officials, and businesses.

To reach all workers it is time for us to move from state models to national action. People should not have to win the lottery nor move to one of the seven jurisdictions with paid family and medical leave to have peace of mind when they need to take time to heal or care for a loved one. I urge the committee to consider and pass the Family Act to provide comprehensive paid family and medical leave, allowing individuals to stay employed steadily over the course of a career, while also caring for loved ones and providing for their own health. We cannot afford as a nation to delay these solutions.

Thank you for the chance to testify, and I look forward to answering your questions.

[\[The statement of Ms. Gupta follows:\]](#)

*****INSERT 3*****

*Chairman Neal. Thank you, Ms. Gupta.

Let me recognize Ms. LeVine to testify for five minutes.

STATEMENT OF SUZAN LEVINE, COMMISSIONER, WASHINGTON STATE
EMPLOYMENT SECURITY DEPARTMENT

*Ms. LeVine. Thank you, Chairman Neal, Ranking Member Brady, and members of the committee for the opportunity to testify on paid family and medical leave and how it helps workers and employers succeed.

I am proud to lead the Washington State Employment Security Department, the state agency currently implementing the latest and one of the strongest paid leave programs in the United States.

From Washington State to Washington D.C. and everywhere in between paid leave is an issue that brings even the most diverse group of lawmakers and advocates together, and has the support of families, workers, and business owners alike. This is because the need for paid family and medical leave is fundamentally a human one. We all have to give or receive care at some point in our lives. Paid leave especially provides critical financial stability to lower-wage and middle-class workers who often face going into debt or taking public assistance when hit by a health crisis.

You have already heard from the other panelists about how important paid leave is to both employers and employees. And, Ranking Member Brady, I really appreciate your point that this is not about whether, but how we do this.

I am here today to answer that question, and to share with you that, while developing a paid family and medical leave program that works for both employers and employees is no easy task, our state is proof it can be done and done at scale.

When our law passed our legislature was under split party control. And until the eleventh hour of the longest legislative session in state history, its fate was tenuous. Yet throughout the process a core group of bipartisan lawmakers worked with business, labor,

and family advocates to see this program through with strong bipartisan support.

Just like the Washingtonians with whom I speak every day, I am personally affected by this program. As a parent, spouse, and child there have been times in my life when I could have used paid family and medical leave. Even though I worked for excellent employers I still had to cobble together maternity leave, sick leave, disability, vacation, and unpaid leave to get the time I needed with my babies when they were born. And now, with an 81-year-old mother, I need to be there for her if and -- hopefully, a long time from now -- when she needs it.

Balancing work and health is hard, no matter who you are. And I feel so lucky to live in Washington State, where, starting in 2020, I will have access to paid family and medical leave if and when I need it. In Washington State we know that you build a strong middle class by breaking down the current barriers in society that separate the haves from the have nots. Every single person needs to take leave at some point.

Therefore, what we have designed is a program that is generous, with up to 18 weeks off, with up to 90 percent wage replacement. It is progressive, meaning that lower-wage workers receive a higher percentage of their income while on leave, and are more likely to utilize the benefit. It is portable, meaning that people can utilize it even if they have multiple employers or change or leave their jobs. It is military friendly, so that certain military events qualify a spouse or family member for paid leave, such as pre and post deployment activities, military ceremonies, time to spend with a service member on R&R, and to care for a family member injured in the line of duty. It is business-focused, with special benefits such as business assistance grants that allow businesses with 150 or fewer employees to help cover costs associated with an employee being out on leave.

And speaking of business, they have been especially involved in the design of our system, in part because the median cost of replacing an employee is estimated to be about

21 percent of that employee's annual salary, and they recognize its value as a retention vehicle.

Unfortunately, 83 percent of Americans have no access to paid family leave at all. Now, states are leading on the issue of paid family medical leave, but it is not enough. A federal program that balances the needs of employers and employees, similar to Washington State's, would mean that where someone lives wouldn't determine if they have to choose between a paycheck and caring for themselves or a loved one. Plus, it would bring our country into better alignment with much of the rest of the world as the global marketplace grows increasingly interconnected and workers' choices of where they live and work expand.

A few short weeks gives time to bond with a new little one, a chance to say goodbye to a loved one, and peace of mind to care for yourself in life's most challenging times. A paycheck is essential, but time to care for yourself and your family is irreplaceable. Paid family and medical leave means Washingtonians won't have to choose between the two and employers won't have to lose workers when that life moment happens.

I want to thank you again for the opportunity to testify on behalf of Washington State. And as a national model for paid family and medical leave is considered, we hope you will look to Washington, where the program was developed by individuals from across political spectrums coming together to craft something that works for families, workers, and business owners alike, and helps to build and strengthen the middle class.

I look forward to answering any questions you may have.

[\[The statement of Ms. LeVine follows:\]](#)

*****INSERT 4*****

*Chairman Neal. Thank you, Ms. LeVine.

Let me recognize Mr. Greszler for five minutes.

STATEMENT OF RACHEL GRESZLER, RESEARCH FELLOW IN ECONOMICS,
BUDGET, AND ENTITLEMENTS, INSTITUTE FOR ECONOMIC FREEDOM, THE
HERITAGE FOUNDATION

*Ms. Greszler. Thank you for the opportunity to come here today. Americans want paid family leave. Lawmakers want them to have it, and businesses want to be able to provide their workers with it. And I am here today to say that I, too, want workers to have access to paid family leave, but not just any type of paid family leave.

As a mother and -- of six young children and a wife, I want workers to have access to the same type of flexible and individually-tailored paid family leave that I have been blessed to receive. That is why the recent increase in state-based and employer paid family leave programs is great news for workers. But a federal paid family leave program could halt this expansion and shift the costs of existing programs, which I estimate to be anywhere between 125 and \$275 billion per year onto federal taxpayers.

So what would the costs be for a federal program? For starters, it would mean higher taxes. The Family Act is supposed to cost only \$240 per year for the average worker. But that would only finance a barebones program that would not meet most workers' needs.

When New Jersey passed legislation this year to increase awareness and access to its program, its projected taxes on workers quadrupled.

Providing a comprehensive federal program that is truly accessible to all workers would require an extra 1,000 to \$2,000 per year in taxes for the average worker. Those higher taxes would hit lower-income workers the hardest. Although that is the opposite of what is intended, it is what has happened in both state-based programs and in Europe. They have found that these programs have disproportionately benefitted middle and upper-

income earners at the expense of lower-income earners.

Now I want to narrow in on what policies will actually work best for workers and for their employers, and this is where I would like to draw from my own personal experience. Workers need flexible, rapid-response policies. If I get a call that my husband and children have been in a car accident, I need to leave work immediately. I don't have 30 days of advance notice to provide to my employer. I don't have time to get a doctor's certification. I may not have enough savings to cover my costs while I am waiting for the federal benefit to kick in, which could take weeks or months. And a partial government benefit might not be enough for me to be able to afford to take leave at all.

At a recent hearing before this committee, Ms. Tameka Henry explained how her family waited six years before her husband received disability insurance benefits. Workers don't want a rigid program with a burdensome application process, sub-par benefits, and a significant waiting period. That simply won't help them. But a lenient program with generous benefits will invite misuse and abuse that will lead to excessive costs for workers and employers. A one-size-fits-all program simply cannot meet workers' and employers' needs in the way that programs designed on their own terms can.

With the robust economy and a 3.9 percent unemployment rate, workers are in a great position to demand paid family leave, and employers are well poised to provide it.

Now I want to caution against one particular proposal that would use Social Security for paid family leave. This would violate Social Security's purpose and lead to all types of unintended consequences. Social Security is an old-age insurance program. It is not a social piggy bank for common life events. Moreover, the proposal's modest scope and costs would never hold. As policymakers expanded Social Security's mission and benefits, its costs have grown from 2 percent of workers' paychecks to nearly 14 percent today. Adding a paid family leave program would only exacerbate Social Security's

unsustainable costs.

Now to conclude I want to talk about what policymakers can do to help workers achieve access to paid family leave programs that meet both workers' needs and employers' needs.

First is to the Working Families Flexibility Act so that low-income hourly workers can choose if they would like to substitute their overtime work for paid family leave.

Second is to allow workers to use their savings without a tax penalty to take paid family leave.

Third is to increase access and awareness of private disability insurance policies that cover a lot of families' needs.

And finally, Congress can reduce barriers and prevent -- that prevent employers from offering paid family leave and that prevent workers from being able to afford taking it. Less time spent complying with government regulations and fewer dollars taken away from workers' employers means more time and more resources for paid family leave.

Thank you.

[\[The statement of Ms. Greszler follows:\]](#)

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*Chairman Neal. Thank you, Ms. Greszler.

Mr. Sandkamp, one of the things that we talk a lot about in the Ways and Means Committee is making sure that American workers can get and keep good jobs. Could you tell us more about how New Jersey's paid leave law helps you retain good workers, and how reducing employee turnover helps you grow your business and pay your workers competitive salaries?

*Mr. Sandkamp. Well, I think my testimony kind of is a good example of that. My -- before New Jersey's paid leave law I had an employee that left, and he was my most skilled employee. And after New Jersey enacted the law, I have an employee now who is still with me today who is my most skilled employee, and he is still with me. And his two twins are now four years old.

As an example, that, to me, is a huge cost to my business when I have to replace that employee. A skilled worker is so much more productive than a new worker. It takes many months for a new worker to be able to come in and get up to speed. And in that -- during that time I am not making the profit that I would have made with the skilled worker. So it is not just the acquisition of the new worker, but it is the training of the new worker, and getting that person up to the productivity of the skilled, longer-term worker.

*Chairman Neal. Thank you.

Ms. Howard-Karp, thank you for being here. And as you told your important story, if the Massachusetts paid leave law or national paid leave law had been in effect when you got the call about your Dad's stroke and you had known you were entitled to take a paid family leave, would you have done anything differently?

*Ms. Howard-Karp. Yes, certainly. I would have been able to take some time off work when that initial crisis happened and focus just on my parents and on my children at home, without also trying to juggle a full-time job. It would have been an enormous

stressor off me and my family if I had been able to focus on just those two big pieces without the third one, and I wouldn't have been concerned about our financial stability at the same time.

*Chairman Neal. So we talk a lot about labor participation rates in this committee. And the high, I believe, in the mid-1990s was at about 68 percent of the American people were fully participating in the workforce. Today that number is closer to, I think, about 63.8 percent, and it has really varied, and there has also been low growth in terms of productivity. And members of this committee -- our Republican friends, as well -- we have had an interest in labor participation rates.

So to the panelists, how has this helped keep people in the workforce?

And why don't I go to you Ms. Gupta, to give you a chance to answer that question?

Yes.

*Ms. Gupta. Well, thank you for that question. We know that paid family medical leave, especially in other countries, have helped improve people's participation in the labor force. And we know that, by having access -- one of the reasons we think that the numbers are coming down in this country is because people don't have access to paid family and medical leave, which puts a huge burden on families.

As I mentioned in my testimony there is an urgent and growing need for paid family and medical leave, and those who need it the most have the least access to it. Eighty four percent of private-sector workers have no access to paid family leave. And this is worse for low wage workers; 93 percent of the lowest-wage workers have no access to paid family leave, and 82 percent have a lack of access to paid medical leave.

So the birth of a new child or a sudden medical crisis can have a devastating impact on these workers' lives and their economic security. And we know from data not only can it lead to loss of necessary and needed income, but it can actually lead to loss of a job. In

my testimony I mentioned that one in seven workers have reported losing a job due to caregiving needs.

So all of that contributes to not being able to have attachment to the labor force at the rates that we think that people should have access. And paid family and medical leave really provides a critical work support so that families can have the time they need to care and have the economic resources to be able to meet those caregiving needs without losing needed income, without losing a needed job.

And we know that when workers are able to come back -- especially data from California show that when people are able to have access to paid family medical leave, they stay with the same employer for a longer period of time, they have higher wages, and higher productivity. And that helps both employers and the worker and the larger economy.

*Chairman Neal. Thank you. Let me recognize Mr. Brady, the ranking member, for five minutes.

*Mr. Brady. Mr. Chairman, I think the good news is that there is strong bipartisan support for expanding access to paid medical leave. That is great news. The question is how best to achieve it.

We are often told look to Europe, look to their paid family medical leave as that model. But, look, we want women to rise up the corporate ladder. American women are three-and-a-half times more likely to be managers here than in Sweden or Norway, three times more likely to be managers here than in France, and five times more likely than in Germany. The European model is not what we should be looking for; we should be developing an American model.

We also want more women in the workplace and staying there. But if you look at the states that have a paid family leave mandate in place today, in California, New York,

and New Jersey female participation in the workforce is lower than the national average, markedly lower. In Rhode Island it does hit average, barely. So a mandate alone isn't the answer to helping women get into the workforce and stay there, if that is what they choose for their life and their dream.

I also worry the advertised cost of this federal mandate is woefully low. And the consequences for families and working parents will be swept under the rug. Look, the American Action Forum, as led by Doug Holtz-Eakin, former head of the CBO, they estimate a true cost of this is closer to \$1 trillion in the first decade, and growing. And I worry that that requires painfully high payroll taxes, which hurts poor working families the most, or cuts in other worker benefits. Or Congress will raid other important programs like education, Social Security, and Medicare to pay for it.

We saw this in the Affordable Care Act: \$800 billion slashed from Medicare to pay for that new entitlement. And the Affordable Care Act, which will run a \$1.5 trillion deficit this decade, we don't even know yet where that money is going to come from.

So Ms. Greszler, we all agree more access to paid family leave at work is important. It is good that more than half of workers have access to paid maternity and medical leave. It is growing without a mandate. The question is who doesn't have access today at work, is it primarily in smaller businesses and medium-sized businesses? Are there certain types of industries where it is less prevalent? Where do we focus our efforts in trying to expand that access?

*Ms. Greszler. Yes, that is a really important point, because we are trying to target the group of workers who don't have access, and that is primarily lower-income workers and those who work for smaller businesses.

Now, I will say that the very lowest of income workers, families in poverty, are actually two-thirds more likely to work for a very small employer, and those are the people

who are the least poised to be able to provide these programs. Unfortunately, by doing a social insurance type program that is going to impose the taxes on everybody, the lower-income workers will be the ones who will disproportionately pay for that.

And this begs the question of, looking at those lower-income workers in smaller companies, it is unclear whether the Family Act would actually be available to them. Because under FMLA they are not provided job-protected leave. And these are the people that worry most about losing a job if they are going to take leave.

*Mr. Brady. Is it true a quarter of workers reported taking leave last year, and 75 percent received either full or partial pay? If that is the case, how do we how do we focus on that gap? You know what I mean? That quarter gap that isn't getting some help. When we run into these immediate family situations that you and the other panelists describe, how do we make sure, you know what I mean, we are finding ways to plug that gap?

*Ms. Greszler. Yes, when we are looking at the lower-income workers, those are predominantly hourly workers. And so a great option for them is the Working Families Flexibility Act. And what that would allow those lower-income workers to do is to choose, only if they want to -- if they clock two hours of overtime one week, then they could get three hours of overtime paid time off in exchange for getting three hours of pay. It is simply a choice that would allow the average worker to accumulate potentially weeks per year in paid family leave, but it wouldn't be at a cost, you know, to the employer. There is no mandate on them, it is simply this option that is, for some reason, prohibited among private employers, but it is available to state and local workers.

*Mr. Brady. Well, can I ask you that? So it is available now to government workers.

*Ms. Greszler. It is.

*Mr. Brady. But it is not -- that flexibility isn't available in those small businesses or in the private sector at all?

*Ms. Greszler. Private employers are prohibited from offering their employees to have that overtime --

*Mr. Brady. Well, that seems --

*Ms. Greszler. -- time off.

*Mr. Brady. -- like an easy way to work together on that.

Mr. Chairman, thank you. I yield back.

*Chairman Neal. Thank you, Mr. Brady. Let me recognize the gentleman from Georgia, Mr. Lewis.

*Mr. Lewis. Thank you, Mr. Chairman. I would like to thank you for holding today's hearing. I would also like to thank our witnesses for being here. You are good. You are very good. And you are smart. Thank you.

Mr. Chairman, working families are the backbone of our country. Yet, as you stated, the United States is the only industrialized nation not to provide paid leave. In my home state of Georgia 60 percent of workers cannot even use -- afford unpaid leave under the Family and Medical Leave Act.

Every family is different, but life happens to all of us. Our humanity calls us to help those we love. No job should stand in the way.

Time is our most precious and limited resources. With paid leave you do not have to choose between your jobs and your family, or between your job and your own health.

Paid leave works. I think the witness from the State of Washington testified that paid leave works. And those of us who used paid leave know that it works.

You shouldn't have to choose between your job and your family, between your own health.

Congress must permit every American, not just the rich and wealthy, to take the time and ability to care for those dear to us: babies, elderly parents, even themselves.

I want one of you, any one of you, to make it plain and crystal clear how you have seen paid leave work in your family, in your community, your organization, your synagogue, your church, a mosque. Just testify. Dramatize it, make it real.

*Ms. Greszler. I would be happy to start here. As I said, I have six young children and so I have been fortunate to be able to take the opportunity to take leave with each of those. And I will say that my leaves have never been exactly the same. I didn't walk out of the door one day and come back 12 weeks later. With every child it has been different. Some have had different circumstances with their birth that has required more or less time away.

What I would say is that I have loved the opportunity, through multiple employers over those years, to be able to work with my employer to sit down and say this is what works for me, it is what I need, and to have them say, "Well, here is what we would need, too." And in some cases that has meant staying connected to the workforce, responding to pertinent emails, or taking a phone call here and there when I am able to do that, and when I am willing to do that.

And that is the type of policy that I really hope that we can have, going forward, especially for women, because we have seen that taking leave and taking time out of the workforce can lead to reduced opportunity for promotions and growth going forward. And so I want women to be able to have that same opportunity to stay connected, which I don't know how that would work administratively, from a federal program.

If you are paying benefits it is like you are paying the employer if they are also doing work. And so that was something that lawmakers should be considering, how that would work into the FAMILY Act, to be able to keep workers doing what they are willing

and would like to do.

*Mr. Lewis. Someone else?

*Ms. LeVine. Absolutely. Paid leave works for both employers and workers.

And I would like to testify that, as we see in Washington State -- we will roll it out January 1st of 2020, and every Washingtonian will be able to benefit -- whether or not they have an awesome employer who already makes a plan available, every employer has to make this available because everyone will have access to it.

We also have the portability so that, even if you change employers, even if you work for multiple employers, you will be able to avail yourself of this benefit and be able to take that leave for yourself, or if you bring a new child into your life, or if you are caring for an ailing family member.

For businesses, what they are able to do is now be able to afford it. So it is not just the big businesses, like our companies in Washington State like Costco or Microsoft or Amazon, who can take advantage of it, but also the small businesses who are now able to afford it. For a business with a \$1 million payroll, it will cost approximately \$1,500 a year for them to be able to afford to offer all of their employees this exceptional benefit.

*Ms. Gupta. Thank you very much for your question. And yes, I also agree. When people have paid family medical leave we know that kids are healthier in families where their parents have stable employment and financial security. We know that when -- using California as an example -- when families have access to paid family medical leave we have seen rates of infant mortality and hospitalization rates go down. And for seriously ill children, the presence of parents shortens hospital stays by 31 percent.

So this is critical for the health and well-being of families. And we know that parents should not risk losing a job or risk losing needed financial security when they need to take time out to take care of a sick child, or a sick parent, or to deal with their own

personal illness. This is something that works. A comprehensive, universal, inclusive national paid leave program, paid family medical leave program, is what we need now.

*Chairman Neal. I thank the gentleman. With that let me recognize the gentleman from Florida, Mr. Buchanan, to inquire.

*Mr. Buchanan. Yes, thank you, Mr. Chairman. I want to thank our witnesses, as well.

I read something that was -- I think it was on the front page of USA Today a year ago, six months ago, that 62 percent of Americans don't have \$1,000 in the bank. They live paycheck to paycheck. So my point on -- I think we have all clearly made this -- is that it is critical that we find a way to do this, and do it together.

I want to explore on the idea that -- the impact it would have for Social Security, ideally, when you are looking at asking the Administration to pick that up. In my district - - I am in Florida, Sarasota, that region. We have about 220,000 Social Security recipients. I have been at the offices down there, very capable, I can't imagine them picking up another program. So we have the eighth oldest district in the country.

But the fact is, as everybody on this committee knows, that we need to deal with the viability of Social Security and Medicare, long term. We are not willing to make those tough decisions. I am not saying Democrats; it is both of us. We have to deal with that before we get into other programs.

But let me ask you, Ms. Greszler, what is your thoughts on -- in terms of the viability of Social Security, or what impact that will have on seniors across the country, in terms of adding another entitlement, another program as relates to that, especially as we are calling on the Social Security Administration to administer it?

*Ms. Greszler. Yes. So even the Family Act would use the Social Security Administration to deal with these paid family leave claims. And if you look at it today, I

don't think that many people have a great experience when they are trying to get -- whether it is their retirement or their disability insurance claims, in particular, we already have over 40 million Americans that are visiting these Social Security offices every year. The average wait time when they call in is 24 minutes. If you think of somebody who is facing a medical emergency and trying to get an application in to make sure that their paycheck arrives in time to meet their bills, they don't have time to sit there on the phone or to travel to a Social Security office. So I am concerned about housing any potential federal program within the Social Security Administration.

And then, as to the particular Social Security proposal, and using actual benefits from that program to trade for paid parental leave, this program is already insolvent. We only have about 16 years until it runs out of money, and benefit cuts are going to be implemented for everybody across the board, including current retirees. Now is the time to make that program solvent, and not to add a new entitlement.

*Mr. Buchanan. Thank you.

Ms. LeVine, let me ask you. The chairman mentioned about Massachusetts and yourself in Washington, that you have got, it seems like, a pretty viable program going on in terms of addressing some of this. Why can't this be done at the state level, where you are closer to the small businesses and the employees at that level? And maybe we find a way to help you with the funding.

I just -- I don't have any confidence in us picking up another big program when we have got so many other things that we are dealing with. But you are closer. You could use best practices, look and see what works in various states. It seems like it has always got to be a federal program. But can't we partner or something with the -- on the state levels? And maybe that is what we are doing, but can't we do more in that space?

*Ms. LeVine. I think what -- thank you for asking that question. I really

appreciate that, and I think about it with some frequency.

Especially this past legislative session, we heard from pretty much every state in the union asking us what we are doing and how do they adopt best practices around policy, customer care, outreach, our technology, and the work that we are doing around funding our program, because it really is a best practice across the United States.

And the answer is because we need a federal program. Because we need every state to be involved. Where you are located shouldn't determine whether or not you have access to that.

*Mr. Buchanan. Thank you. I have got limited time, one minute, and I want to ask one other question, or just an observation.

I can tell you we have got a very hot economy. You know, I mean it doesn't stay there forever, they come and go. But the bottom line, we can't find workers. A lot of people in the State of Florida -- I am sure other states -- are having to step up and make additional investments in their employees. Their employees are their biggest assets. I had over 1,000 employees when I came here. That is the biggest asset anybody has in the firm. I see a lot of companies making those investments, doing what they have got to do to take care of their employees.

Do you have any more additional thoughts on that, Ms. Greszler?

*Ms. Greszler. Yes, I think that is exactly what we have seen, and it has been great news. You know, we have had over 100 large companies that are employing lower and middle-income workers come out with a new and expanded paid family leave programs over the past couple of years, and we are now in a position where the top 20 employers in the U.S. all offer paid family leave programs.

You know, I think the only thing that is standing in the way of this continued growth is implementation of a federal program that would shift it all onto taxpayers and

take away those privately and state-provided programs.

*Mr. Buchanan. Thank you, Mr. Chairman, and I yield back.

*Chairman Neal. I thank the gentleman. Let me recognize the gentleman from Texas, Mr. Doggett, to inquire.

*Mr. Doggett. Thank you, Mr. Chairman. And to all of our witnesses, paid leave is really paid stay: the opportunity for a limited stay with an aging parent, a new baby, or to deal with a medical problem.

Through the highs of new life and the lows of a loss, caregiving can put life on hold. But it shouldn't put a paycheck on hold also. With 114 million Americans not having a day of paid family leave today, we need a new, bold, national paid leave policy that would allow people to receive a portion of their paycheck for family and medical leave reasons.

Thanks to the dedication of my good friend, the able Congresswoman Rosa DeLauro, we have just such a proposal, a national paid family and medical leave policy that she has been working on for almost a decade, originally introduced in 2013 as the Family Act. I am pleased to be a cosponsor of that, along with many of our colleagues. It would recognize -- it was actually reintroduced this year on the anniversary of the Family and Medical Leave Act. That -- while that is very valuable protection now, that -- three months of no pay is not a formula for success in dealing with these issues, and that -- we need a program that does provide some compensation to those who have the need for family and medical leave.

Indeed, I think our existing legal structure kind of takes us back to the Mad Men era. We do not have American families these days that are reliant, in many cases, on a male breadwinner alone, or a sock hop. Women's wages today provide, really, the key supporting wages for many families. About 80 percent of African-American mothers,

about half of Latina mothers, and 46 percent of white mothers are key family breadwinners.

Without a federal policy in areas that have totally indifferent state governments, like the State of Texas, the only hope for relief has come from progressive cities like San Antonio and Austin that have developed local sick leave policies that have been now under sustained attack from indifferent state Republican leadership. The ability for someone you love to have access should be as universal as access to health care.

Unfortunately, we have some very fundamental differences about access to health care, just as we do access to family leave. And I think it is very personal. I think of the story of Alissa from San Antonio, who found herself trapped when her mother was diagnosed with cancer. She kept saving up what sick time and vacation days that she had for a last-minute emergency. But when she finally got the emergency call to leave, it was the last day of her mother's life. People shouldn't face that kind of crisis.

Now, I do agree with our Republican witness today and with my Republican colleagues, that the idea -- which are the only ideas that I think have been advanced by Republicans not here in the House, but in the Senate by Mr. Rubio -- I believe Ms. Ernst has -- the only Republican ideas are to undermine retirement security in order to provide some limited protection for people with family and medical leave, and that is a real step backward. We can have both strong retirement security and security for these families.

I would just ask in closing, Ms. Gupta, Republicans talk about their thin veneer on their major giveaway to the wealthy and corporations concerning providing a tax credit for employers that are already providing some leave. Doesn't that approach really leave out most people of color and many poor citizens of all ethnicities? And can you really point to any good it has accomplished, in terms of increasing the number of workers who have access to employer-sponsored paid leave through what I think is a backward policy that they are advocating?

*Ms. Gupta. Well, thank you, Congressman, and I really appreciate how you describe paid family medical leave as critical paid stay.

You are absolutely correct. You know, what we see is that, based on the numbers - based on numbers around access, that the majority of private-sector workers -- again, 84 percent -- have no access to paid family leave. And again, that is worse for the lowest-wage workers.

This has tremendous impacts on workers of color. We know that 60 percent of African-American -- 62 percent of black and 73 percent of Latino workers are ineligible or cannot afford to take unpaid leave. So having -- just relying on tax policies, or relying on other incentives that are focused on businesses, it is just not enough, or just state strategies. We leave huge gaps in access by economic level, by race, by ethnicity, and by region.

And really, the only thing we have that is going to help low-wage workers, especially workers of color, is a universal coverage --

*Chairman Neal. I thank the gentlelady.

*Mr. Doggett. Thank you.

*Ms. Gupta. -- inclusive of family medical leave.

*Mr. Doggett. Thank you so much.

*Chairman Neal. I thank the gentlelady. Let me recognize the gentleman from Nebraska, Mr. Smith.

*Mr. Smith of Nebraska. Thank you, Mr. Chairman, and thank you to our panel of witnesses today. I think this is an important topic that we have a discussion about.

Let me first say that I believe paid family leave does have broad support. And I can't speak for everyone else, but that is my sense of it. However, I think the legislation we are actually discussing today has a number of serious flaws, and certainly concerns, and appears that it could be actually a bad deal for a lot of families. That is often, obviously,

what we get with a one-size-fits-all solution.

But let's revisit an example I have used more than once this year. Under the Tax Cuts and Jobs Act a single mother with two kids has zero federal income tax obligation until her income surpasses \$50,000 per year. The Social Security plan we had a hearing on earlier this year would raise this same mother's taxes by about \$1,200 per year by the time its tax increases are fully implemented. This mom is also looking at increases in the gas tax that she pays to get to work, increased energy taxes proposed under the Green New Deal, and increased taxes to pay for Medicare for all under the agenda we see currently in place.

Proponents of the bill we are discussing today claim that they will need to raise taxes on this single mom by only, supposedly, 0.4 percent to pay for the proposal. However, we know from a recent study the tax rate needed to fully cover the cost of this program is actually 2.9 percent.

And Mr. Chairman, I would ask for unanimous consent to submit for the record the study from the American Action Forum that does discuss the details --

*Chairman Neal. So ordered.

[\[The information follows:\]](#)

*****COMMITTEE INSERT*****

*Mr. Smith of Nebraska. Thank you. What does that 2.9 percent tax increase add up to for this single mom? Ultimately, that is about \$58,000 in taxes out of her pocket over a 40-year working career. To put that in perspective, someone earning \$50,000 per year would be paid approximately \$8,300 over a 12-week span of using this program if it was enacted. At that rate, the single mom would have to access the program for 12 weeks at least 7 times to break even, just break even on the \$58,000 we are asking her to pay into the program.

This certainly isn't robbing Peter to pay Paul. It is actually robbing Peter to pay Peter, Paul, Thomas, Simon, and probably Zacchaeus, too.

Instead of focusing on how we can raise taxes on hardworking Americans to create a program, we should be focusing on new ways to empower businesses to provide the paid leave benefits we know they want to be able to provide. This includes continuing existing incentives and making it easier for small businesses to band together to provide these benefits.

Ms. Greszler, we keep hearing in hearings like this one and a previous one on Social Security that employees will only pay half the tax, because their employer would pay the other half. In reality, can you speak to where the other half, which is considered to be the employer share, where it would actually come from?

*Ms. Greszler. Yes, the economic consensus is always that any cost associated with employing somebody, the burden will come down to that employee themselves. And we have heard from small business owners -- Carrie Lucas herself, who employs about 25 women, said that even though she already has a paid family leave policy, that this Act would cause her -- the new higher taxes would cause her to change the policy she has, and have to reduce compensation for those workers, whether it is lower wages, lower benefits, or something else. Those costs have to be spread to the employees themselves.

*Mr. Smith of Nebraska. So with a macro view, it would actually be downward pressure on the wages themselves, is that what I hear you saying?

*Ms. Greszler. Yes, and particularly among the lower-income people who don't have access to plans already. Employers who already pay a plan, they can recoup those costs by not providing that plan anymore and just pushing those costs under the federal program. For employers who don't have a plan already, they are going to have to push those costs down to that worker.

*Mr. Smith of Nebraska. All right, thank you. And I do want to also bring up the fact that self-employed workers, we know they have to pay both sides of that equation. And certainly that is common among agriculture. My main constituency, farmers and ranchers, are self-employed and they have to pay both sides of that equation. And certainly this would have a, I think, a very unique impact on them, but nonetheless a burden, if you will, that the benefits would unlikely be felt, as well.

So I hope that we can take a thoughtful approach to this, realizing that flexibility, as, Ms. Greszler, you point out, as a mother of six, that flexibility is key so that employees can work with their employers to ultimately meet their mission.

And thank you, thank you, Mr. Chairman.

*Chairman Neal. I thank the gentleman. With that let me recognize the gentleman from California, Mr. Thompson, to inquire.

*Mr. Thompson. Thank you, Mr. Chairman, and thank you for holding the hearing. Thanks to all the outstanding witnesses that we have with us today.

My state of California was the first in the nation to implement a statewide paid family program. When California began that process there were a lot of apocalyptic predictions that were going to come about. Folks said we couldn't afford it, that it would be hard to implement, and it would hurt our economy, and that it would cripple small

businesses. Fifteen years later, none of those apocalyptic warnings have proven true.

The overwhelming majority of employers have seen either a positive effect or no effect at all since California's paid leave program went into effect. And small businesses were even less likely to report a negative effect of this policy.

At some point in our lives all of us need to take time to bond with a new child or recover from a serious illness or injury. Paid leave would benefit all of us.

The success of paid leave in California and other states across the country that have done this, and in nearly every other developed nation on earth, make clear to us that federal paid leave is, in fact, achievable.

Ms. Gupta, would -- you mentioned that 9 out of 10 California employers experienced positive or no noticeable effect from their paid leave program. Can you talk a little more about how employers in California view the state paid leave program? Do they tend to view it as an unnecessary burden? And in your view, when states have implemented paid leave policies, have those policies prompted any sort of economic downturn, or have they forced small businesses to shut down?

*Ms. Gupta. Thank you for that question. And again, thank you for California's leadership on this. So far 10 million workers have benefitted from California's paid family medical leave program. And there are no reports of employers having any sort of negative impact. If -- as you mentioned, if anything, we have heard only that it has had a positive or neutral effect on their productivity, on their profitability, on their turnover, and on employee morale.

And we know for small businesses -- again, we have heard no reports of this having any sort of bad repercussions on small businesses. Instead, small businesses are able to afford to pay a small amount into the program and actually benefit again from higher employee morale, lower turnover and, as Mr. Sandkamp said, being able to keep talent and

actually compete for talent which they otherwise would not be able to. You have small businesses in California, just like you have huge businesses like Google, and small businesses should be able to also compete and retain talent in the same way.

*Mr. Thompson. Thank you, and thanks for throwing in the part about retention, because I have heard from employers in my district, everything from agriculture to health care to the construction sector, and they are all struggling to find and retain workers. That is an important point.

Mr. Sandkamp, you highlighted the cost of replacing an employee. I think it is really important to point out that we can't just evaluate the cost of a federal paid leave program by itself. We have to weigh the costs of the whole environment in which you operate. Could you talk about the costs associated with losing a worker and finding the replacement worker?

*Mr. Sandkamp. Yes. So just to start, finding that employee is difficult. But that is the smallest portion. The big portion is training that employee and getting them to be productive, as productive as the person that they are replacing. For me it takes over six months to get a full employee up to speed. And during that time I am at a loss. I am generally not making money when that person is working. So specifically, it -- the bigger cost for me is getting that person up to be efficient, and just as efficient as the person they replaced.

*Mr. Thompson. And then once you do go through all the time, trouble, and expense of training that new worker, if you don't have a program in place to account for this, you could run the risk of losing the newly-trained and newly-hired employee.

*Mr. Sandkamp. Right, exactly. And so I have been in New Jersey now, under an insurance model of paid family leave for 10 years. And I have witnessed specifically the - I -- before leave I lost a highly-skilled worker. After we had the leave program in place I

have retained workers. And because of that, I would say right there, just the savings on training the replacement workers, far exceeds the cost of the leave itself.

And for me, as an employer, I would rather have a small cup of coffee every two weeks that I am paying in -- you know, not even a latte, just a little cup of coffee every two weeks for each person. And that is basically it.

If I have to administer my own program, forget it. It is not happening. I have been in business 28 years, and it didn't happen until New Jersey put it in place for me. And I am someone that is progressive-minded, you know, I want to do the right things for my employees. But I wasn't able to do that. But as soon as New Jersey did it, I am very happy to be part of it. And I have been behind it all along.

It is something that people don't notice. My employees are aware of it, but they don't see it coming out of their check, because it is such a small number.

*Mr. Thompson. Thank you very much. I yield back, Mr. Chairman.

*Chairman Neal. I thank the gentleman. With that let me recognize the gentleman from Texas, Mr. Marchant, to inquire.

*Mr. Marchant. Thank you, Mr. Chairman. When it comes to paid family leave, I think we can all agree that we need policies that are good for the mothers, good for the fathers, and, most importantly, good for their children. This committee should work together to find incentives in the tax code that help small businesses retain quality employees and utilize paid leave without putting a costly new burden on a small business community.

For the fifteenth year my home state of Texas has been named the best state in the union to do business. In fact, many businesses are leaving these Utopia states that have provided an enormous amount of government, enormous amount of programs, and an enormous amount of taxes, and they are coming and relocating in areas that do not have

that kind of taxation. Owners and small businesses in my district -- my district has -- surrounds the Dallas airport, so it has the national headquarters for Fluor, Exxon Mobil, Kimberly Clark, Toyota, et cetera.

So all of those corporations, either through internal financing or the external insurance program, are handling this issue, I think, very responsibly. The problem is when you have that kind of a dynamic corporate atmosphere in your district you have hundreds, if not thousands, of small businesses that support those larger businesses. And it is those businesses that I hear the most consternation from about how will we afford these programs, how will we do without these workers for 12 or 18 weeks. And then, most importantly, the last thing that they ask is how will we afford this? How can this happen?

So, Ms. Greszler, I have three questions for you regarding the Family Act.

How would this benefit interact with a worker's pay? Will be just a -- just walk me through the mechanics of how you think this program would work.

And then, Ms. LeVine, would you describe how it works in Washington State, or will work when the program -- the program is not yet in place, is it?

*Ms. LeVine. We are doing premium collection, and then it will launch benefits January 1st.

*Mr. Marchant. Okay, so after --

*Ms. LeVine. I am happy to discuss that.

*Mr. Marchant. So after Ms. Greszler, I would like to hear how the mechanics --

*Ms LeVine. Absolutely.

*Mr. Marchant. Ms. Greszler?

*Ms. Greszler. Yes. So under the Family Act workers would pay .2 percent of their pay, and employers would pay the other .2 percent. But, as I mentioned before, employees will really bear the full .4 percent burden of that pay. Initially, that doesn't

sound like a lot, you know, an extra \$200 per year per worker. And it may not be a lot for middle and upper-income earners. But the impact would be disproportionately felt by lower-income earners who really are living paycheck to paycheck.

And even if you are talking about \$20 a month, that is a lot for somebody who is --

*Mr. Marchant. And, in your opinion, will the amount of money that that collects fund the Family Act?

*Ms. Greszler. I don't see how it possibly could. You know, if you multiply out, okay, how much revenue are we bringing in, and you compare that -- the amount of revenue would fund about 2.5 percent to 5.5 percent of workers being able to take leave, depending on how long they take that leave for. Well, we are looking at 25 percent of workers saying that they have had a need and they have actually taken leave. And so, in reality, I think the Family Act would only be able to provide benefits to about 10 percent or 20 percent of workers who actually --

*Mr. Marchant. So the benefits will either have to be stripped down significantly, or --

*Ms. Greszler. I mean without rationing, I don't know how you could possibly provide the level of benefits that the Family Act specifies with a .4 percent payroll tax.

*Mr. Marchant. Thank you.

Ms. LeVine, could you explain to us how the --

*Ms. LeVine. Absolutely.

*Mr. Marchant. -- Washington State --

*Ms. LeVine. And again, I want to emphasize that it was employers and it was worker advocates and family advocates coming together to design a system that works for everybody involved at scale.

I want to also start out by emphasizing that Washington State has the highest GDP

growth in the country, as well as the highest per-capita income growth in the country right now.

*Mr. Marchant. We got 22 seconds.

*Ms. LeVine. Perfect. So the structure of it is that an individual has .4 percent of their wage that goes towards this. That is one third employer pay, two thirds employee pay. For those businesses who are under 50 employees, they can forego the employer portion of that, although the employee still is able to avail themselves of it.

Our employees will be able to get up to 90 percent wage replacement. So for the cost of a cup of coffee, \$2.44 cents a week, an individual will be able to get, on their \$900-a-week salary, a \$747 wage replacement on a weekly basis.

*Mr. Marchant. And the small businesses are --

*Ms. LeVine. Yes.

*Mr. Marchant. -- don't have to put their part in.

*Ms. LeVine. The small businesses have the choice. But there is an incentive, and that incentive are the small business assistance grants, where businesses 150 and fewer can get up to 10 grants of up to \$3,000 per employee over the course of a year so that they can backfill the costs for those individuals who might be going on leave. So there is an incentive for them to pay that employer portion for those that are under 50, but it is their choice.

*Chairman Neal. I thank the gentlemen. Let me recognize the gentleman from Connecticut, Mr. Larson, to inquire.

*Mr. Larson. Thank you, Mr. Chairman, and thank you for this hearing. For those that are in our viewing audience, this is very heartening.

And starting with Ranking Member Brady's opening comments, and for the discussion that has ensued, let me join my colleagues in pridefully saying how Connecticut

was the first state in the union to pass family and medical leave, more than 30 years ago, and our United States Senator Dodd was the author of the Family and Medical Leave Act that has impacted the entire nation. And his chief of staff at the time was none other than the Rosa DeLauro, who is currently one of the authors of a bill that you heard Mr. Doggett talk about earlier.

Also we point with great pride someone who was -- the engine behind it, the intellect behind it, was Dr. Edward Zigler out of Yale. Dr. Zigler worked at the Bush Center, but more importantly worked for presidents, starting with President Kennedy, through President Clinton, every single administration, because they relied so much on -- Dr. Zigler is most famous probably for being known as the father of Head Start, but also very famous for saying, when looking at the plight of families and child care, said, "Child care is a cosmic crapshoot today for America." And so it has remained, and it is up to us to solve this. And that is why today's discussion is so heartening, from my perspective.

Ms. Greszler, I can't thank you enough, as the chairman of the Social Security Subcommittee, for your comments about how destructive -- and this intergenerational battle and conflict that we seem to be endlessly involved in about -- talk about robbing from Peter to pay Paul -- robbing from one generation to pay for another. And so we have to strengthen that.

But I couldn't help but also, in watching the body language between you and Ms. LeVine -- I was going to ask Ms. LeVine what would you say to Ms. Greszler about the initiative of the -- of flexibility? Our concern when you say "flexibility" is that means the flexibility to do nothing, which is, unfortunately, very apparent on a number of fronts, not the least of which is dealing with Social Security and in general.

But, Ms. LeVine, I was going to ask you to respond, because I think there is great hope here and intellect involved, where we can come to a solution.

*Ms. LeVine. I am actually really looking forward to the subsequent conversation that we get to have, because I do think that Washington State addresses these considerations around flexibility. What we have set with our program is a floor, not a ceiling. Businesses are able to do more, if they choose. But they do have to provide a minimum amount of support for those employees. It is a shared cost between the employer and the employee in terms of the investment in this. And it gives all workers -- lower wage, middle income, or high-wage workers -- the ability to access this.

And I appreciate the comment with regards to big businesses and the top employers in the United States making this available. But that is because they can afford to. And as we have been deploying this, we have been hearing from employers that, in fact, even those biggest businesses in Washington State have not been providing this benefit to all of their staff. They have been making it available to their top-end staff. And because of the scale on which we are doing it, they are now finally able to afford providing this benefit to all of their staff at a relatively low cost to them, and certainly to the employees, as well.

Because we have made it also progressive, meaning lower-wage workers get a higher percentage of their pay and wage replacement, we have also answered the question about -- that came up before, around why is it that people aren't actually accessing this. It is because they couldn't afford to access it.

And so I would suggest that there is an opportunity to have a dialogue and move forward and look at what Washington State is doing, because it does meet the needs, both from a cost and a benefit standpoint, for employers and for workers.

*Mr. Larson. And the flexibility, again, that you offer to the small businessmen, you said that --

*Ms. LeVine. Absolutely.

*Mr. Larson. -- in Washington State -- is that something, Ms. Greszler, that you

think you guys could work together on?

*Ms. Greszler. Yes, I would love to talk afterwards about the ways that Washington is offering some flexibility there, because I do worry that when you have a top-down mandate that sets what the terms of the leave are, that you would lose some flexibility.

*Mr. Larson. Finley Peter Dunne used to say -- the old Irishman would say, "Trust everyone, but cut the cards." And the concern is that if you don't, or if you are not having a requirement, then we would trust people to use that flexibility. What happens when they don't? And then what happens when people are left out?

And so, hopefully, we can continue this conversation. But thank you, Mr. Chairman.

*Chairman Neal. I thank the gentleman. Consistent with committee practice, we will move to a two-to-one questioning ratio after the gentleman from Pennsylvania is recognized. Mr. Kelly?

*Mr. Kelly. Thank you, Chairman. And thank you all for being here today.

Mr. Sandkamp, I share your concerns. I often wonder sometimes, the cost of providing the leave versus the cost of not providing the leave. I am also a small employer, and we always try to figure out what can we do to make it easier for people to go through, as Mr. Lewis described, life-changing events.

But again, it always comes down to, well, how do you pay for all these things? And at the end of the day who does make the payment? And at the end of the day where does the real cost lie? And I agree with you: finding talent today is very difficult. Retaining talent today is even more difficult, because we are constantly competing against other people for the same type of talent.

Ms. Greszler, one of the important provisions of the Tax Cuts and Jobs Act was the

first-ever national paid leave tax credit, which would help employers to offer more paid leave benefits. Do you have any ideas on how this could be improved?

*Ms. Greszler. Well, as it is right now, it is a temporary tax policy, and temporary tax policy is not efficient at all. It is not going to incentivize employers to go start a new program if they know that this could be going away in the future.

And so doing something that is more permanent -- you know, I would rather do this through something like the Working Families Flexibility Act, tax-free savings of individuals as their own. The one problem with that credit is that it is providing a windfall benefit primarily to employers who already offer the program. Yes, it is a credit for new employers, as well, but it also benefits people who are already paying for this.

*Mr. Kelly. Any other ideas on how -- what we could do? You say make it permanent. Is that one of your answers, or what would you do?

Talking about -- not talking now as a Member of Congress, but talking to you as an employer --

*Ms. Greszler. Making it permanent would certainly help increase some access to employers who are not already providing the program. But then again, you still have those windfall benefits that are provided to employers who are already providing the program.

That is where I would like to see more growth through things like private disability insurance policies, and I have actually proposed a payroll tax credit. This was originally targeted at the Social Security Disability Insurance Program, but it has implications for this as well.

And so allowing employers to have a credit against their disability insurance taxes they pay, if they provide their workers with what we would call a qualified disability insurance plan, as we said earlier, those private disability insurance plans cover 50 percent of private-sector workers. There are more out there, but they cover a lot of the needs that

they have for both maternity, as well as personal medical leave.

*Mr. Kelly. Okay, all right. Well, I would like to talk more about this, because I face two dilemmas. First of all, being a member of this committee and figuring out how to pay for all these things; and then, secondly, being an employer who has to pay for all these things also. So it is an interesting situation to be in.

Now one of the things we did pass out of this committee just recently was the SECURE Act. Now, we allow penalty-free withdrawals from retirement accounts to pay for expenses related to the birth or adoption of a child. How does this added flexibility help young families?

*Ms. Greszler. Well, that is a great option for, you know, roughly 50 to 60 percent of families that have some type of retirement account at work. They can take that money out, tax free, when they need it, as opposed to having to wait until retirement. And I would just encourage lawmakers to expand that beyond just paid parental leave to include family leave. And you can go even further to implement a universal savings account, so that workers don't have to save just for retirement, or just for a child's education, but they can save for any life purpose that they need and take it when they need it.

*Mr. Kelly. But one of the things with the universal savings accounts sometimes is a criticism that it really helps the wealthy, it doesn't help those who aren't able to have these accounts. So you always face that dilemma of sometimes the perfect always interferes --

*Ms. Greszler. Right.

*Mr. Kelly. -- with doing the good. So we face that constant debate.

*Ms. Greszler. I have seen, though, it can really help low-income workers, both the workers themselves feeling like I am not afraid if I sock this money away today that I won't be able to access it until I am 60 years old, but knowing that they can take it out for what they need will increase their savings.

And also this would be a tool for employers. It is a more comprehensive benefit to be able to put money into a universal savings account that could cover short-term disability, paid family leave, all types of things that workers would like to take that for, including their retirement, medical needs, whatever that may be. It would encourage employers to expand that savings, as well.

*Mr. Kelly. Yes, you are right.

And again, Mr. Chairman, I want to thank you for holding this, because this is something we all agree on. And the only challenge is how do we get there.

So thank you all for coming in today, taking time out of your private lives to come in.

Mr. Sandkamp, I share your concerns. Boy, it is hard to find replacement talent. And keeping them on board is critical for your viability, and also for the families of those workers. So thank you so much.

Thank you, Chairman.

*Chairman Neal. I thank the gentleman. And with that let me recognize the gentleman from Wisconsin, Mr. Kind, to inquire.

*Mr. Kind. Thank you, Mr. Chairman. I want to thank you for holding this very important hearing, and I want to thank the witnesses for your terrific testimony here today.

But just to get back to the previous line of questioning, my good friend, Mike Kelly, and I have been working hard to get the SECURE Act across the finish line. And while we do allow early withdrawal from retirement accounts for these type of life emergencies, we need to resist the temptation to make that easier and to expand it. Because we found that when people do start withdrawing for life emergency such as this, they have a hard time replenishing those funds.

And the whole point of the SECURE Act is being able to expand retirement savings

opportunity for more people, especially women, minorities, younger adults in the workforce. That is passing them by right now.

So with that proviso -- and I think one of the reasons we did it on the SECURE is because of the absence of a federal policy that this legislation is meant to address.

Now let me just say -- and I think this is true for all our colleagues on the dais -- and when I am back home and I am visiting businesses large and small, their number-one concern is workforce needs. And we at the federal level, working with our state partners, need to be thinking creatively of how we make workforce entry easier. And we will wrap around life events, because if you have a child, if you get sick or injured, if you have got an older family member that needs caring, a father, mother, grandparents, this is life coming at you.

And for too long, as one of the last remaining developing economies of the world that refuses to have a federal policy, we are making it hard for people to rejoin the workforce with policies like this that should be available for them so they don't view it as career ending or career threatening, if they do have to take time away from work.

Now, Ms. Gupta, I know you are looking at a lot of the data and a lot of the metrics out there with the states that have moved forward on this basis. Is there an indication that with state policies, at least, for family medical leave that it is encouraging more entrants into the workforce, especially female workers that we are in desperate need of right now to be joining the workforce even more?

*Ms. Gupta. Thank you again for that question. And I think -- again, looking at data from California shows that having paid family medical leave, the lowest-wage workers, especially low-wage mothers who were able to take time to bond and care for their children, were able to go back to work, they went back to the same employer. It increased their wages and increased their retention. So we are starting to see better access

and better opportunities for low-wage workers when they have access to paid family medical leave.

And I think we will continue to see that across the states as more states adopt these policies. But I think, more than anything, the time -- the urgency and the demand for paid family medical leave is so great I think we can't wait just for state action. That is why we need a national, universal --

*Mr. Kind. Yes, and I would agree with that. For us to hit our GDP growth targets, we need to increase worker productivity, but we also need increased labor force participation rates. And really, that is what this policy is, in part, meant to address, not to mention the human humanity aspect of all this.

But Ms. LeVine, I have been very interested in hearing your testimony about what Washington State has done. And, you know, my district is a large, rural western Wisconsin district. Small businesses are the backbone. And it looks like Washington State has taken into consideration the challenges that small businesses may have in implementing a policy of this nature, you know, the opt in, with the flexibility that is given to them. Are there other policy considerations that we should be thinking about to try to make this easier for small businesses to adopt this and offer to their workers, as well?

*Ms. LeVine. Absolutely. Thank you so much for asking that. Well, my district, which is the whole state -- I run our workforce agency -- has a large rural area, as well. When you go east of the mountains we have many of the same situations that you are describing in your experience in Wisconsin. And what we hear and see is a need for it to be an affordable program, and at the same time generous for the workers themselves. And so our overall program addresses that need.

I think integrating employers into the conversation on how you design it is really essential. And in addition to that, working with those employers to do outreach -- one of

the things that we haven't discussed is how do you drive utilization and awareness of the program itself. And so, with the investment in outreach and awareness that we have done to employers, we have been able to ensure already 88 percent awareness. And over half of the individuals have a positive to neutral perspective on what we are rolling out, and recognizing the value of it.

We also do have a way for those who are independent contractors, or who are sole employers to themselves utilize the benefit. So there is a number of different ways that we are meeting the needs of small or hyper-small businesses.

*Mr. Kind. Right, and I think the panelists again today for your terrific testimony. Thank you, Mr. Chairman. I yield back.

*Chairman Neal. I thank the gentleman. Mr. Pascrell is recognized.

*Mr. Pascrell. Thank you, Mr. Chairman. We have a great panel today.

As Americans struggle to balance work and family, the United States does not guarantee any access to paid leave. In New Jersey, my state, only one of three states to enact a paid leave law back in 2009 -- and it has been updated earlier this year.

Mr. Sandkamp, again, thank you for being here today. You are a great representative of the state, and you are very articulate in what you believe. You testify about the benefits of paid leave, and specifically the benefits of New Jersey's family leave insurance program and temporary disability insurance law for small businesses like yours.

Small businesses employ nearly half of our country's private-sector workforce. They were instrumental in leading the way out of the 2008 Great Recession, creating two out of every three private-sector jobs between 2009 and 2013. In New Jersey, 99.6 percent of businesses are small businesses. We cannot wait for small business to become a big business. Refer to the 20 big corporations that provide programs, which is nowhere near the number of people that are in this country. And that is good that they do that. I salute

them.

But that is not what we are talking about. Unfortunately, nationwide access to paid leave is limited, and there are great disparities. So, Mr. Sandkamp, let me ask you this question. You own a successful small business in Jersey City, the second-largest city in New Jersey, in a state that has paid leave on the books. We know that local economies are strengthened by small businesses. Can you tell us how offering your employees paid leave benefits helps you compete with the larger companies and corporations?

*Mr. Sandkamp. Thank you for the question, Congressman Pascrell. So the biggest thing is that it helps me retain my employees. My skilled employees are critical to me. When I lose a skilled employee the cost to replace them is astronomical, because it is multiple months in order to train them, to get them to the point where they had the productivity of the person they replaced. So that is number one.

When I have those skilled employees I am at my most competitive, and I am at my most efficient. For me to be competitive with any size business, I need to be at my most competitive, my most efficient. And so that helps me to do that, to achieve that.

For me, the model that has been enacted in New Jersey has been there for 10 years, so it is not hypothetical, it is something that I have been dealing with for 10 years. So when Congressman Kelly asked me about -- was mentioning how that would affect a small business, for me it is something that I am aware of. I have been dealing with it for 10 years, and it has not been an issue at all. It has strengthened my business, it has helped me retain my employees.

I don't see in any way that a tax credit would do that. I think the only way we would know that is if we ended up doing a tax credit federally, and people -- and then 10 years from now we look back and said, well, it didn't really do anything, you know. I mean, 10 years from now everyone will still be covered if you guys create this law.

*Mr. Pascrell. Right.

*Mr. Sandkamp. Federally, the entire country will be covered, and we know that.

*Mr. Pascrell. And you bring up a very interesting point. And that is what I would like to ask as my final question to Ms. Gupta.

You spoke about low-wage and middle-class workers trying to earn a living and care for their families at the same time. Do you think that the Tax Cuts and Jobs Act helps those families?

*Ms. Gupta. I do not. I think most low-wage workers don't work for employers, and rarely get to benefit from those sorts of tax cuts. We know that with the incredible demand and urgent need, that low-wage workers are the workers least likely to have access to paid family medical leave. So the tax cuts did not trickle down to them to help them. And those workers need a universal, portable, inclusive national paid family medical leave program to actually benefit them.

I just want to say for New Jersey also, looking at New Jersey's labor force attachment data, first-time mothers who use paid leave were 26.3 percent less likely to quit their jobs. So when women are able to stay in the labor force and stay with the same employer -- 18.2 percent were more likely to stay with the employer after birth of their first child -- it keeps them in the labor force. It makes sure that they can continue to provide for their families. It increases their skills, it increases their income, it is good for their for their own families, and it is good for their employers and for their local economy.

*Mr. Pascrell. Thank you so much. I yield back.

*Chairman Neal. I thank the gentleman. Let me recognize the gentleman from Missouri, Mr. Smith, to inquire.

*Mr. Smith of Missouri. Thank you, Mr. Chairman. Thank you for holding a hearing on this important issue. This is an issue that we should clearly be able to work

together, Republicans and Democrats, on. But unfortunately, this Congress and my friends on the other side appears to be more focused on not this policy but instead of coming together on a policy that goes after President Trump's tax returns.

To recap, since 2016 Democrats have dedicated their time and resources in pursuit of the President's tax returns. The topic has come up in press conferences, press releases, letters, hearings, news articles, and on the floor and television at least 86 times. This includes two House resolutions the committee has to markup and devote time to.

On top of that, for much of their new majority my friends have been in a public struggle to obtain the President's tax returns and what just seems a little silly to me is that, since 2015, President Trump has filed nearly 400 pages of financial disclosures to remember back to 2012, when 36 of President Obama's executive staff owed the country over \$830,000 in back taxes, including Tim Geithner, the former Secretary of the Treasury, and Ron Kirk, former United States Trade Representative.

Now, this back and forth takes a lot of time and hard work by the committee, time and work that could be going into finding bipartisan solutions to real problems facing Americans like paid family and medical leave.

I want to be clear I support paid family leave, but I do not believe that the Federal Government should create a new government mandate that would require all taxpayers and businesses to pay into a federally-run paid family and medical leave program. A one-size-fits-all approach is only going to result in leaving people behind. If members are serious about helping American families, then they need to reach across the aisle so we can work together.

When you think of big box stores, law firms, consulting firms, the large-scale employers, and the metropolitan downtowns of America, those are the American workers that would benefit from this program. These are the families that have the ability to take

time off work in the event of a new baby or when a family member is sick.

But where I come from in southeast Missouri, work doesn't stop on the farm. Ranches and Main Street businesses cannot take on the cost, disruption, and lack of work that goes along with a Federal Government family and medical leave program. When you think of small town rural America, those are the communities that will be bypassed by this program and, honestly, are not even asking for this program.

The proposed legislation is estimated to cost every individual taxpayer \$58,000 over a lifetime -- \$58,000 over a lifetime -- that is well over the average family of four income in my congressional district of \$40,000. In fact, those are valuable dollars lost by my constituents. In fact, that is enough money to pay for two Missouri in-state students to get a four-year degree, \$58,000.

Ms. Greszler, from your knowledge and experience, how would the farmers in my district benefit from the new entitlement program?

*Ms. Greszler. It is not clear how they would benefit, because these are people who can't really afford to take time off of work. If you are farming and you have a need, you can't just stop doing your job. And so I think that your district might be disproportionately affected by that, having people who are paying into a system but who don't end up being able to get something out of it.

And when we are talking about whether or not -- there is a cost to this, and we can't pretend that there is not a cost, both a monetary amount to pay workers for this, but also the cost of having workers not be there and performing their important jobs. So workers are going to pay, one way or the other. And the question is do we take money from every worker and pull it into a federal program, or do we leave workers with more money on the table.

And I would beg to differ that putting, you know, \$1,100 or more back into the pockets of Americans through the Tax Cuts and Jobs Act, that must increase their ability to be able to afford taking paid family leave. That has a definite significant impact there.

And so just trying to look at ways that let workers keep more of their own money, if they had an extra \$58,000, you know, talking about maybe putting \$1,500 per year into an account, they have the flexibility that would afford them to take more than 70 weeks of paid leave over their lifetime. You put that into a savings account, you could have upwards of \$200,000 by the time you retire. And I think workers would be better off -- you will pay for it, one way or another, but having that money be their own, and being able to use it when they want, in a flexible manner, and if they don't need it then maybe it is there for them in the end.

*Mr. Smith of Missouri. Thank you.

*Chairman Neal. I thank the gentlelady. With that let me recognize the gentleman from Illinois, Mr. Davis, to inquire.

*Mr. Davis. Thank you, Mr. Chairman. And I would ask unanimous consent to submit for the record what I call documented Illinois --

*Chairman Neal. So ordered.

[\[The information follows:\]](#)

*****COMMITTEE INSERT*****

*Mr. Davis. Thank you, Mr. Chairman. And thanks to all of our witnesses.

Ms. Gupta, more than 30 percent of the children in my congressional district live in families with incomes below the poverty line. About half of my constituents are African-American. In the current no federal guarantee system, how do their chances of having access to paid leave compare to those of highly-paid workers in more affluent districts? And what kind of price do my constituents pay for not having access to paid leave? How does this affect their ability to increase their wages over time and to get better jobs?

*Ms. Gupta. Thank you for that question. As I have mentioned in my testimony, there is an urgent and growing need for paid family medical leave, especially for the lowest-wage workers. Two-thirds of children who live in poverty live with a person who is a worker. So workers are struggling to make ends meet.

The birth of a new child or a sudden medical crisis can cause a devastating impact on these workers' lives and their economic security. We know right now that 20.6 billion in wages per year -- workers lose about 20.6 billion in wages per year, due to unpaid leave.

And we know that when low-wage workers lose income, this impacts their ability to have food security, to be able to pay rent, to be able to take care of their children. It impacts their overall economic health for -- that has long-term consequences on not only their health, but also on their family's overall economic security for the long term.

It also -- when we do -- the cost of doing nothing has big impacts, not only on low-wage families, but it also has impacts on employers. High employee turnover costs, we know that employees are four times more likely to leave if they don't have access to paid family medical leave. And we know that that has tremendous costs to communities and to the larger economy. Families should not have to make these impossible choices between caring for a loved one and having to forgo a paycheck or even lose a job. One in -- as I

mentioned in my testimony, one in seven workers has lost a job, and job loss is one of the first entry ways to spiraling into poverty.

So we know that having paid family medical leave will prevent people from falling further into poverty if they are a low-income worker.

*Mr. Davis. My congressional district has one of the highest percentages of children being cared for by grandparents, followed closely by two other Chicago districts. My subcommittee recently heard testimony from a Chicago grandmother who was denied child care assistance because she wasn't the biological parent. Further, within the African-American community, extended family like aunties, cousins, and others are often kinship caregivers, in addition to grandparents.

Can you explain how paid leave laws can be structured to ensure that the tens of millions of grandparents raising their grandchildren, as well as the millions of other kinship caregivers, gain access to paid leave when they need it? And are there states already doing this?

*Ms. Gupta. Yes. And that is why we need to have paid family and medical leave, and not just parental leave, because you want to make sure that all caregivers have access to paid family medical leave when they need it. And all six states and the District of Columbia have that sort of a program, where they are able to help all caregivers who have that need be able to provide that need, whether it is to a grandchild, whether it is to a sibling, whether it is to a parent.

So we are starting to see an expansion in the definition of family in many of the states, and that is very important. It is going much further than the Family Medical Leave Act, which was pretty narrow in its definition of family. So we want to have a universal program that helps all families, is comprehensive and inclusive, and not just limited to parental.

*Mr. Davis. Thank you very much. Mr. Chairman, thank you, and I yield back.

*Chairman Neal. I thank the gentleman. With that let me recognize the gentlelady from California, Ms. Sanchez, to inquire.

*Ms. Sanchez. Thank you, Mr. Chairman. And I want to thank all of our witnesses for joining us today. I am really glad that we are having this conversation about something that too many workers across the country don't have access to, and an overwhelming majority of Latino workers don't have, and that is adequate family leave. I am proud to be a cosponsor of the FAMILY Act, which is a step to try to address that wrong.

As a mother I know that caring for a newborn is no cakewalk under the best set of circumstances, and it is certainly that much more complicated if you are a single mom who has to worry about keeping a roof over her head, feeding her family, and the uncertainty of being able to retain their job once they have had a child.

I also know that caring for children is only one half of the battle, and it is only one reason why many working families need paid family leave. Both of my parents were diagnosed with Alzheimer's and they have suffered from related dementia for decades. But I am one of the lucky few. I come from a large family, I have six siblings. Among us all we take up part of the burden, and so it is manageable. But for families that are only children, they don't have that luxury they don't have that support system, and it becomes really difficult when you are in that sandwich generation.

Hearing from my constituents and their unique stories about how they struggle, you know, to balance family demands and work life, and how to care for aging parents or for young children led me to partner with my friend, Tom Reed. And we authored co-authored the Credit for Caring Act that we are going to soon introduce, and that is just one way to provide some families more tools that they need to balance those obligations.

I often tell my colleagues in Congress that, as California goes, so eventually will the rest of the country. We like to think that we are on the cutting edge. And I am proud to be from the state that guaranteed paid family leave nearly 20 years ago. And over that -- the course of that implementation we have learned some important lessons in setting up and modernizing a paid leave system.

I would like to start my questioning with Ms. Gupta. Can you please dig in on how California's paid leave law has helped caregivers, and what lessons can Members of Congress take from that?

*Ms. Gupta. Yes. Thank you for that question. Again, it -- California's law has benefitted 10 million workers. And the changes have really led to increased labor force attachment, increased long-term wages, increased time, bonding time, to be with a new child. And these are critical for low-wage workers, in particular. It ensures that people have the time to care and also have the economic security to come back to work and be productive employees again.

And again, we know that when workers have labor force attachment, that continues to support them and their families' economic security, and continues to ensure that they are able to be strong, contributing members in their communities and to the larger economy.

*Ms. Sanchez. Thank you. Oh, sorry. We have limited time, so I want to get my questions in.

Now we hear a lot about, oh, burdensome regulations are going to be so terrible for small businesses. California has implemented this law, and we have the, what, fifth largest economy in the world, if it were an independent country. So I always laugh when I hear my colleagues that are naysayers and say, oh, this is gonna be terrible.

Mr. Sandkamp, do you have information on how this impacts small businesses? Because, you know, everybody thinks it is so terrible and so burdensome, but you have experience as a small businessman.

*Mr. Sandkamp. So I have been under the paid family leave insurance program in the state of New Jersey for 10 years, and it is something that has been ultimately 100 percent positive for me. It has helped me maintain employees, significant employees that would be a significant cost to replace. And retaining those employees is critical for me.

Also I could tell you this. A recent survey by the Small Business Majority said that 70 percent of business owners across the United States are in support of a paid family leave insurance program.

*Ms. Sanchez. So the overwhelming majority.

*Mr. Sandkamp. Yes. And I have been living with it for 10 years, and it has been -- I have not seen a negative portion to it. And I know a lot of other small business owners, and I don't know anyone that has been negative about it.

*Ms. Sanchez. Great. Really quickly, Ms. LeVine, what challenges have you encountered in getting the word out to small businesses about Washington State's new system? And how can we avoid those similar challenges if we work on this at the federal level?

*Ms. LeVine. Again, it has been more, actually, about opportunities and learning from California, in particular, where there hasn't been as much investment in outreach. We have done webinars, we have done advertising, we have done tremendous communication. We, in fact, invested about two percent of our budget in outreach already to the business community, because premium collection and payments have started.

And so we will then start doing benefits in January. We need to build up the bank first.

*Ms. Sanchez. Thank you so much --

*Ms. LeVine. And so that is been key.

*Ms. Sanchez. Thank you so much, again, to my witnesses, and I yield back.

*Chairman Neal. I thank the gentlelady. Let me recognize the gentleman from South Carolina, Mr. Rice, to inquire.

*Mr. Rice. I think that there is widespread agreement here that we need to make sure that people have access to paid family leave. And I just think the question is how that program is designed.

And I think this really is a stark illustration of the difference in the approaches between each side of the aisle here because, in fact, you know, we act as if this doesn't exist already. But the Republicans already have an incentive program for paid family medical leave. We put it in as part of the Tax Cuts and Jobs Act, and we did it -- you know, it is an amazing thing, that we could pull this off, but we offer employers a 25 percent tax credit against any pay that you give somebody who is on leave to encourage small businesses to offer this.

Now, last year 25 percent -- according to our survey, 25 percent of people took a leave of some kind. Seventy five percent of those got some compensation, either partial or all their compensation.

Now, what we need to do is work on that other 25 percent, right? We need to encourage employers to further spread this. And so we put in this incentive for the first time last year -- last year, the first time, as part of the Tax Cut and Jobs Act, that in the Senate was provided by the Federal Government for employers to provide paid medical leave. And we did that at the same time cutting taxes. We cut taxes and we gave employers an incentive to provide paid medical leave. And I promise you -- we don't have

numbers yet, but the number of people providing that leave has expanded dramatically and will continue to do so.

Now, the approach of the other side, rather than providing an incentive to employers and cutting taxes, is to raise taxes dramatically, particularly on the independent contractors, people working on their own, the working poor, and create another federal program. Think about that. What a stark difference. We cut taxes, provide the incentive, let private enterprise do its work. The other side wants to create another federal program and raise taxes.

You know, let's have a hypothetical guy. He is a plumber, and he makes \$50,000 a year. And this tax is going to cost 2.9 percent of his pay. That is \$1,500 a year. I promise you, if he is making 50 grand he doesn't have \$1,500 a year to lay down. You think that guy is going to vote for that -- this?

Mr. -- can't read your name -- Sandkamp? Yes, you think that guy is going to vote for this? You think he would want this? If he had a vote, do you think he would say, "I will pay \$1,500 a year so that I can get 6 weeks of paid medical leave"? Do you think he would vote for that?

*Mr. Sandkamp. In my experience that is not what he would be paying in though, sir.

*Mr. Rice. Well --

*Mr. Sandkamp. In my experience it is more --

*Mr. Rice. What the surveys tell us is that is what this program is going to cost.

Ms. Greszler. do you think he would vote for that?

*Ms. Greszler. No. I don't think he would vote for that. And, you know, I would like to talk a little bit about how this does impact small businesses and get at that --

*Mr. Rice. Okay, I want you to do that, but I have got a couple of other facts I want to throw out here. So I just want to keep pointing out our program cut taxes, and at the same time provided this incentive, which, I promise you -- we don't have the numbers in yet -- is vastly expanding access to paid medical leave. And at the same time we cut \$1,100 in taxes for the average family, as you pointed out, and we got the 333. Herman Cain used to talk about the 999. Well, we got the 333. We got three percent GDP growth. Do you think that impacts the average family, Ms. Greszler, three percent GDP growth?

*Ms. Greszler. Absolutely.

*Mr. Rice. Which the other side said we would never have again, that Obama said we would have to wave a magic wand to get that three percent, but we got that three percent GDP growth. We got 3.4 percent national unemployment. You think that helps the average family, Ms. Greszler?

*Ms. Greszler. Yes.

*Mr. Rice. Thank you. And we also got 3.2 percent wage growth. We have had 3 percent wage growth for, like, the last 10 months. When is the last time that happened, Ms. Greszler, do you know?

*Ms. Greszler. I do not have that statistic.

*Mr. Rice. It has been over 10 years.

*Ms. Greszler. It has been a long time.

*Mr. Rice. Do you think that helps the average family, Ms. Greszler?

*Ms. Greszler. It absolutely does.

*Mr. Rice. It absolutely does. So now if you -- those are the facts I wanted to point out. We got the 333, which people were saying we would never get: 3 percent wage growth; 3.4 percent unemployment; 3 percent GDP growth. These are magical.

Now, if you want to talk about your effect on small business, you go right ahead with the zero seconds I am giving you.

*Ms. Greszler. Well, I will just close with saying that I think we also have something going for us in just the free enterprise system here. You know, policy-makers don't always have to enact something to help workers out. You know, the case of Mr. Sandkamp here, it is in his best interest to provide a paid family leave policy, as he mentioned, if it costs 21 percent of a worker's wages to replace them, then why not provide a paid family leave policy instead of your own? And that policy can be very simple to implement. You don't need a federal one to do it.

*Mr. Rice. Gosh, that makes a lot of sense. I yield back.

*Chairman Neal. I thank the gentleman. Let me recognize the gentlelady from Alabama, Ms. Sewell, to inquire.

*Ms. Sewell. Thank you, Mr. Chairman, for holding this important hearing today. And thanks to all the witnesses for being here.

Today's discussion on paid family medical leave is long overdue. Too many workers across the country are often forced to choose between keeping their job or taking care of their family.

Unfortunately, in my state of Alabama even unpaid leave under the FMLA policy is inaccessible for 61 percent of the people. Whether we are talking about the birth of a newborn or a family member getting sick, everyone deserves the flexibility to support their family without jeopardizing their financial security.

This challenge is especially relevant to people in my district, where the median income for a family of 4 is \$34,000. Low-income families face unique hurdles to financial stability, and most of my constituents can't afford to take time off when faced with a family

emergency. Paid family leave would give them the flexibility and the peace of mind to support their family during potentially devastating life challenges.

In 2019 workers shouldn't have to choose between their families and their job. We must take action to ensure that everyone has access to quality child care, as well as paid family leave. This will alleviate the burdens facing too many families, and I believe it makes very good business sense, as well as really good common sense.

I am especially touched by the words of Ms. Howard-Karp.

You were -- you said that what happened to your family -- first of all, thank you for sharing your story. I had a very similar family emergency. My father had a massive stroke and I was in New York City, working at the time, and chose to leave New York City and to come back to Alabama to help care for my dad. It wasn't enough that I could send money home, and I was blessed to have a very good job to do that, but they needed me and my brothers to really help my family heal, as well as my father be able to live a life -- very different kind of life, but still a quality life, even though he couldn't move from his waist down and he couldn't speak. He lived for 14 years.

And I want you -- something that you said really resonated with me. You said that your situation was very difficult, but not unusual. And I just want to echo that, because the Sewell family struggled, and I left a paying job in New York City to come home because my family needed me to be at home.

So can you talk to us a little bit about the cost to your family in having this crisis? And you -- while you had an employer that worked with you, so many folks don't have that. And so can you talk a little bit about the cost in human capital to you and your family of enduring this crisis?

*Ms. Howard-Karp. Yes. Thank you for your question, and I am sorry to hear that you shared this experience.

*Ms. Sewell. But Dad lived for 14 years, and got to see me become a Member of Congress and, more importantly, got to celebrate a 50-year anniversary with my mom of marriage. And so, you know, we do what we have to as families, but it would be great if employers would chip in. And employees, I think, would gladly chip in because all of us face these kinds of crises. And I really am very focused on making sure it is comprehensive, and not just for newborn care, but literally covers a gamut of health crises that we, as families, endure.

Can you talk a little bit about that?

*Ms. Howard-Karp. Thank you. That is absolutely right. And as a member of the LGBT community, and also as an adoptive parent, I can't really overstate how important it is that the definition of family in this legislation is comprehensive in that sense.

The emotional cost, the psychological cost to all of us above and beyond the financial cost, was enormous. My wife, who also has a full-time job, was home single parenting for sometimes weeks at a time. My 7-year-old complained about how many hot dogs they ate, because everybody was just pinch hitting. My parents' friends fed them for months because there were times when the two of them were on different floors in the same hospital, or where they were both home, but at stages in their recovery where, between the two of them, they were not able to make a sandwich. And the ability to be able to be there for them with all of the enormous support of our community was really the only thing, I think, that made it all work. And even so, it was still a very difficult situation with all that support in place.

*Ms. Sewell. And to our small business owner, can you talk a little bit about the cost of having, you know, workers that, like you said, who did -- when you didn't have a program, that was a huge cost of capital, as well as investment that you had in your business?

*Mr. Sandkamp. Yes. So before New Jersey enacted the paid family leave law I had an employee whose mother -- I subsequently found out -- when he left my employment -- he quit, and then I found out later that his mother was dying of cancer in Florida, and he needed to go down and take care of her. He was the only son. But he was my most skilled employee, and he had been with me --

*Ms. Sewell. Yes, that was a huge investment and a huge loss.

*Mr. Sandkamp. He was with me for seven --

*Ms. Sewell. Mr. Chairman, I know that I have lost -- I have no more time. But thank you all for testifying today. And we -- it is up to Congress to sort of figure this out, because states like Alabama, unlike states like Washington, will not enact this. So I think we need a national program. Thank you, sir.

*Chairman Neal. I thank the gentlelady. And let me recognize the gentlelady from Washington State, Ms. DelBene, to inquire.

*Ms. DelBene. Thank you, Chairman. Thanks for holding this hearing, and I want to welcome all of our witnesses here, and a special welcome to my fellow Washingtonian and fellow Suzan with a Z, Commissioner LeVine, for coming out and joining us today.

Commissioner, our state, the State of Washington, is implementing its paid leave program. You are in the process of that right now. At the same time that -- our state has been named the best state to do business and the best state to be a worker. So it seems to contradict some of the arguments that we have heard from others here today against paid leave programs, that you need to choose between supporting workers or growing the economy.

And so I wonder if you can talk about how these are intertwined and how you have been working to make sure we do a good job at both.

*Ms. LeVine. Absolutely. Thank you. And I think that this is the closest that we have worked together since we worked on Windows 95 together.

*Ms. DelBene. Maybe.

*Ms. LeVine. So, in terms of how it has been able to work for both employers and workers, again, we brought together a coalition, a bipartisan coalition, that also included labor and business to design our program. And our program for benefitting workers is portable. It is progressive, meaning the lower wage you have, the higher percentage of your wage you get in replacement. It is one that also affords individuals up to 18 weeks of leave over the course of a year, if needed.

For businesses it is something where it allows them to have maximum flexibility in their provision of this, meaning, as a large business, it gives them the affordability to provide it to all of their employees. For smaller businesses, 150 or fewer, they have access to these business assistance grants that allow them, again, anywhere from \$1,000 to \$3,000 up to 10 times a year to cover the cost for their individuals in their employment going on leave.

And then, for the very small businesses of under 50 employees, they are able to choose to participate in the employer portion of the program. And when they do they have the incentive that they also get to access these business assistance grants. So it is something that works for both.

And I will share one final story with this. A woman named Molly Moon creates awesome ice cream in Seattle. She is a small business owner, where her staff ranges from 80 to 180, depending on seasonality. And she shared a story recently where she had an employee who went on leave. And she pays for her own paid family and medical leave program. So self-insured on that front. The cost to cover her assistant who went on 12

weeks of leave for having a new baby is the equivalent cost to her entire staff getting this leave through our program.

So the scale of being able to provide it on a statewide basis brings it into affordability for small businesses. And then, for large businesses, what we are hearing from them is that, while they may have been providing it to some of their more white collar and higher-end workers, they haven't until now been able to afford to provide it to all of their workers, no matter where they are in their business.

*Ms. DelBene. Thank you. You had actually mentioned portability. And we know that the way people are working has been changing. We have more and more people having multiple jobs to make ends meet, people changing jobs more frequently, not working for one place their entire career. And so, if we talk about portability, can you talk about how the program kind of works in a world where we are seeing a need for more portability, and how you have thought through that?

*Ms. LeVine. Absolutely. In Washington State we recognize that the future of work is now. And to your point, more and more workers have multiple jobs and are basically compiling their wage from many different employers. And so our program belongs to the employee, not the employer. So an individual can compose their 820 hours from 820 different employers, if need be. And it follows them. So it doesn't hold them to a single employer. So if they leave their job, or if they change jobs, or do multiple jobs the benefit follows them and is maximally portable, something that accommodates the workers of today, as opposed to the workers of yesterday.

*Ms. DelBene. And when we talk about trying to build a stronger middle class, something I think we think is a high priority for Congress, how do you think this fits in to building a strong middle class?

*Ms. LeVine. Well, what we are seeing is increased income inequality. This, on the other hand, puts it within reach of those lower-wage workers, because of the progressive nature of our benefit, where the lower wage you make the higher percentage of your wage gets replaced. It finally makes it accessible for those individuals and it brings the middle class into accessibility for them, as well, so that we can help grow and strengthen the middle class and allow those individuals who are low and middle-income workers to be able to utilize this, and not just to look at, gosh, I can't access that benefit until I make more money; they can afford to take that benefit within Washington State.

*Ms. DelBene. Thank you so much again. Again, thanks for being here. And I yield back, Mr. Chairman.

*Ms. LeVine. Thank you.

*Chairman Neal. I thank the gentle lady. Let me recognize the gentleman from Arizona, Mr. Schweikert, to inquire.

*Mr. Schweikert. Thank you, Mr. Chairman. Look, as often happens when you are doing sort of a -- trying to really read into a subject area, I am a little concerned that much of reading over the testimonies, and actually other things we have dug into from our office, there is still a lot of policy by anecdote in actually looking at -- so we have been trying to hunt for -- and it was interesting, Ms. Gupta actually had spoken on some of it, but we have been looking, actually, in previous months on actual attachment formulas and data, because some of the data sets we have found did not completely match.

So if any of you have some of these things, where it is the actual math -- my understanding is places like Washington State haven't actually really started to produce data on their program yet. So please help us, because it is really important to some of us that we do policy by fact and not policy by antidote -- or anecdote. Sorry, I don't know why I always screw up on that word.

I -- there is a couple of things I did want to go into, and they are sort of far-fetched. We have also been trying to look for information that would talk about things societies around the world -- and maybe the couple of states that have programs are doing -- that actually work for family formation. Do we see any benefit in the states that have programs?

So far we can't find anything, and we would really like to because, as we all know, with the birth rate sort of collapse in the United States, what do you do for population stability? Are there things we can do that are family friendly? And we are not seeing anything in the actual math yet.

Ms. -- is it Greszler? One thing I would like to -- is -- we were also doing a little math on the couple of states have had programs now for a few years, and trying to understand the sort of state-available, state-mandated benefit, where it skews on the income scale. And is that something you have looked at? Because we were getting the impression in some of the numbers we were looking at that it wasn't actually benefitting the most moderate income, or most marginally attached workers, but it was actually skewing upwards.

*Ms. Greszler. Yes, a problem that the states have had, I think particularly California and New Jersey, and I might just not know so much about the others, is that there is a lot of lack of awareness among lower-income individuals, and also a bit of a barrier to just be able to access that program. There is, you know, application processes and things that lower-income individuals have a harder time going through. And so I think that it was in New Jersey only one percent of all the people who were eligible for the program actually use it. And I think that is why you can --

*Mr. Schweikert. Say that number again.

*Ms. Greszler. One percent of New Jerseyans who are eligible --

*Mr. Schweikert. Oh, so even if we were getting data in New Jersey, it would be so thin that it wouldn't -- it lacks robustness.

*Ms. Greszler. Well, that is the issue. You know, it seems like it is very inexpensive, as Mr. Sandkamp has testified to, but that is because it is not meeting its intended population. And so they have taken efforts, and they have recently enacted a law that would increase benefits, including awareness and public campaigns to do that. But the projected costs now are to quadruple, just in the next year.

*Mr. Schweikert. Any survey data from any type of source that is talking about how many organizations do this voluntarily, particularly in the last year? If we are mathematically in a full employment society right now -- as you saw the really exciting data that popped up on Monday where, once again, substantially more job available than were actually available workers. So it just -- in that type of environment, if I want to keep employees, it should be part of your benefit package.

Do we see it just in organic growth because of the health of this economy?

*Ms. Greszler. We have seen a big growth. Yes, I don't have detailed statistics, but we know just from news reports that over 100 companies have offered new and expanded paid family leave policies over just the past three years.

And I think -- so what we are really trying to get at now is the issue of this -- these small businesses that aren't able to provide that. And this is a really tricky matter, and I worry that by putting a new tax on them we are going to make it more burdensome.

If I have time I just wanted to go through a short example here. Okay.

*Mr. Schweikert. You will have to do it -- well, look, for intellectual consistency, to genuinely show it is something at least our organization has been -- or my office has been interested in -- and we actually even got an award from the Congressional Management Foundation last year for our employee manual.

But our office has had 16 weeks maternal, paternal, or some combination -- they are for adoption, foster care, anything. And we, as an office, have been doing this for years. And I sure hope everyone else that is advocating such a thing also has the exact same thing in their office manual, and has had it for years, just to show a level of intellectual consistency on our belief systems.

And with that, Mr. Chairman, I yield back.

*Chairman Neal. I thank the gentleman. And with that let me recognize the gentlelady from California, Ms. Chu, to inquire.

*Ms. Chu. Thank you. Ms. Gupta, I want to thank you for being here today.

Before I represented this California district in Congress that I now serve, I served in the California State Assembly. And during my time as an assembly member, I am proud to say that I was actually there to vote for passage of our nation's first paid family leave bill in 2002. And it was such a huge victory for families everywhere. Our California policy allows employees to receive up to 6 weeks of 60 to 70 percent of their pay to care for a seriously ill child, parent, parent-in-law, grandparent, grandchild, sibling, spouse, or registered domestic partner, or to bond with a new child entering the family through birth, adoption, or foster care placement.

I remember the debates at the time. I remember how many would say that it was catastrophic, that there would be so much harm, that it would cost too much, it would cost small businesses too much. But what I saw was that families in California finally had peace of mind.

And what we have as far as California is now 15 years of experience to go on. Now we have six states that have implemented paid family leave, and now we are contemplating having a national paid family leave program that over 84 percent of Americans support.

So, Ms. Gupta, I want to have us look back at this experience that we have with California. I know that in your testimony you talk about the longitudinal studies on California. And in particular, you talk about the health benefits that have resulted to families because of the paid family leave program. Can you expand upon that?

*Ms. Gupta. Certainly. Thank you so much. And first of all, I really want to thank you for your leadership, both in California and then in Congress, as well, on this issue. My experience around paid family and medical leave -- and I should just say I did not find it a difficult program to access. There was no burdensome application, and I was able to access it easily and take advantage of the program.

California's program has been incredibly successful, and has expanded multiple times. The studies out there, the longitudinal studies out there, show that it has led to positive health outcomes for elementary school children, especially lower-income children. And qualitative data has shown that it has allowed low-wage workers to take the necessary time to bond, care, and heal.

Additional data has shown that, for low-wage mothers, for example, it has allowed them to have the time necessary to be able to find adequate, affordable quality child care.

And you know, aside from what I have already said about increased labor force participation rates and increased wages, we have also seen that it has actually led to an 11 percent relative decline among the elderly in nursing home use, having additional savings for families and for the economy, as a whole, and for the state's costs, as well. So it is a program that has been successful.

I think also California continues to learn from its lessons, and innovate and expand and improve its program. It recognized early on that its wage replacement rate wasn't high enough, and has gone back and made changes to improve to ensure that lower-wage workers can get a higher percentage of their wages when they take this critical leave.

So it is a real model, and other states are following it for innovation and continued learning. And again, 10.5 million people benefit.

*Ms. Chu. And can you expand on why a national paid family leave program is more beneficial to the economy, especially with regard to those who might have to rely on public assistance programs such as food stamps or WIC to make ends meet?

*Ms. Gupta. Yes, thank you. Again, you know, as I have said, there is an urgent and growing demand for paid family medical leave. With the increase in low-wage work, the low-wage economy, we have so many low-wage workers who have no access to paid family medical leave. So a national program will ensure that all workers, regardless of where they live, regardless of who they work for, have access to a quality program that is universal, and inclusive, and will ensure that they have the time they need to heal and to care without losing much-needed income, and be able to have the economic security they need to thrive and keep moving forward.

*Ms. Chu. Thank you.

*Chairman Neal. I thank the gentlelady. Let me recognize the gentlelady from Wisconsin, Ms. Moore, to inquire.

*Ms. Moore. Thank you so much, Mr. Chairman. And I want to thank all the witnesses. This has been a very, very interesting, important hearing, and I am sure that I won't have enough time to really ask all of the questions that I would love to ask.

But I just want to start out by just really giving all the women on the panel a Happy Mother's Day early, because this is -- really is hard work, and I know it is one of the one of the major reasons that people need some family and medical leave. And honestly, your testimony about having six kids is, like, hard to believe. You are just so -- you just don't look like somebody with six kids. You look great.

[Laughter.]

*Ms. Moore. Let me ask you, Ms. Greszler -- oh, kids can wear you out -- I want to talk a little bit about your notion that a family and medical leave policy would sort of crowd out other employers who would offer this, if the government were not to participate in this program. Someone like Mr. Sandkamp, for example, has described his inability to keep just top-notch employees because he didn't have the capacity to do that.

Is there -- what sort of evidence do you -- are you bringing to this committee to show, evidence that there would be some crowding out?

*Ms. Greszler. Yes. In a paid family leave hearing over in the Senate there was somebody from Deloitte that was testifying what they do in states where they have employees that --

*Ms. Moore. They are all over the world. I have seen them.

*Ms. Greszler. Right.

*Ms. Moore. So they are kind of a big employer, but they are not Mr. Sandkamp.

*Ms. Greszler. Yes, but what they do is they have their employees first file to get the state-based program, and so you see the crowding out there. They still provide some benefit on top of that, but they have shifted a portion of it onto the state provided program.

*Ms. Moore. Okay, well, thank you for that. The -- one of our -- one of my colleagues said that the -- we -- the Tax Cuts and Jobs Act provided so much money that we have seen an increase in wages, an increase in family leave benefits. And he said we are soon going to see that evidence. I guess, Ms. Gupta, can you share with us -- I know we have seen \$803 billion in stock buybacks. I am wondering what evidence do you have that this has resulted in increased benefits for families.

*Ms. Gupta. So, as I have mentioned before, there continues to be tremendous need for a paid family medical leave, especially for the lowest-wage workers and their families. We know right now 43.5 million workers provide unpaid care, and most of them

have full-time jobs. We know that 5.5 million workers are providing caregiving to wounded vets and service members. The need is tremendous. And just providing tax cuts or other incentives to businesses is just not enough.

*Ms. Moore. Okay. Let me ask you this, Ms. Gupta. I thought I heard -- maybe it was Ms. LeVine say that cup of coffee per week -- that might be hard to give up -- that it would cost for families to provide their part of the benefit. I know that one cup of coffee a week is a bit much. I need that. But what I am saying is that how does that one cup of coffee per week compare with the benefit that they receive? Because, you know, our guest here says she has used it six times, and she looks like she is going to use it again. She is going to be around.

[Laughter.]

*Ms. Moore. So share with us how that contribution -- what impact it would have on especially low-income families.

*Ms. LeVine. Absolutely. I really appreciate the opportunity to answer that. And as somebody who has an engineering degree, I have been puzzled by the math that we have been discussing already. When you calculate, let's say, a cup of coffee for an individual a week -- so that is 2.44, is what an average individual in Washington State will contribute into this plan -- that is actually \$5,000 dollars over the course of a 40-year career. So I think that the math actually works out pretty well, in terms of what an individual gets for that benefit. And that individual who, let's say again, on average, is making \$900 a week, they would get as a benefit up to 90 percent of that, from a wage replacement standpoint. So \$747 that they would get on a weekly basis so that they could care for their family members, care for themselves, introduce a new family member.

And I think that the key thing is not what would we pay, but what would we lose. And again, that is -- an individual would lose that paycheck, they would lose that access. Or a business would lose that --

*Ms. Moore. And just reclaiming my time. We heard about 333, 3 percent GDP growth, it went to the top 1 percent; 3.4 percent unemployment, but we get lower workforce participation, especially among women who don't have these flexible policies; 3.2 percent wage growth. Well, thank God, because we lost 6.4 percent wage growth during the Great Recession.

I yield back.

*Chairman Neal. I thank the gentlelady. With that let me recognize the gentlelady from Indiana, Mrs. Walorski, to inquire.

*Mrs. Walorski. Thank you, Mr. Chairman. As the lead Republican on the Worker and Family Support Subcommittee, I do believe it is important for parents to have the ability to stay home after their child is born or adopted. And I think we have to make sure that parents in our workforce can balance the competing demands of work and raising their families. And I am grateful that we are actually having this hearing today because I think we can do this. I think it can be bipartisan. I think it can be bicameral. And I think we can actually get together and do something productive for the American people, which is what they want.

So I am all in on being a part of shaping this and looking for solutions. I do support policies that will help all working parents succeed in their careers and thrive at home.

As we have seen so far in this hearing, both sides agree on the importance of paid family leave. It works. It has been shown to reduce preventable deaths of new mothers and babies, and it makes families and communities stronger. Obviously, what we have

been talking about for the last couple hours, we are disagreeing on the concept of what does this actually look like and how do we pay for it. The idea of a new one-size-fits-all, top-down Federal Government program. we have seen over and over that these big government programs seldom live up to their lofty promises, and don't help everyone. In fact, they often end up hurting those they are supposed to help.

The FAMILY Act that we are discussing today would increase payroll taxes, which will have a disproportionate impact on low-income Americans and small business. Higher taxes and inflexible government mandates, I don't think, are the way to go forward. We should be working together on a path forward toward the shared goal of expanding access to paid family leave.

So Ms. Greszler, let me just start by asking you. According to the Center on Budget and Policy Priorities, payroll taxes, as we all know, are regressive. Low and moderate income taxpayers pay more of their incomes in payroll tax than high-income, people on average. Would you say that the FAMILY Act would institute a regressive tax on low-income individuals and small businesses to subsidize high-income earners and large corporations?

*Ms. Greszler. The tax under the FAMILY Act is the same as the Social Security tax. So yes, that is regressive. And what I fear from this is we are trying to help low-income earners, but we don't want to do that in a way that makes lower-income earners pay for middle and upper-income earners to take paid family leave.

*Mrs. Walorski. And when we talk about the Tax Cuts and Jobs Act, the one thing that I thought -- and I was grateful to Mr. Kelly for bringing up this issue, but when we worked on this issue of tax reform, keeping families in mind and keeping the bond between employer and employee right smack dab up in front, we looked at the concept of a universal savings account.

And I am sitting here for the first two hours today literally thinking to myself this is such a great starting point, because what we were talking about -- and what we could honestly do -- is take that as a starting point, a universal savings account that any employee and every employee can put in a bank, take it out for whatever reason, not even having to give a reason, just be able to withdraw that money when they need it. And I am sitting here thinking to myself big federal plans take all the individual -- a lot of it -- away, and you do get trapped in the, you know, written 30-day plan, having somebody, you know, go through the rules of the regs that were set up.

But boy, I would rather -- and I think the folks in my district would rather -- be in charge of their future, have direct control over it, make their own decisions, take care of those times when they actually need to pull that money from an account.

And I am also interested in -- Ms. LeVine, I am all about modeling, and I would love to hear the plan that you have in Washington. But it doesn't even start until January of next year, correct? It is still a model, and waiting for the start up?

*Ms. LeVine. So we -- what one has to do is first build up the collections. So we are in premium collection mode. And, in fact, our beta with our employers started last week, on April 30th. It is going quite well, thank you.

*Mrs. Walorski. Right.

*Ms. LeVine. And so we then we will be able to start paying out benefits starting January 1st of 2020.

*Mrs. Walorski. Got you. But to actually have that aggregate data that we say here is what Washington did and here is how it worked --

*Ms. LeVine. Absolutely

*Mrs. Walorski. We really can't get that until probably the end of next year.

*Ms. LeVine. What we are doing is building in what I call heart monitors to really be able to track that very closely, which also does require investing in the systems that allow you to track that information. So absolutely.

*Mrs. Walorski. Right.

*Ms. LeVine. And to be able to invest in outreach so that we can increase awareness among both employers and workers so that people know to utilize --

*Mrs. Walorski. Absolutely, right, yes. And I want your plan to work. But I am just saying --

*Ms. LeVine. Thank you.

*Mrs. Walorski. -- it really rolls January 1st of next year.

*Ms. LeVine. Correct.

*Mrs. Walorski. Okay. And then, Ms. Greszler, just really quickly, the concept of small business being able to pool and do something like that, can you get any intel on that?

*Ms. Greszler. Yes, I mean, that would be another great way, is to expand what we have done with association health plans, and allow small employers to pool together. And I can see this working well through a short-term disability insurance policy. And so that is something that would certainly increase access.

*Mrs. Walorski. Thank you very much. I yield back, Mr. Chairman. Thank you.

*Chairman Neal. I thank the gentlelady. Let me recognize the gentleman from Michigan, Mr. Kildee, to inquire.

*Mr. Kildee. Thank you, Mr. Chairman. Thank you for holding this hearing, and thank you to the witnesses for providing, I think, really important information.

And before I begin I do want to note -- I know my colleague, who is not currently on the dais, but was mentioning that he hoped that many of us here who are advocating for

this initiative, this sort of an initiative, are intellectually honest enough to employ these same practices in our office. And I just want to make it clear that we do. I have in my own office manual a family leave, medical leave policy that mirrors the legislation that many of us are promoting.

And I will tell you why I do it. Because it is really good for the operation of my office. And I have had staff people who have been able to utilize it in circumstances that allowed me, a person who depends on the highly productive and really smart people that I hire to be able to be -- to be sure that they are able to manage their family responsibilities, and that I can still have access to the expertise that they bring to me and the experience that they bring. So I do have that policy, but I do so mainly out of the interest of my office, to make sure that we can continue to do the good work that we do.

I also, like many families, in my own family my wife has a situation that requires her to occasionally have to be away from work, a medical condition that her employer has been willing to accommodate. And I will tell you why they do it. It is because they don't want to lose her.

And so I guess one -- the first question, maybe Ms. Howard-Karp, you could give a little more -- and some of this might be redundant. But let me ask maybe any of the panelists to comment on this. It gets a little frustrating when I hear some characterizations of this that would imply that somehow, if we don't have paid family leave, that the circumstances that require it will just not occur.

Things happen. So, absent paid family leave -- maybe start with you, Ms. Howard-Karp -- what happens? What happens? Does the person just not have a sick family member all of a sudden because they don't have paid family leave? And what happens in the employment situation?

*Ms. Howard-Karp. It would be lovely if this problem would go away in the absence of a policy. But we know that that is not the reality.

You know, I think that the lucky ones, like me, are able to cobble things together. And it was at a huge psychological cost, but worthwhile to me, certainly, because my family was not in a position to walk away from a paycheck. I don't know many families who could just walk away from a paycheck. I certainly will say that my employer won my loyalty by leaning in and making things work for me. I stayed for another five years and, in turn, was able to make things work for some of my own employees.

From the employer perspective, you know, we have heard several times today about how expensive and resource intensive and time intensive it is to replace a staff person. And I think that, for them, it felt like it was worthwhile to make things work so that they were able to retain me as an employee, rather than looking to replace me.

So my hope certainly is that it was a win-win situation. But I can tell you for sure that, given the chance -- the choice between letting my parents sink without support and looking at my family, you know, sinking into debt, it is an impossible choice. I have no idea what I would have done if we had been in that position, but I hope that nobody ever has to make that choice again. And right now we know that families are actually making that choice every day.

*Mr. Kildee. They are making that choice. And the difficulty with this discussion -- and I know there is a tendency to want to assign the dollar value. I don't do this, but there is a tendency in this town, anyway, to assign a dollar value and essentially monetize every human experience that we have. And the idea that families would have to make the choice in order to take care of their own families, to meet their responsibilities, to make the choice to not be able to be there when a parent or another loved one is dealing with the most difficult time, and maybe a time that could never be recovered, those moments toward

the end of life, the idea that we have to figure out a way to put a dollar value on that is somewhat offensive to me. I think, as a society, we are better than that. And I think it is okay for us to pursue policy that says that is a value that we ought to try to protect.

I wonder if any of you might comment on that. Ms. LeVine, you?

*Ms. LeVine. I think your point in terms of who are we as a society and how do we support our community members is a really important one. And at the same time I do understand that businesses and individuals are thinking about the dollars and cents of their lives.

And so -- and what we have put together in our policies and in Washington State that I do think can scale on a national basis, is something that really blends all of what you are saying, where it cares for individuals in a very holistic way, and makes it affordable for both employers and employees to participate and know that they don't have to make that decision between a paycheck or caring for their loved ones or themselves.

*Mr. Kildee. Thank you very much. I yield back. Thank you. Thank you, panel.

*Chairman Neal. I thank the gentlemen. Let me recognize the gentleman from Virginia, Mr. Beyer, to inquire.

*Mr. Beyer. First, I want to thank all of you for almost three hours of testimony so far. It has been very interesting, and really balanced, which I really appreciate.

I do want to point out my friend, Congresswoman Walorski has just left -- from Indiana. She said just in the last five minutes, "Big federal programs seldom live up to their lofty expectations." I would just like to push back a little bit and say that Social Security has lifted tens of millions of senior citizens out of poverty. Medicare and Medicaid have provided health care to hundreds of millions of Americans. Our Defense

Department has kept the world largely safe for the last couple hundred years. These are all large federal programs.

I would also like to push back a little bit -- she talked about universal savings accounts as some kind of panacea. I just checked the average national bank savings account rate as of September 24, 2013 was 0.08 percent. But to put that in context, I keep a little \$300 savings account in my State Department federal credit union account, just to keep the relationship going. Every month it is really fun to go to Quicken and add the \$.03 of interest that I get every month. This is not exactly a panacea for American citizens.

I also want to say in my family business we have paid maternity leave. We don't -- it is an automobile dealership, so we don't have paid paternity leave, because it is a largely male workforce, and they make a lot of babies. They are young men.

[Laughter.]

*Mr. Beyer. Doing the math here, this would actually be really good for us, because we would be able to do paid paternity leave at a rate that we can actually afford. So this would be terrific stuff.

Ambassador LeVine, you have been in business among your very long and successful career. Should we include bereavement in this? And is bereavement included in the Washington State proposal? It is important to deal with the loss of a child as it is with the birth of a child.

*Ms. LeVine. Bereavement is not currently included in the Washington paid family medical leave program, but certainly individuals are able to take the time before, as an ailing parent or as an ailing family member may be declining, and you can take the leave to care for that individual in advance.

*Mr. Beyer. Yes, because Congressman Schneider and I and a few others have the notion of adding bereavement to the unpaid family medical leave right now, which I hope

will pass. Certainly I have never lost a child, but I couldn't imagine not being able to get out of bed for six weeks.

Women's participation in the workforce is a major thing of what we are dealing with here, that it is the lowest it has been in a long time. It is one of the lowest among the OECD.

Ambassador LeVine, do you have any impact of what this would -- impact it could have on women's participation in the workforce?

*Ms. LeVine. I think it will increase it, and I think also what has been really fantastic with what we have done is it is not a women's program. It is an everyone's program.

And so I feel like we are comparing apples to kumquats when we look overseas at maternity programs and wondering how has that contributed to or not contributed to women's engagement in the employment sector. What we are talking about is something that is for everyone, and not just for women to engage. And, in fact, as an individual, as a woman leader, it has been most impactful to my career when my husband has been able to take care of my kids and to take care of our family.

And so I think what we are building in Washington State, and what we are talking about on a federal basis, is something that will allow women to rise up as leaders and to participate because their spouses, be they men, be they non-binary individuals, will be able to participate in the care of themselves, their family members, and their other loved ones.

*Mr. Beyer. Well, and Ambassador, to continue on what Congressman DelBene talked about with people moving around a lot, so the Internet was invented in my congressional district and has expanded, exploded in your state. But what it has given rise to is the gig explosion. So we have all these folks doing Uber, Lyft, et cetera, et cetera.

Are these Uber drivers, who are just doing one thing, but have no employer, will they be covered by this?

*Ms. LeVine. We will be looking at the individual employment contracts on a case-by-case basis for the different employers, and their relationship that they have with those individuals working for them.

*Mr. Beyer. Because this seems to be the fastest growing part of the economy, so -

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*Ms. LeVine. It is. And we do actually also accommodate independent contractors within our program. So depending on what that relationship is -- again, we will look at it on a case-by-case basis for each of the different employers. But what we will be able to do is to offer this to everyone, whether you are an independent contractor, whether you are self-employed, whether you work for a small business or a large business. Everyone in Washington State will have access to this benefit.

*Ms. Greszler. If I could praise New York's program, they do allow the self-employed to choose whether or not to opt in.

*Mr. Beyer. And Ms. Greszler, you have a number of really thoughtful critiques of the program. But one was that you pointed out that Tameka Henry waited six years for her husband's disability insurance benefits. We deal with this all the time, it is incredibly frustrating. But isn't this largely driven by the fact that we have starved the Social Security Administration of its staff year after year after year, that they can't approve the disability insurance claims because there is nobody there to do that?

*Ms. Greszler. There is a wait log, and they could use some more staffing there. But this also has to do a lot with the process. Individuals have to wait five months to apply, and then they actually end up, most of them, applying through three different levels and ending up getting it on appeal. And so it is a really lengthy process. They often have

to hire an attorney to represent them to help them go through that. That costs them more money. So it really has a lot more to do with the rules program.

*Mr. Beyer. Thank you very much. Thank you --

*Chairman Neal. I thank the gentleman. With that let me recognize the gentleman from Kansas, Mr. Estes, to inquire.

*Mr. Estes. Thank you, Mr. Chairman. And thank you, witnesses, for joining us today.

As we have heard a lot today, I mean, Republicans believe that we need to expand access to paid family leave, and that it is a good thing. And that is one of the reasons why the Tax Cuts and Jobs Act enacted the first-ever national paid leave and medical leave policy by incentivizing companies to offer that 12 weeks of paid leave through the tax credit that could be as much 25 percent. And this policy was a good win-win, allowing workers the flexibility and benefits they deserve, while making it easier for small businesses to give that paid leave.

We also doubled the child tax credit, which also helped families and worked to develop the SECURE Act, which allowed people to work to withdraw money from their retirement accounts without penalty to help pay for expenses with -- related to the birth or adoption of a child.

So clearly, there has been a lot of gains over the last few years helping families. But we know there is more to do. As a dad of three I am glad that we are looking at different options of how do we expand paid family leave. But also, as a former Kansas state treasurer, I am concerned about the cost to the treasury and being a good steward of taxpayer dollars. And the truth is that a one-size-fits-all mandate from Washington doesn't necessarily fit -- cover the needs. It is not flexible, it ultimately leads to higher taxes and benefits, and reduced benefits for that -- the middle-class families.

So, just as an example, the FAMILY Act that my colleagues have proposed would have cost more than \$200 billion in 2017, which would have required a 3 percent payroll tax increase. And that is a lot of money taken out of the economy, taken out of people's paychecks. And, you know, for 10 years a mandatory family leave program like the Family Act would cost over \$1 trillion and force workers to contribute over \$58,000 over the work of their career.

I know, from a Kansas standpoint, that is more than what the average family makes in a year. So we want to make sure that we make it affordable, that we are able to give options that people can utilize and be beneficial for them. So I want to make sure that -- I guess my preference is let's make sure that we don't have a government mandate program, but we have lots of options and tools that allow people to pick and choose what those choices are.

And so I want to make sure, as we discuss this paid family leave and medical leave tax credit, and hopefully make that permanent, making it easier for small businesses to have to provide family leave and allowing workers more flexibility, an opportunity to tailor their benefits.

I do have -- I want to talk a little bit -- you know, I recognize that the FAMILY Act is not the only proposal that has been introduced to provide paid family leave. Ms. Greszler, you talked in your comments about some proposals around Social Security and the impact there. Can you talk a little bit more about -- based on the solvency projections around Social Security, what some of those proposals would do to that?

*Ms. Greszler. As designed right now, those proposals would slightly shorten the date at which Social Security would become insolvent. So the benefit cuts or -- whether it is tax increases -- would have to kick in a little bit sooner.

My biggest concern there, though, is that the proposal will not stay as it is envisioned only for parental leave, only a smaller benefit, but that it will just grow over time as Social Security and Medicare and every entitlement program in history have. And when you talk about that, then there is going to be really significant benefit cuts that are coming sooner than we thought, or tax increases.

*Mr. Estes. Yes. And I -- when you spoke one of the things that really stuck out to my mind is that when we view Social Security, we view it as the old age and survivors Insurance benefit. That is what most people think about of Social Security, and the true thrust of the program. Now, we have added other things over the years. I am not saying those disability benefits, for example, aren't positive things. But we don't want to lose the retirement capability that we had in that.

Another comment around -- there was a 2018 survey done by Cato, basically, that said that having more affordable child care and more flexible work schedules are top priorities of parents, more so than family leave. And Ms. Greszler, can you -- do you believe that FAMILY Act provides that level of flexibility that is going to give the families and parents the benefits that they want?

*Ms. Greszler. I worry that it is actually going to take away the flexibility. And I am familiar with the study that you are talking about, and we see there that paid family leave is the fourth most important thing for workers in the flexibility, and that child care are much bigger issues. And so I would like to see policymakers trying to tackle things in the order of priority, and not doing things that are actually going to take away that flexibility that workers, particularly women, would like to have.

*Mr. Estes. All right. Thank you. I see I am out of time. I yield back, Mr. Chairman.

*Chairman Neal. I thank the gentleman. And with that, let me recognize the gentleman from Pennsylvania, Mr. Evans. to inquire.

*Mr. Evans. Thank you, Mr. Chairman. I, like the rest of my colleagues, want to thank you, Mr. Chairman, for this meeting, and this committee meeting, because this has been real fantastic, very powerful information.

We are dealing with a serious level of income inequality in our country. We have seen the nation's highest earners continue to have great access to benefits and opportunities, while our nation's poor struggle daily to make ends meet and care for themselves and their families. For our poor the system is nearly impossible to escape. Women and families of color have been particularly impacted by this trend in income inequality.

Ms. Gupta, in your written testimony you stated people should not have to win the boss's lottery or move to one of the seven jurisdictions with paid family and medical leave to have peace of mind when they need to take time to heal or care for a loved one. I am a firm believer that your zip code should not dictate your quality of life. Can you please explain how a strong national paid leave program would help address some of these disparities we are seeing regarding income inequality, levels of the playing field for all hard-working families, regardless of their background?

*Ms. Gupta. Yes, thank you very much. As you mentioned, you know, income inequality is a big concern for us as an anti-poverty organization. And that is why we really strongly believe that a paid family medical leave program will ensure all workers have access to a comprehensive inclusive program that will help them stay in the workforce. As I mentioned in my testimony, one in seven workers have lost a job due to unpaid leave. And job loss is a common entry point to poverty.

So the impact -- when people fall into poverty, this impacts their health, their well-being, their children, and their families. We have over 40 million people living in poverty

today. Having access to paid family medical leave will ensure that they are able to provide for their family, but also take the necessary leave when they need without having to sacrifice a paycheck. That paycheck is groceries. That paycheck is needed medication for their child. Nobody should have to make that sort of impossible choice.

So we feel that it will help improve people's retention and attachment to the workforce, which, of course, will help them continue to support their families and improve their economic security.

May I add one other very quick thing? Because I know that there has been a lot of discussion around the cost of payroll taxes and that funding mechanism. I just wanted to very quickly say that payroll taxes are being used in all six states and the District of Columbia. It is a tried and true financing mechanism, and it has not caused any significant hardships to any workers. It is a shared cost by employers and employees, and it is a benefit that is spread by employers and employees -- again, it continues to support workers and make sure that they can actually access paid family medical leave if they are able to pay into this fund, and it supports employers by improving retention and productivity.

Seven in ten of those who are employed are willing to contribute one cent per year of every dollar they earn to pay for a national paid family medical leave program. So it is a program that is popular and is needed. I just wanted to add that in addition to the fact that low wage workers really need paid family medical leave now.

*Mr. Evans. Ms. Howard-Karp, in your written testimony you discuss the balancing care of your children while also traveling many times to care for ill parents. Can you explain how you managed doing this during that time, and how access to a paid leave program would have benefitted you and your family in these difficult times -- during that difficult time?

*Ms. Howard-Karp. Yes, thank you. It was -- I cobbled together everything that was available to me. So vacation time, sick days, flexible work hours, the ability to work remotely, I was able to pull all of those things together. And, you know, the psychological toll of being able to figure that out, in the meantime, on top of managing my parents' medical crises and taking care of the needs of my children, you know, it was another enormous thing on top of what was already a mountain of stressful circumstances.

And if I had been able to take advantage of a paid leave policy I would have been able to step away from work probably for short periods of time to be able to plan that out with my employer, once we got through the initial phases, to make sure that things were -- you know, that the lid was on at work. And then I would have been able to just focus on the needs of my family until I was in a place where I was able to focus on work again and be able to come back and really be a productive employee.

*Mr. Evans. Thank you, Mr. Chairman. I yield.

*Chairman Neal. I thank the gentleman. Let me recognize the gentleman from Illinois, Mr. Schneider, to inquire.

*Mr. Schneider. Thank you, Mr. Chairman. I want to thank the chairman and the ranking member for having this hearing. And in particular, I want to thank the witnesses for sharing your stories and perspectives with us today.

Ms. Gupta, you talked about the personal story of the birth of your child premature in NICU, and I am thinking back. My great nephew will be two this month. He was born three months early. And I remember seeing my niece and nephew day in and day out in that hospital room, praying and sleeping and caring for him. And it is tough.

And Ms. Howard-Karp, you talked about the situation with your parents while raising kids, and the burden it puts on the kids.

And Mr. Sandkamp, you talk about from the employer perspective, which also affects us. I have been in that situation with employees. To know that you had an employee who couldn't -- you couldn't do anything for, and to lose that, but also the impact it has on the business.

And again, Ms. LeVine, thank you for your perspective. Eight months from now, or seven months from now, Washington is headed down a path that, as you mentioned, maybe is a model for the rest of the nation. So with that as a lead, I guess, my question for the panel is if paid family and medical leave is humane policy -- we have talked about that -- it is moral policy, giving parents the chance to be with their newborns or children, the chance to be with their parents in their final days, and it is a just policy -- I don't think there is any question on either side about this -- maybe the debate is why is it a smart policy/

And Mr. Sandkamp, I will start with you, because I think you have touched on it in your testimony, the impact it has on business.

*Mr. Sandkamp. I think that, for me, it is mostly a net positive in all ways. The only negative would be the small payroll tax. But to me that is not something that I feel, as a business owner, and my employees don't feel, as employees.

The net positive is that I retain my employees that are that are skilled, and that creates greater productivity for me over the long run and lowers my training costs, and makes me a much more efficient business. As a small business, that is a bigger portion of what my cost is. And so it is much more important to me. But it is true for all businesses.

*Mr. Schneider. Maybe I will turn to you, because we talk about the cost of the business, of the tax. But there is a cost to businesses of the uncertainty of losing a key employee, having to retrain employees because they can't work. I guess my question is are we talking about concentrating costs around an event, whether it is the birth of a child, or

illness, or a sick parent, versus spreading out over time? Is there other things that maybe we are missing here in this discussion?

*Ms. LeVine. Well, I think to your point there is a way for this to be good for the soul and good for the pocket. And in that dimension, it is good for individual employees and individual employers. And so, by basically amortizing the cost of paying for one of those events over a period of time -- so again, 2.44 a week that I might be paying if I make \$50,000 a year -- will allow me 3 years from now, let's say, when I have some devastating thing that happens to me -- I break my leg, God forbid, or my mother gets sick again, God forbid -- sorry mom -- and I will be able to then have my \$900-a-week salary, not so devastated that I have to then leave my job and that I will be able to have \$747 per week in my pocket.

And what happens is, when you can do this at scale, you have a situation where you can then amortize the cost across multiple businesses and across multiple individuals. So I am a big fan. And what we are able to do in Washington State is lower the costs, overall, to administering this for small, medium-sized businesses, and even for large businesses so that everybody can offer it to all of their workers. And when you look at lower-wage workers in particular, how do you make it accessible and affordable for those employees who today can't afford to take it if it is not generous enough?

*Mr. Schneider. Okay, but one of the concerns you hear is this is a burden on small businesses already pushed to the edge, watching every penny. From the Washington State perspective, what do you say to those small businesses of 10, 20 employees?

*Ms. LeVine. More importantly, it is what they are saying to us. And what those employers are saying to us time and time again is that this is finally putting into accessibility for them -- they are finally able to take advantage of a benefit that they have wanted to offer in order to compete in the marketplace, and they can do it now because it is

lower cost to them. For a \$1 million payroll, for example, they will now have \$1,500 a year that they pay for an extraordinary benefit to their employees. And it is not a question of can they afford to do it, it is can they afford not to do it.

*Mr. Schneider. Right. And over the long run, as I said before, it is smart policy, it is not just just policy.

*Ms. LeVine. Absolutely.

*Mr. Schneider. With that I yield back. Thank you.

*Ms. LeVine. Thank you.

*Chairman Neal. Votes are scheduled on the floor for 1:30. And with that, let me recognize the gentleman from North Carolina, Mr. Holding, to inquire.

*Mr. Holding. Thank you, Mr. Chairman. And, Mr. Chairman, I want to thank you for holding this hearing. It fills me with hope that we will have a productive Congress when I see my colleagues, both sides of the aisle, with such bipartisan support on an issue that we all believe that is important for the American people.

I am also glad we are having this hearing, as it allows me to highlight something I don't think has gotten enough attention, although my friend and colleague, Mr. Rice, brought it up, which is the fact that the passage of the Tax Cuts and Jobs Act would establish for the first time in U.S. history a policy for paid family and medical leave. A paid family and medical leave tax credit incentivizes employers to provide paid leave to their employees, thus encouraging flexible, customized solutions, as opposed to a one-size-fits-all federal mandate.

And further, the Tax Cuts and Jobs Act has helped working families around the country by doubling the child tax credit and increasing the standard deduction, allowing these families to keep more of their hard-earned money to invest and save for their family's needs. And as we saw last week, the economy is thriving, with employment at a 49-year

low, and workers seeing the fastest wage growth in a decade, which is great news for working families.

Now, as I alluded to, I join in with my colleagues in strongly supporting expanded access to paid family leave. However, I want to ensure workers continue to have that flexibility in their choices, and are not hamstrung by a new Washington-created mandate. Washington -- government does do some things well, as my friend, Mr. Beyer from Virginia, has mentioned. But there are some things that the government does not do well, and I have a suspicion that this is a program that the government would not do well.

Ms. Greszler, so nearly half of all civilian employees receive paid leave through employer-provided short-term disability plans, and the most common benefit is paid maternity leave. So my question is how can we grow this segment to include more employers? And don't you think it would be easier to expand on what we have now, rather than to replace what is already working in the private sector? So if you could, expand on that, please.

*Ms. Greszler. There are a couple different ways that we can help encourage this growth in these private disability insurance policies. One that I have talked about is a payroll tax credit against what the employers are paying. Another one is really just a minor tweak that would require Congress to specify in law the same thing they do 401(k)s, and that is to allow employers to automatically enroll their employees into a short term disability insurance policy. It seems that it would be allowed now, but we have heard from a lot of employers that they are hesitant to do this because they worry that it could be a legal liability if they automatically enroll someone in. You still would have an opt out. So not everybody has to participate. But when employees are automatically enrolled, they are more apt to keep that policy. And so these are some things that we can do. Also,

association-type health plans, if you had that pooled type of structure for disability insurance programs, you could help increase access that way.

*Mr. Holding. That is good. So a further question for you, Ms. Greszler. So private insurers have been administering paid and unpaid leave programs for a long time. Correct? And they have the capital expertise and administrative infrastructures already in place. And why would you want to create a new federal bureaucracy when private industry has already played an integral role?

*Ms. Greszler. That is a good point. And I think the most efficient way to run any policy is going to be between the employer and the employee. There is less administration, it is clear, the awareness is there. And so that is the best way that we can run these policies.

And so we are looking at already 50 percent of private-sector workers having access to these short-term disability insurance policies. And those providers are coming in, and they are telling us they have been working with employers on ways that they can add a specific paid family leave benefit into a policy that is already there, and that wouldn't require any new program to come in. And so that is really a cost effective way to do this.

*Mr. Holding. Well, thank you for your insights. Thank you for your answer. Mr. Chairman, I yield back.

*Chairman Neal. I thank the gentleman. Let me recognize the gentleman from New York, Mr. Suozzi, to inquire.

*Mr. Suozzi. Thank you, Mr. Chairman. And thank you again for trying to promote bipartisan legislation that the people in America are hungering for us to do things together as a group and I think this committee has made a lot of strides between you and the ranking member and the committee members to try and do things in a bipartisan fashion. And we have heard a lot of talk about bipartisanship here today, and we certainly

want to encourage that. I want to thank all the witnesses. We are so grateful to all of you. You have been here for I don't know how many hours, and I don't think you have had a break the whole time, so thank you so much for the time that you have put in here today, and for the preparation.

And all of your stories, you know, resonate with me. Certainly, the talk of the sandwich generation that several of you have brought up really resonates with me. I grew up in a house where all four of my grandparents lived. Three of them were very sick. My mom and dad just recently passed away. My dad was 95. My mom was 93. We were very fortunate that they had long-term health care insurance, a big challenge we face in our country, as well.

And my wife and I have young children and, you know, trying to manage those things, you know, everything you talked about, Ms. Karp, I really understand what you are talking about. What all of you talked about really resonates very well.

And Ms. Greszler, I want to echo what my colleague was saying earlier about you having six children. That is really one of the remarkable stories here today. And you know I can only imagine what you would have done if one of your employers said they wouldn't give you paid family leave. Would you have quit the job?

*Ms. Greszler. That is an interesting question. I don't know. Just not having paid family leave, whether or not that would have caused me to quit, but I would absolutely say the flexibility that I have been able to have, not just in taking that time off, but also I don't have a normal nine-to-five, five-days-a-week schedule, and that is what is allowed me to stay in the labor force.

*Mr. Suozzi. So you are really -- you know, you come across as a very remarkable person, very talented, very capable person, and then I can understand why your employers would -- you know, first of all, your employers may be nice people, in some cases, if they

want to do it, and you are also probably a valued employee that they would work very hard to try and keep you. You know, you are an exceptional person. But not everybody is in that situation.

And our country faces this very big challenge right now, that, you know, we have seen the stock market go up since 1983 by 1,200 percent. We have seen the GDP since 1983 go up by 600 percent, but workers' wages are not going up. And we have seen a big shift in our country, where certainly public companies, but companies generally see their main job as to take care of their shareholders, and to take care of the bottom line. And the employees have been left behind.

And this is just another issue where, if we could rely on the goodwill of companies, and the goodwill of people, that we are all in this together in America, we have all got to work together, maybe they would go out of their way to say, "Listen, these are" -- everybody here knows how emotional these situations are, we all have been through these circumstances. Maybe employers would do this if they were in that mindset.

But the mindset has changed in our country over the past 20 or 30 years, and it is just about the bottom line. And we see that in wages not going up for employees, while tremendous wealth is being created, and we see it in an issue like this, where this is not just a -- you would think this would be something that everybody would want to do to -- you know, big companies can do this, and they understand, even when trying to value their shareholders, that it is good for their shareholders that their employees are happy. That is why they are doing this as a policy, it makes sense. But some smaller employees and some other companies just don't -- haven't figured that out yet.

And that is why the role of government -- you know, certainly we on the Democratic side think government has a role to smooth out some of these rough edges that come forth in our wonderful system of capitalism. But there is challenges we face in our

capitalist society right now, that some people are being left behind, and families that are being left behind because of these personal circumstances where they can't get a break to take care of their parents, to take care of their kids, to go through a grieving process. They need a break. And we are trying to say we have got to do something that everybody in the country is protected, not just the talented, super successful people with employers that are nice people.

*Ms. Greszler. Yes, I share that concern with you, and that is who I am really particularly worried about here, is the low-income people. I have been fortunate that I have worked for people who provide this paid family leave, and there are a lot of employees who don't work for those companies.

What I am more concerned though, about whether -- than having that paid family leave, though, is if that person, low-income worker, is working for a small employer that simply can't make it on their bottom line, and now they are forced to pay higher taxes. If one low-income worker loses their job and 15 low-income workers gain access to paid family leave, that is not worth it to me. You know, a job loss can put somebody into poverty, it can make them homeless. And so I really want policymakers -- we want paid family leave. I think everybody here does. But I would really like for us to look at targeting it best to the low-income people who need it in a way that doesn't make them pay for that leave for higher-income people.

*Mr. Suozzi. Well, I am certain that talented people of goodwill, if they work together, can address this problem. So we are hoping that you and all of our colleagues here can work together to try and solve this problem and address a very real problem that we face in our country and real people's lives.

You have all been very persuasive today to highlight how this is a real problem we face in our country. We must do something, and we hope that, under the leadership of our chairman, we will be able to figure this out. So thank you very much.

*Chairman Neal. I thank the gentleman. With that let me recognize the gentleman from California, Mr. Panetta, to inquire.

*Mr. Panetta. Thank you, Mr. Chairman. I appreciate this opportunity. And I also want to thank all of the witnesses, clearly, for your time. More importantly, preparation. Even though you are all experts in this field, I guarantee you each and every one of you prepared for today. So thank you very much for that.

I represent the central coast of California. And, obviously, with the paid family leave law there I live up to those expectations in implementing it -- also implementing it in my office. In fact, we just did it last year, where one of our longtime employees had her second child, and we provided her with six weeks paid family leave. And then, when she came back, we allowed her to give -- you know, a little flexible in her hours to be able to go home and provide certain care to the child when necessary.

And we are proud of that, because we see how it benefits not just her, but it benefits us. It benefits, obviously, her, not just in the short term, but it benefits her in the long term with her children, and it benefits us in the long term, as well, because we developed the loyalty, as some of you mentioned, in regards to the employees. And we are lucky to have her as an employee, and that is, I feel, the least that we can do.

But Ms. Gupta, on that note, obviously, you know well that California was the first state in the nation to enact comprehensive paid family and medical leave. But obviously, we have learned some things along the way. And I know with Ms. Chu, my peer from California, you mentioned a couple of improvements.

But can you elaborate as to what lessons that we learned in California along the way, what mistakes were made, and how we learned from them, and how we made it better, if so?

*Ms. Gupta. Yes, thank you for that question. Again, California has been a tremendous leader, and it has been a leader in learning from what it did wrong and where it is improving, and ensuring that there is greater access for low-wage workers, in particular.

One of the places where it has made improvement is increasing the wage replacement rate. The wage replacement rate was 55 percent of a worker's average weekly wage, and they realized that lowest-wage workers were unable to benefit from such a low rate. And so they have increased it now about -- it is about 70 percent for low-wage workers, and that should help many more low-wage workers be able to access and participate in the program.

Additionally, starting in 2021, paid family medical leave can be used for military family needs. Again, there is tremendous growth and need for military caregiving. It also eliminates the seven days waiting period, which has been a real hardship for many low-income families who need the benefits sooner and can't afford to lose a week of pay.

And another very important piece has been its improvement around outreach and education. As Suzi mentioned, that is so critical. Workers need to know. Especially if they are paying into a benefit, they need to know that they have this benefit and that they can access it. So education and outreach has been a critical component of California's updates to its program. And it is a big lesson for other states, because other states recognize now that if they don't have a robust outreach and education program both for workers and for employers, nobody benefits from the program.

And yesterday Governor Newsom announced plans to increase the duration of leave from six weeks to eight weeks. So again, I feel that California has been a real leader, and is providing some great lessons for other states and also for our national program.

*Mr. Panetta. Definitely, definitely, great. Well, moving from the employee to the employer, can you describe how small businesses in California have -- if they have -- become more competitive with larger employers in regards to this?

*Ms. Gupta. Well, again, I think, as we have been -- as I have said before, I think just having the ability to pay -- most small businesses can't afford to pay for the full cost of leave. Being able to contribute a small amount, like Mr. Sandkamp said, helps so much more, and allows them to actually compete and retain talent so that they can compete with big businesses like Google, like Apple. And it ensures that -- it improves staff morale, it ensure ensures greater productivity. So I think that a lot of it is the data we haven't heard, which is that small businesses are struggling. And if anything, that they are benefitting and allowed to remain competitive in California's economy.

*Mr. Panetta. Outstanding. thank you, Ms. Gupta. Thank you, all the witnesses. Thank you, Mr. Chairman. I yield back.

*Chairman Neal. I thank the gentleman. Let me recognize the gentleman from Georgia, Mr. Ferguson, to inquire.

*Mr. Ferguson. Thank you, Mr. Chairman. And to each of you, thank you for your time and for your stories today. And we appreciate it. This is a wonderful opportunity to talk about something that I have lived through.

I was a dentist for 25 years, worked with predominantly female staff during that time, and I think I had 14 babies born into my practice from staff members, and had multiple times where we had employees with sick parents. And I had a practice that was about five folks, okay? I kept about five full-time employees. So when we would have

someone go out on maternity leave, it was a real impact on our work. And so we had to learn -- we had to learn to be creative in how we addressed the -- you know, the employees' needs and the needs of the staff to meet the needs of my patients.

So one of the concerns that I have as we go down this is: I can tell you each of those children born in were a little bit different. Each of the experiences of the employees in dealing with a sick parent was a little bit different. And I would like to have, as an employer, the flexibility to be able to set up various things based on each and each individual employee's needs.

So, you know, I worry about a one-size-fits-all policy. And I think that very much would limit my ability as an employer to meet the needs of each of my team members. So when I think about this I think about different types of options and different types of solutions on this, because the question isn't whether or not we should be doing this; I think we all have agreed that this is an important part of being a good employer, and it is something, as we have all said, to make sure that you are a happy employee.

But what if it had been something different out there, where I could have saved, as a business, proactively for these events? What if there had been something out there where I could have banked a certain amount of my profit every year into an account that could be used for this, where I could then use it to -- use those funds also to be able to go out and buy the right policy for my size business, given the makeup of my employee base? I am just -- Ms. Greszler, could you talk about the importance of flexibility for small businesses on this?

*Ms. Greszler. Yes. Well, I think we all agree that kind of the cost for somebody is priceless of them taking that leave themselves. But we can't pretend that the cost is going to be free for the employer, or if we are putting that cost on taxpayers, it is not free for them.

And there is a real impact. You know, unless employees have no value, then their absence is going to be felt. It is going to be felt by their co-workers, and it is going to be felt by the employer, who has to either find somebody else to fill the position, or come up with a way to cover that person being gone. And so we need to take that into account here.

I would love to look at other alternative ways that employers can address this aside from just setting up a very formalized paid family leave policy. You could increase the paid time off that is available. I have talked about disability insurance policies. I know some friends of mine who have sick leave pools, and so when an individual needs to go out they can donate their time toward somebody else. And so looking at ways that we can allow employers to have that flexibility and not say, "Hey, this one government program is the only option available for me."

*Mr. Ferguson. Yes, thank you for that. And again, I think, you know, given -- with the makeup of my workforce, you know, over the years, my needs probably would have been a lot different than, say, as Mr. Beyer said, he worked -- he has a predominantly male-dominated workforce. So, you know, as it relates to maternity leave, you know, those dynamics certainly can be different. I just want the flexibility to be able to do what is right for my employees.

And so again, I want to thank each of you for your time here today. And Mr. Chairman, I yield back.

*Chairman Neal. I thank the gentleman. Let me recognize the gentlelady from Florida, Mrs. Murphy, to inquire.

*Mrs. Murphy. Thank you, Mr. Chairman, and thank you to all the witnesses for your testimony today. I am really excited that we were able to hold this hearing today

because paid leave is such an important issue that this committee gets to have jurisdiction over.

You know, I think, frankly, it is an embarrassment that the richest country in the world is the only industrialized nation that does not guarantee any access to paid family and medical leave. And I have heard a lot of my colleagues wonder why the Federal Government should be involved in this at all. And I think they, the Federal Government, needs to be involved because at some point in our lives we will need to take time away from work because of a life event -- and this could be an unexpected personal illness or to take care of a family member or just simply the joy that comes from starting a family.

And I don't think that this is an issue that can be left for each state to decide one by one, or be a luxury that only the largest companies can afford to provide. And I think this rings particularly true to me, as a mother with young kids. You know, I remember a time when I was a new mom with a growing family in the middle of a job search, pursuing a really exciting job opportunity. And unfortunately, when I asked them what their parental leave policy was, I was shocked to learn that they only provided the basic federal standard of 12 weeks unpaid.

And since my home state of Florida doesn't have a paid leave program, this is all that I could have, and what my constituents today can rely on. And even though the job sounded great on so many levels, I couldn't work somewhere that would leave me without a paycheck for three months while caring for a newborn.

What makes this issue so frustrating to me is that I know I was more fortunate than most. I had a job, I had a husband that worked, and a healthy young son. I didn't have to accept that offer. But there are a lot of women, men, and working families that aren't so lucky. They don't have a choice, and they -- some of them have to take any job that keeps food on the table, keeps the bills paid, or they have to choose between keeping a job and

taking care of a newborn or family member. And these are choices we shouldn't be forcing our constituents to make. They shouldn't have to win the zip code lottery and live in a state with paid leave, or be lucky enough to work for a company that provides these benefits.

And you know, just speaking of companies, I think that businesses really want to provide more for their employees. Right now only 17 percent of workers are covered by an employer program. They know it is good for business by increasing worker retention and decreasing turnover costs, but most can't afford it on their own, especially small businesses like Mr. Sandkamp's. Having a national program would level the playing field with the large companies that can use these benefits to attract talent.

And this is why I think we need a comprehensive national program to provide for workers across the country and employers of all sizes. It would help close the gender pay gap, the minority pay gap, and increase women's participation in the workforce. Paid family and medical leave is a popular and common-sense idea that would help working families, small businesses, and our overall economy.

Mr. Sandkamp, you spoke compellingly about how having the state program impacted your businesses, and specifically your employees. Would you have been able to pay -- provide paid leave for your workers in New Jersey if New Jersey had not had its own program?

*Mr. Sandkamp. No way.

*Mrs. Murphy. What would you have had to do, otherwise?

*Mr. Sandkamp. When I think about my employee who left for paternal leave, it would have cost me about \$7,200 while he left for six weeks, and I couldn't do that. There is no way I would have been able to do that. Even -- I lost productivity at that time, and it wouldn't have been impossible.

It is something that -- that is why I am on board here, that is why I am here today, because I know that it is something that, as a small business owner with five employees -- myself and four people -- that it is something I can handle, that I can have a small deduction from payroll every two weeks, and it is not a problem. And we have been living that way for 10 years, and it has been -- it has worked well. My business is thriving. My employees are happy.

And I think it is something that, you know, we as Americans across the country, we should have equal rights. And like you say, if you live in the wrong zip code, you don't have equal rights. This is -- I think it should be a basic human right. We all have frailties as human beings, and we all, you know, get sick.

*Mrs. Murphy. And I will assume that, you know, if it cost \$7,200 to have been able to keep him, it also probably cost you money to onboard somebody new, had you had to lose him.

*Mr. Sandkamp. Yes, at the very moment that I am having a problem because I have a person gone, I need more money to be able to pay out to that person that is gone. That is the moment that I wouldn't have it. Okay, so yes, the next year they give me 25 percent of that back in a tax credit. That is not something small business owners like myself would be able to do.

*Mrs. Murphy. Thank you, and I yield back.

*Chairman Neal. I thank the gentlelady. With that let me recognize the gentleman from California, Mr. Gomez, to inquire.

*Mr. Gomez. Mr. Chairman, thank you for calling today's historic hearing.

I want to tell you a story about two parents I know, Socorro and Carmello. Like many in this country they work multiple jobs, four to five jobs a week, to make ends meet. Socorro cleaned other people's homes during the day and laundered other people's clothes

at night. Carmello originally came here and became a line cook at local restaurant years after.

One day their seven-year-old son fell ill with pneumonia. For some Americans pneumonia isn't a life-changing event, especially if you have good insurance and an empathetic employer. But that wasn't the case for Socorro and Carmello. They were immigrants from Mexico who had to provide and care for their six kids. And as they gathered in the hospital, making sure that somebody was always there to be with their son, they always would think how is this going to impact our family. Are we going to be able to maintain both jobs? Will we be able to recover?

For them, their little boy getting pneumonia nearly cost them everything, even their home that they worked so hard to earn.

I am happy to report their son did pull through, but the stress and trauma of that event, those feelings of hopelessness, uncertainty, and instability stayed with Socorro and Carmello for years after. And I know this because they were my parents, and I was that little boy who got pneumonia when he was seven. And my parents' story and my story isn't unique. Too many families in this country live their lives on a tightrope: one illness, one car accident, one death away from financial bankruptcy. And we want to make sure that those families are always kept in mind when it comes to any paid family leave program.

Ms. Howard-Karp, thank you for your story, because we have to remind people that this is about people, this about their kids. If you had lost your job, what would have been the impact on your family?

*Ms. Howard-Karp. Thank you for sharing your story with us, too.

You know, like many working families we are balancing the high cost of living with heating oil and groceries and kids' activities and student loans. And to suddenly

subtract one paycheck would have meant very quickly, despite our savings, falling behind on a lot of those things, right? And not just the things that are fun and important, like soccer practice and dance classes, right, but defaulting on our student loans, potentially defaulting on our mortgage. And I don't know what it would have taken for us to recover from that, if I had suddenly been without that job.

*Mr. Gomez. And your story is something that I think is repeated. My story, my family's story. And one of the things that I did -- I was also a state assembly member in California, and I passed AB 908 that increased the wage replacement. Because after 10 years of studying California we learned one thing: if people cannot afford to take advantage of the program, or if a person is making ends meet barely on 100 percent of their salary, what makes anybody think that they can take off 5 weeks, 6 weeks, 8 weeks, 10 weeks at 55 percent of their salary? They can't.

So what I am stressing is that when any of these paid family programs that we are discussing -- and how we are negotiating and how we are structuring them, that they must take these families -- your family, my family -- into account, the ones that are struggling, because those are the ones that often times don't have the savings to use.

The other component is we want to make sure that people know about it. And that is one of the things that we have learned in California. Often times they don't know about the program. Paid family leave is something that everybody is going to use some day, or will need some day, if they have it or not.

Ms. Gupta, what would you say is the number one or number two issues that we should look out for in a paid family program?

*Ms. Gupta. I mean ensuring access is the most critical piece. So we want to make sure that the wage replacement rate is low enough so that low-wage workers can actually access the program -- sorry, have a high-enough wage replacement rate.

So many states are now looking at 90 percent wage replacement for the lowest-wage workers. So that is critical. Job protection is very critical. I know that is outside of the purview of this committee, but workers can't afford to lose a job if they take this necessary time. And then, of course, access to education and outreach.

*Mr. Gomez. Now, Ms. Gupta, Mr. Chairman, thank you so much.

*Chairman Neal. Thank you.

*Mr. Gomez. And I yield back.

*Chairman Neal. Thank you. Let me recognize the gentleman from Texas, Mr. Arrington, to inquire. His position is to try to finish before we go to the floor. If not, I will come back.

*Mr. Arrington. Is that the Chairman's hinting at me to cut my comments short?

*Chairman Neal. No, the chairman is very generous with time here.

*Mr. Arrington. Mr. Chairman, thanks for hosting and leading the dialogue here. And panelists, thank you for your time.

I think the consensus is -- I hope you can appreciate this, and it is your takeaway -- that we are all for family leave benefits and access to those benefits. Again, the question is how do we most effectively, most responsibly, and in the most sustainable way offer these benefits to workers?

And I think the emphasis, especially to me, is on sustainability, because we have -- the irony is some of the proposals are adding a program to Social Security, and the Social Security trust fund will be insolvent in 15 years. We haven't even paid for the entitlement programs that we have on the books today. We are 22 trillion in debt, and we want to add another entitlement program. Not only that, we want a top-down mandate from Washington. Last time that happened, where we expanded an entitlement -- in fact, the

largest expansion of entitlement -- was Obamacare. And the cost of premiums went from an average of 2,800 to \$6,000.

And I know, Mr. Sandkamp, you feel that as much as anybody at the table. That is a huge cost.

Mr. Kildee, my friend, mentioned that -- how do you -- made the comment of how do you put numbers to lives. Well, ask 50 percent of Americans who, if they had a crisis, it would cost them \$500, they couldn't pay it. They would be more than in the poorhouse, they would be up creek.

So it does matter when you are dealing with the reality. We don't deal in reality in Washington. It is fantasy. There are lots of things we would like to do. We have to ask ourselves: Can we afford them? Are we going to borrow more? Are we are going to defer more taxes on our kids?

I will tell you the sandwich generation are my children and your children and the grandchildren of folks on the dais. They are going to be sandwiched between two very sour pieces of bread, high taxes and a bad economy, if we keep doing what we are doing in such an irresponsible way.

Ms. Gupta, I know it is not your fault about the California balance sheet, but we have talked about California's family leave program, and -- but I think the full story to what California has done is best, I think, viewed by the benefits they have given their workers in their public pension program. That is about \$150 billion under water, \$150 billion. If you add the state and local public pension program unfunded liability, it is \$1.5 trillion.

Now, I am not going to hold you to this, but just -- do you know how they are going to pay for that? Is there a plan that you could articulate today?

*Ms. Gupta. I cannot speak to that. But I can --

*Mr. Arrington. I can't speak to it, either. I don't believe anybody on the dais can speak to that.

I don't mean to cut you off, but I have limited time.

But of course you can't. And if that is the way California wants to run their business, I mean -- I respect my colleague who says that California is the way the country is going to go. I don't think California is always the bright shining example. I think sometimes it is a harbinger of the bad things that could happen to this country if we don't manage our business responsibly.

In fact, since 2007 California has lost, on net, a million people to other states. They have migrated away from the State of California, a third of them have come to the great State of Texas.

Now I am all for states deciding how they want to provide benefits to their to their workers, to their citizens. I think that laboratory invention is a great system for finding out what is working and how to make it work best, and how to design it for your citizens. I think private employers certainly can design things better than the Federal Government to meet the needs of their employees. And I think that is the approach we ought to take. I like the fact that we have provided incentives to employers and to employees for this very purpose.

But you know, Mr. Sandkamp, you said that you didn't have to do this, but you did it. And you said you did it because it was good for your business. Right? It was good because the cost of replacement is high. Correct?

*Mr. Sandkamp. The New Jersey Disability and Family Leave Act is a --

*Mr. Arrington. But you did it voluntarily.

*Mr. Sandkamp. You mean to become --

*Mr. Arrington. You added the family leave benefits to your employees voluntarily.

*Mr. Sandkamp. It is part of the -- it is a payroll deduction for all employees. My -- all my employees are -- have a payroll deduction.

*Mr. Arrington. Well, do you think it is in the best interests of your company to offer that because of the replacement cost, because of the recruitment incentives, and the retention?

*Mr. Sandkamp. For all those reasons. But I find it to be -- I think it sounds like the whole panel is in agreement that we want paid family leave.

*Mr. Arrington. We do. And here is one view. If you like your state plan, keep it. And if you like your employer-based plan, keep it. It is growing exponentially. And I think we ought to just do more from this point, from the federal government, to incentivize that behavior from the bottom up, not top down.

Thank you, Mr. Chairman. I yield back.

*Chairman Neal. I thank the gentleman. With that let me recognize the gentleman from Nevada, Mr. Horsford, and then we will recognize Mr. Reed.

*Mr. Horsford. Thank you very much, Mr. Chairman, a very important hearing.

With all due respect to the previous speaker, my colleague from Texas, Social Security is not an entitlement. It is a trust fund that has been earned by those who paid into it over their lifetime. And I think making any comparison to it is just not accurate.

I would like to talk about what this is, the FAMILY Act. We are asking businesses to contribute \$.02, two pennies, for every \$10 earned in wages, or \$2 a week. That is what we are asking. And, as a former small business owner myself, having to address a balance sheet, I know there are tough choices that have to be made. But balancing the interests of your employees, the people who actually produce and provide the services that allow

businesses to do well, is part of the social contract that we have had in this country and that part of this bill is hoping to address.

We have enormous income inequality in this country. People can't even make it today with a paycheck, let alone when there is an illness for themselves, a family member, or a loved one that they have to take care of. And so I agree with my colleague, Mr. Gomez, who said we need to focus on what this is about, which is people.

In my state, in Nevada, according to the National Partnership for Women and Families, even unpaid leave under the Federal Family and Medical Leave Act is inaccessible for 63 percent of working people. They can't afford to take off work. And that is why we need the Family Act.

We need it for Leslie, a constituent of mine from Las Vegas who is a 35-year-old single mother who reached out to me to share her experience without paid leave. She shared with me that in 2015 she was an expectant mother working for a government entity on a part-time basis, which meant she did not have any benefits. She was enrolled in the Affordable Care Act and was able to continue working until she began having life-threatening complications with her pregnancy. Her son, Nasir, arrived two months early and had to stay in the neonatal intensive care unit for the first two months of his life. He was born with a hole in his heart, a nerve disorder, and severely clubbed feet.

After two long months, Leslie and Nasir were finally both in better health, and Leslie returned to work, starting a new full-time job that provided more stability and some benefits. And while she found herself gainfully employed full-time, something that should have offered her and her new baby security, her new job still came without any paid time off. So when Leslie had to take Nasir to necessary doctor and physical therapy appointments, she had no choice but to miss work, which meant missing out on vital income that she desperately needed to keep the lights on and the food on the table.

As she tells it, "My life felt like an endless roller coaster of stress and anxiety. It seemed as though I was always faced with the most difficult choices. How do you choose? Do I lose a day's pay and hope my supervisor understands? Or do I miss the doctor's appointment my son needs to grow healthy and thrive?" That is no choice for any parent to have to make.

Ms. Gupta, what are the positive impacts of passing family leave -- paid family and medical leave legislation for our most vulnerable citizens?

*Mr. Gupta. Thank you so much. It is exactly as you said. You know, it will increase access to low-income workers, which will make sure that they can stay employed. But at the same time, it will ensure that they have the economic security to provide for their families, and also ensure the health and wellbeing of their families. And it will level the playing field for small businesses. So all of that will not only improve the well-being of families, but the overall economy.

*Mr. Horsford. Thank you. Ms. Howard-Karp, what will be the continued cost to families and businesses if we do not act to pass this legislation?

*Ms. Howard-Karp. It just comes down to that impossible choice that we have been talking about, which is we continue to put people in the situation everyday of having to choose between the health and even the lives of their family members, or their ability to continue paying the bills.

*Chairman Neal. I thank the gentleman. Mr. Reed is recognized for an abbreviated presentation.

*Mr. Reed. Yes, and I know we have votes. I appreciate that, Mr. Chairman, and to our panelists.

You know, quickly, I think there is broad agreement from the testimony today. Paid leave benefits is something Republicans and Democrats tend to support. The question is how to pay for it and how to do it.

And so the question I have for Ms. Greszler is, you know, if we do this with a payroll tax administered by the government -- and it is a .4 percent payroll tax that is being proposed -- and I know there are estimates out there that that is woefully inadequate to cover the exposure, who is left holding the bag to make up for the benefits that are created under this law if that .4 percent payroll tax doesn't cover the expenditure?

*Ms. Greszler. Unfortunately, I think that is future generations. That is my six young kids who I am just going to tack more money in their backpacks that they pile on of that debt every day. And so I don't want a program that is going to make my children pay for me to be able to take leave to care for them.

*Mr. Reed. And so, essentially, that is future children, future individuals, future taxpayers, as well as present taxpayers, right? Those are taxpayers, not some magic government pot of money that is not the taxpayers' money. It is the taxpayers' money that is going to have to do that. So if we bet wrong on this, there is huge exposure there.

If we did it with a private insurance policy that you could purchase through your business -- and it may actually be cheaper than the \$.02, some of the estimates I have seen are at 50 percent cost. Maybe a penny, and we pursue that. If that benefit calculation is wrong, who is left holding the bag then? Is it the taxpayer, or is that the private company that is fronting those policies?

*Ms. Greszler. If it is a privately-purchased policy, that is the private company.

*Mr. Reed. So I am very interested in finding a solution to this, but I am very sensitive of going down this path with the payroll tax thing, because -- does the panel -- is -
- are you aware that my colleagues on the other side are already proposing a two point-plus

percent payroll tax to cover the Social Security and solvency issue? So this would be a payroll tax on top of that. Are you aware of that? Anyone aware of that? Yes? I think the panel's indicating yes, in agreement.

So this is additional payroll tax on existing payroll tax that are being proposed by the other side, and that is very troublesome to me, as the ranking leader on Social Security to pursue. Thank you.

*Chairman Neal. We thank the gentleman. I want to thank our witnesses for their testimony.

Please be advised that members have two weeks to submit their written questions to be answered later in writing. Those questions and your answers will be made part of the formal hearing record.

And with that, the committee stands adjourned.

[Whereupon, at 1:55 p.m., the committee was adjourned.]

Submissions for the record:

[Zero to Three](#)

[Unidos US](#)

[Paid Leave US](#)

[National Partnership for Women & Families](#)

[The Association of Women's Health, Obstetric and Neonatal Nurses](#)

[American Benefits Council](#)

[American Association of University Women](#)

[1,000 Days](#)

[The ERISA Industry Committee](#)

[The Century Foundation](#)

[Center for Fiscal Equity](#)

[Independent Women's Forum](#)

[The Human Rights Campaign](#)

[Consortium for Citizens with Disabilities](#)

[Family Values @ Work](#)

[First Focus Campaign for Children](#)

[Family Voices](#)

[Jennifer C. Greenfield](#)