AARP Maryland

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**HB 496 Labor and Employment - Family and Medical Leave Insurance Program - Establishment**
**FAVORABLE**
**House Economic Matters Committee**
**February 15, 2022**

Good Afternoon Chair Wilson and members of the House Economic Matters Committee. I am Tammy Bresnahan. I am the Director of Advocacy for AARP MD. AARP Maryland is one of the largest membership-based organizations in Maryland, encompassing over 850,000 members. **AARP MD overwhelmingly supports HB 496 Labor and Employment – Family and Medical Leave Insurance Program – Establishment.** We thank Chairman Wilson for sponsoring HB 496.

AARP is a nonpartisan, nonprofit, nationwide organization that helps strengthens communities and fights for the issues that matter most to families such as healthcare, employment and income security, retirement planning, affordable utilities and protection from financial abuse.

HB 496 establishes a Family and Medical Leave Insurance (FAMLI) program through which employees may take up to 12 weeks of paid leave from their jobs to care for new child or other family members with serious health conditions or disabilities, or themselves. The program provides some wage replacement during the leave period. The benefit level is calculated based on the employee's weekly wage and the State's average weekly wage. In general, the amount received by low-income employees reflects a higher percentage of their total wages.

Wage replacement benefits are drawn from a fund pool into which employers and employees contribute. Contributions are mandatory and are calculated based on the employee's wages. The FAMLI program is supervised by the State Department of Labor (DLR) and administered by Division of Unemployment Insurance (UI). (FAMLI and UI are conceptually and administratively similar.) The rates of employee and employer contributions to the FAMLI insurance pool must be sufficient to fund the benefits and administer the program. Experience from other states suggests that the shared contribution will total approximately 0.5% of the employee's wages. An employee is eligible for FAMLI benefits if the employee:

- Is caring for a newborn child or child newly placed for adoption or foster care;
- Is caring for a family member with a serious health condition or disability;
- Has a serious health condition that makes the employee unable to perform his or her job;
- Is caring for a military service member who is next of kin; and
- Has a specified need resulting from the military deployment of a family member.

HB 496 specifies that the definition of "family member" mirrors the definition in the Maryland Healthy Working Families Act of 2017 and includes: a child, parent, spouse, grandparent, grandchild, or sibling. (Adoptive, foster, guardianship, in loco parentis, and step-relationships are included in these categories.)

According to AARP Public Policy, only one and seven workers in the private sector has employer-provided paid family leave. Among caregivers who left the workforce, just over half say they quit their jobs because they did not have the flexibility to keep working and provide elder care. Whether giving or receiving care, older workers are likely to need the time, access to health benefits, and job security that the Paid Family Leave Act provides.

AARP believes Maryland has made significant strides in supporting Maryland's 770,000 family caregivers. We still have work to do to enable workers to take care of themselves and their loved ones--passing the Maryland Family Leave Act is one way to provide these protections to more workers and the broader range of family members who are taking on caregiving responsibilities.

Current labor force trends of an aging workforce are especially pronounced for older working women—those most likely to also be family caregivers. The percentage of women ages 55 and older who work is expected to increase from 28.5 percent in 2013 to 35.1 percent in 2022. During the same period, the percentage of working women over age 64—those most likely to be caring for a spouse—is expected to increase from 14.4 percent to 19.5 percent.

These shifts toward older women in the labor force can add to family incomes and greater savings for retirement as well as contribute to overall economic growth. Yet, as women work outside the home to make ends meet and contribute to the economy, the demands and pressures of working families to balance work, caregiving, and other family responsibilities have grown.[1]

The economic consequences of reducing work hours, quitting a job to provide care, or taking an unplanned early retirement can be significant. Research shows that family caregivers who disrupt their careers or leave the labor force entirely to meet full-time caregiving demands can face substantial economic risk and short-term and long-term financial consequences by losing salary, personal retirement savings, eventual Social Security and retirement benefits, career opportunities, and overall financial well-being.

Paid Family Leave offers (PFL) a solution to many of the pitfalls associated with unpaid leave. PFL helps workers remain at their jobs and continue as family caregivers—benefiting workers, employers, and the economy. For workers who take on family caregiving responsibilities but cannot afford adequate time off to do so, PFL can provide peace of mind when they need to take a period away from work. For employed family caregivers, PFL can also promote economic security—a key component of social determinants of health.[2]

Research shows that PFL is an important factor in employment recruitment and retention, which can improve productivity and reduce absenteeism. Experiences of businesses in the first three states to enact PFL laws—California, New Jersey, and Rhode Island—show that once employers have implemented PFL benefits, they are generally supportive of paid leave, and indicate that PFL laws have had negligible to positive impacts on worker productivity, turnover, and morale.

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[1] Breaking New Ground: Supporting Employed Family Caregivers

[2] Ibid

In a California study, small and medium businesses (those with fewer than 50 employees and those with 50 to 99 employees, respectively) reported the most positive outcomes—even more than large companies. About two in three of the companies reported that they dealt with employee leave-taking by assigning work temporarily to other workers; one-third said they hired temporary replacements. Research suggests a relationship between paid leave and job retention. Higher retention rates usually mean saved separation costs when an employee leaves the job.[3]

Managing paid work alongside providing care for an adult or aging family member with a serious health condition or disability can be stressful for employed caregivers when their needs are not being met by existing workplace policies. Because most family caregivers now hold paying jobs too, employed caregivers need access to workplace leave benefits that enable them to fulfill both their caregiving and paid work responsibilities.

Workers should not have to choose between keeping their jobs and providing care to a seriously ill family member when they need it the most. Without a paycheck to cover the basic costs of living while providing care, low-wage workers are particularly vulnerable. They tend to have the least access to paid time off for caregiving needs and cannot afford to take unpaid family leave. States are leading the way.

Given the aging of the population and the workforce, caregiver-friendly policies—such as PFL and paid sick days—are important for maintaining both economic growth and a worker's own economic security. Workplace leave policies are a sound investment for employers and for America's working families with caregiving responsibilities.

AARP recommends that states should take the lead and implement policies that strengthen financial security for employed family caregivers. We encourage a FAVORABLE report on HB 496. For further information please contact Tammy Bresnahan at tbresnahan@aarp.org or by calling 410-302-8451.

[3] Ibid