The Family and Medical Insurance Leave Act ("Family Act"): S. 1810/H.R. 3712

What You Need to Know

What is the Family Act?
The Family and Medical Insurance Leave Act, or “Family Act,” is a bill introduced in Congress in December 2013, by Senator Kirsten Gillibrand (D-NY) and Representative Rosa DeLauro (D-CT). Here’s the legislative language.

This is what the bill entails:
- It would provide workers up to 12 weeks of partial income (66 percent of monthly wages) when they take time off following the birth or adoption of a new baby or because of a serious personal or family medical condition.
- The legislation would be funded by employee and employer payroll contributions of two-tenths of one percent each (two cents per $10 in wages), or about $1.50 per week for a typical worker.
- The funds would be administered through a new office within the Social Security Administration. Payroll contributions would cover both insurance benefits and administrative costs.

Why do Americans need the Family Act?
Current law says that employers can’t fire workers when they take up to 12 weeks off to care for a newborn or a sick family member. But only a fraction of the workforce enjoys paid family leave. Of those who don’t, half are unable to use all the time off they need because they cannot afford to go without a paycheck. The U.S. is the only developed country—and one of only two worldwide—that doesn’t provide any support for parents or caregivers.

As psychologists, what is our interest in seeing this legislation passed?
These are economically stressful times for many Americans, and the lack of paid time off can create a painful dilemma. They can either take care of their newborn or sick family member—or they can pay their bills. Most muddle through, without quite enough time or money. This dilemma can exacerbate the stress associated with poverty, and contribute to compromised immune systems and reduced psychological resources for dealing with life’s hardships. Among children, it can contribute to emotional, social, and behavioral issues.
What about the group we most often associate with this sort of legislation—mothers with newborns? Specifically, what do we know about the health and well-being of mothers and infants when financial pressure forces the mother to return to work prematurely?

Returning to work less than 12 weeks after giving birth can be far from optimal for both mother and child. For example, mothers who do not have to return to work immediately are more likely to breastfeed, which can reduce the risk of health problems including sudden infant death syndrome, diarrheal disease, acute ear infection, respiratory illnesses, asthma, obesity, Type 2 diabetes and leukemia. Mothers who return within 12 weeks of giving birth experience higher rates of post-partum depression and reductions in self-reported overall health. Later on, their children are more likely to be aggressive, defiant, and have poor impulse control.

The Family Act may be good policy, but given how precarious the government’s finances are, won’t it cost too much?
The Family Act insurance program would be entirely self-funded through very minor employee and employer payroll contributions (two cents per $10 in wages or about $1.50 per week for a typical worker). A one-time appropriation would be necessary to cover initial benefits and administrative costs, but under the law this would have to be paid back in 10 years. As such, this legislation would not contribute to our federal budget deficit.

In that case, won’t it cost too much for businesses?
Surprisingly not. The Family Act model spreads the cost of leave, reducing the burden on individual employers. It cuts turnover costs to individual firms by increasing employee engagement and loyalty. We know this because the Family Act builds on state-level family and medical leave insurance programs. Family leave insurance has existed in California since 2004, in New Jersey since 2009, and in Rhode Island since January 2014. So far, the indications are positive:

- California’s paid leave program increased productivity, profitability, and morale. More than 9 in 10 employers report no costs or cost-savings from the program. Economists estimate that the program could even save employers $89 million per year due to increased employee retention and reduced turnover.

- The program has had no negative impact on businesses in New Jersey; many employers have reported increased employee morale, and more than 3 in 4 New Jerseyans support the law. Perhaps that is why a majority of small businesses polled in New Jersey support the measure.