



AMERICAN  
SUSTAINABLE  
BUSINESS  
COUNCIL

The American Sustainable Business Council  
1001 G Street NW  
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July 11, 2018

The Honorable Bill Cassidy  
Chairman  
Subcommittee on Social Security, Pensions, and Family Policy  
Committee on Finance  
United States Senate  
219 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Sherrod Brown  
Ranking Member  
Subcommittee on Social Security, Pensions, and Family Policy  
Committee on Finance  
United States Senate  
219 Dirksen Senate Office Building  
Washington, DC 20510

RE: Subcommittee Hearing, "Examining the Importance of Paid Family Leave for American Working Families," July 11, 2018

Dear Chairman Cassidy and Ranking Member Brown:

The American Sustainable Business Council (ASBC), on behalf of the 250,000 businesses we represent, is writing to you today to express our support for the Family and Medical Insurance Leave Act, better known as the FAMILY Act. ASBC is fully supportive of a national paid leave program that is comprehensive and sustainable, and the FAMILY Act is the bill that would accomplish this goal.

**THE UNITED STATES IS FALLING BEHIND THE REST OF THE DEVELOPED WORLD**

Paid family and medical leave can and should ensure an employee income during a work absence for a range of reasons. The right program will allow employees to meet the needs of a new family or take proper care of a seriously ill loved one (or themselves) without financial penalty. Because these are

inherently stressful life situations, practical support, such as paid leave, makes a profound and lasting difference to employees and their loved ones.

Currently, the United States is the only developed nation that does not have a national paid family and medical leave law. The current national law, the Family and Medical Leave Act (FMLA), is woefully inadequate. It only provides up to 12 weeks of *unpaid* leave to roughly half of American workers. Since the law does not apply to companies with fewer than 50 employees, millions of hard-working employees are unable to even benefit from this law because they are either self-employed or work for a small business. Even workers that are covered by the FMLA may find themselves unable to actually take leave because they work in a low-wage job and do not have the economic security to even benefit from the leave that is allowed under the law.

### **THE FAMILY ACT IS THE HIGH-VALUE LOW-COST PATH FORWARD**

The FAMILY Act would create an affordable, inclusive, and comprehensive leave policy that would provide *all* workers with up to 12 weeks of paid leave. This bill would be paid for by matching contributions from employees and employers, which is both responsible and sustainable. The actual costs to both workers and employers would be less than two-one hundredths of a percent per paycheck or roughly \$1.50 per week. The minimal costs of the FAMILY Act would have a tremendous value for workers; they would be able to receive sixty-six percent of their normal wages.

Other legislative proposals for family leave would require workers to draw from their Social Security retirement funds or only cover parental leave. The FAMILY Act would not force workers to make choices that would harm the long-term financial stability of their families. Workers should not be forced to choose whether to delay their retirement because they have to care for a new child or other family member. Further, the government should not be mandating workers to drain their Social Security retirement during a time when many workers are already struggling to save enough for their retirement. American workers need a paid leave plan that helps them remain financially secure without jeopardizing the long-term health of their families.

### **THE BUSINESS CASE FOR PAID FAMILY AND MEDICAL LEAVE**

Polls have shown that nearly seventy percent of small businesses support the implementation of a national paid leave policy like the FAMILY Act. Businesses that have already implemented paid leave policies have seen both employee productivity and profits rise. A common-sense program like the FAMILY Act will help the many American businesses who struggle with employee turnover and the resulting lost productivity as some of their biggest costs, which often amount to thousands of dollars per employee. Additionally, eighty percent of businesses with paid leave programs have found that their employees demonstrated higher levels of satisfaction at work and, in many instances, this increase in worker morale has led to more reliably productive workplaces. A more reliably productive workplace leads to a more profitable business.

In states like California and New Jersey that have already implemented paid family and medical leave, the programs are popular with businesses and employees alike. Businesses are able to utilize existing state resources to assist in creating the necessary infrastructure to implement and sustain paid leave programs. Approximately sixty percent of California businesses reported cost savings by coordinating

their benefits with the state program. Meanwhile, a poll in New Jersey found that, three years after the state's paid family leave program took effect, more than seventy-five percent of voters viewed it favorably.

Additionally, in California, the paid leave law reduced disparities in amount of leave time taken between employees in lower-income and higher-income jobs. According to polls and other studies, the employees in the lower-income positions started to use more of their leave following the implementation of this policy. California is also doing more to address lingering disparities by continually increasing the percentage of take-home wages for most of the recipients.

By 2020, six states and the District of Columbia will have passed and implemented paid leave policies for all workers in their states. This doesn't even include the growing number of state and local governments providing their employees with varying levels of paid family and medical leave. What is abundantly clear, more and more Americans – as well as their elected leaders – know that these programs are not only smart public policy, they are smart business policy.

Paid leave is a central component of the High-road workplace principles, of which ASBC and its members believe in and abide by. High-road companies consider the impact of their business practices on their employees, the communities they operate in, and the products and services they provide to the marketplace. These companies understand that the High-road incentivizes their employees to work more productively and be more reliable because their employers are doing the same for them.

High-road workplaces do more than just benefit employees and the bottom line. They also benefit American communities because they reduce employee reliance on taxpayer-funded safety nets, put more money into our local economies, and improve the wellbeing and future prospects of families. Yet despite the clear moral and economic benefits of the High-road, some employers continue their substandard workplace practices. As a result, they burden the U.S. economy as a whole and penalize companies that do pay their fair share. By passing the FAMILY Act, you would be disincentivizing these bad actors and level the playing field for all companies.

As business leaders, we know that providing paid family leave is good for business and we believe it is good for our country.

Sincerely,

The American Sustainable Business Council