

Testimony before the Senate Committee on Pensions and Labor
Supporting SB 253 – Study of Voluntary Paid Family and Medical Leave
Given by Erin Macey, Policy Analyst, Indiana Institute for Working Families
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Good Morning Mr. Chairman, members of the Committee.

Erin Macey, policy analyst at Indiana Institute for Working Families. I am so grateful to:

- Senator Tallian for offering this bill
- Senator Boots for allowing us to engage in the conversation here today
- All of you for your willingness to consider the bill

As Senator Tallian mentioned, the Commission for Women recently won a grant to engage in research on paid family and medical leave. This will be an opportunity to bring state experts and stakeholders to the table to discuss a concept that has strong bipartisan support – depending on which poll you look at, you will see 75-85% of voters supporting some sort of paid leave legislation.

It's easy to see why. While I am normally a relentless optimist, my research in this area and discussions with families about their experiences around this issue reminds me that the worst can happen and time matters. We are all one car accident, cancer diagnosis, or slipped disc away from needing time off work to attend to our own health. And new babies, critically ill children, dying spouses, returning veterans, and aging parents should have – without a second thought or hesitation – a family member beside them when they most need care.

But the reality is that very few workers – 13% - have paid family leave and only slight more – less than 40% - have temporary disability insurance. For those who are not covered by FMLA, taking that time can mean losing your job. And given that many Hoosiers that lack even a basic emergency savings, it can mean much worse.

There are also consequences for businesses. Work-life conflict and its effects on businesses has been thoroughly researched, demonstrating that productivity, morale, accuracy, loyalty, and turnover all hinge on the ability of employees to strike that balance. More and more workers are demanding benefits like paid family and medical leave. In a recent survey, 64% of millennials said benefits like these were important to them in making a decision about a job – that's up from just over half of Gen Xers and Baby Boomers; in another survey, workers from a variety of demographics expressed willingness to take a pay cut or pass up a promotion for better work life balance.

Larger businesses are recognizing this and responding. American Express, Campbell's, Chobani, Coca-Cola, Twitter, and Vanguard are just a few of the companies that added or upped their parental leave

packages this past year – typically for both genders and, in some cases, for adoptive parents. Deloitte made headlines for extending leave to adult caregivers last year.

Beyond attracting talent, these benefits prevent turnover – which can be costly. A review of 27 studies on employee turnover put the average cost at 20% of an employee’s salary; and it’s more for highly specialized positions. Research from the United States and abroad shows that workers who take paid leave are more likely to return to their employers than those who take unpaid leave.

But this doesn’t mean that every business will jump on the bandwagon:

- It is easier for large businesses to absorb the costs of benefits because they are spreading the risks over a large pool of employees. For a small business owner, this is a more frightening prospect; if you have 7 or 12 or 15 employees and suddenly 3 need to take advantage of the generous family leave you offered, you’re in serious trouble.
- There’s also the low-wage workforce. Employers are less likely to offer paid leave benefits to these workers, and these are the individuals who can least afford to go without a paycheck for any length of time. IN fact, estimates suggest that only 38% of workers are both covered under FMLA and able to afford unpaid leave. These workers are likely to deplete savings designated for things like retirement or education or rely on public assistance to make ends meet.

We as a state should look for ways to increase access to paid family and medical leave. This could be a strategy to better recruit and retain talent, ensure that our veterans receive better care, help our new families get off to a good start, improve medical outcomes, and attract employers providing high-quality jobs. But the devil is in the details; hammering these out this will require hard work and careful consideration from multiple perspectives. The Commission’s research and your study committee are an excellent starting point.

Thank you for your time. Happy to answer questions.