

FY 2015

CONGRESSIONAL BUDGET JUSTIFICATION

EMPLOYMENT AND TRAINING ADMINISTRATION

State Paid Leave Fund

**EMPLOYMENT AND TRAINING ADMINISTRATION
STATE PAID LEAVE FUND**

TABLE OF CONTENTS

Appropriation Language	1
Explanation of Language Change	2
Analysis of Appropriation Language	3
Amounts Available for Obligation.....	4
Summary of Changes	5
Summary Budget Authority and FTE by Activity	6
Budget Authority by Object Class	7
Significant Items in Appropriation Committees' Reports	8
Appropriation History	9
Budget Activities	11
State Paid Leave Fund	11

STATE PAID LEAVE FUND

APPROPRIATION LANGUAGE

*For grants and contracts to assist in the start-up of new paid leave programs in the States,
\$5,000,000.*

STATE PAID LEAVE FUND

EXPLANATION OF LANGUAGE CHANGE

This is a new appropriation. Under this new initiative, grants would assist states in planning and start-up activities relating to paid leave programs.

STATE PAID LEAVE FUND

ANALYSIS OF APPROPRIATIONS LANGUAGE

Not applicable.

STATE PAID LEAVE FUND

AMOUNTS AVAILABLE FOR OBLIGATION						
(Dollars in Thousands)						
	FY 2013 Enacted		FY 2014 Enacted		FY 2015 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	0	\$0	0	\$0	0	\$5,000
Reduction Pursuant to P.L. 113-6 for FY 2013	0	\$0	0	\$0	0	\$0
Reduction Pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985	0	\$0	0	\$0	0	\$0
Other Supplementals and Rescissions	0	\$0	0	\$0	0	\$0
Appropriation, Revised	0	\$0	0	\$0	0	\$5,000
<i>Subtotal Appropriation</i>	<i>0</i>	<i>\$0</i>	<i>0</i>	<i>\$0</i>	<i>0</i>	<i>\$5,000</i>
Comparative Transfer To:	0	\$0	0	\$0	0	\$0
Comparative Transfer From:	0	\$0	0	\$0	0	\$0
Offsetting Collections From:						
Reimbursements	0	\$0	0	\$0	0	\$0
Advances	0	\$0	0	\$0	0	\$0
Fees	0	\$0	0	\$0	0	\$0
<i>Subtotal Offsetting Collections From:</i>	<i>0</i>	<i>\$0</i>	<i>0</i>	<i>\$0</i>	<i>0</i>	<i>\$0</i>
B. Gross Budget Authority	0	\$0	0	\$0	0	\$5,000
Offsetting Collections						
Deduction	0	\$0	0	\$0	0	\$0
Reimbursements	0	\$0	0	\$0	0	\$0
Advances	0	\$0	0	\$0	0	\$0
<i>Subtotal Offsetting Collections</i>	<i>0</i>	<i>\$0</i>	<i>0</i>	<i>\$0</i>	<i>0</i>	<i>\$0</i>
C. Budget Authority Before Committee	0	\$0	0	\$0	0	\$5,000
Legislative Proposal	0	\$0	0	\$0	0	\$0
Offsetting Collections From:						
Reimbursements	0	\$0	0	\$0	0	\$0
Advances	0	\$0	0	\$0	0	\$0
Adjustment for Appropriated	0	\$0	0	\$0	0	\$0
<i>Subtotal Budget Authority</i>	<i>0</i>	<i>\$0</i>	<i>0</i>	<i>\$0</i>	<i>0</i>	<i>\$5,000</i>
D. Total Budgetary Resources	0	\$0	0	\$0	0	\$5,000
Other Unobligated Balances	0	\$0	0	\$0	0	\$0
Unobligated Balance Expiring	0	\$0	0	\$0	0	\$0
E. Total, Estimated Obligations	0	\$0	0	\$0	0	\$5,000

STATE PAID LEAVE FUND

SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2014 Enacted	FY 2015 Request	Net Change
Budget Authority			
General Funds	\$0	\$5,000	\$5,000
Total	\$0	\$5,000	\$5,000

Full Time Equivalents			
General Funds	0	0	0
Total	0	0	0

Explanation of Change	FY 2014 Base		FY 2015 Change					
	FTE	Amount	Trust Funds		General Funds		Total	
			FTE	Amount	FTE	Amount	FTE	Amount
Increases:								
A. Built-Ins:								
To Provide For:								
Grants, subsidies, and contributions	0	\$0	0	\$0	0	\$0	0	\$0
Built-Ins Subtotal	0	+\$0	0	\$0	0	\$0	0	\$0
B. Programs:								
Programs Subtotal			0	\$0	0	\$5,000	0	\$5,000
Total Increase	0	+\$0	0	\$0	0	\$5,000	0	\$5,000
Decreases:								
A. Built-Ins:								
To Provide For:								
Built-Ins Subtotal	0	\$0	0	\$0	0	\$0	0	\$0
B. Programs:								
Programs Subtotal			0	\$0	0	\$0	0	\$0
Total Decrease	0	\$0	0	\$0	0	\$0	0	\$0
Total Change	0	+\$0	0	\$0	0	\$5,000	0	\$5,000

**EMPLOYMENT AND TRAINING ADMINISTRATION
STATE PAID LEAVE FUND**

SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY								
(Dollars in Thousands)								
	FY 2013 Enacted		FY 2014 Enacted		FY 2015 Request		Diff. FY15 Request / FY14 Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
State Paid Leave Fund	0	0	0	0	0	5,000	0	5,000
General Funds	0	0	0	0	0	5,000	0	5,000
Operations	0	0	0	0	0	5,000	0	5,000
General Funds	0	0	0	0	0	5,000	0	5,000
Total	0	0	0	0	0	5,000	0	5,000
General Funds	0	0	0	0	0	5,000	0	5,000

**EMPLOYMENT AND TRAINING ADMINISTRATION
STATE PAID LEAVE FUND**

BUDGET AUTHORITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
	Full-Time Equivalent				
	Total	0	0	0	0
41.0	Grants, subsidies, and contributions	0	0	5,000	5,000
	Total	0	0	5,000	5,000

**EMPLOYMENT AND TRAINING ADMINISTRATION
STATE PAID LEAVE FUND**

SIGNIFICANT ITEMS IN APPROPRIATIONS COMMITTEES' REPORTS

Not applicable.

**EMPLOYMENT AND TRAINING ADMINISTRATION
STATE PAID LEAVE FUND**

APPROPRIATION HISTORY (Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
2011					
Base Appropriation	\$50,000	\$0	\$10,000	\$0	0
2012					
Base Appropriation	\$23,000	\$0	\$0	\$0	0
2013					
Base Appropriation	\$5,000	\$0	\$0	\$0	0
2014					
Base Appropriation	\$5,000	\$0	\$5,000	\$0	0
2015	\$5,000				

STATE PAID LEAVE FUND

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
Activity Appropriation	0	0	5,000	5,000
FTE	0	0	0	0

Introduction

Too many American workers must make the painful choice between the care of their families and a paycheck they desperately need. Workforce and workplace changes have made it increasingly difficult for working families to meet their work and family responsibilities. The United States is the only advanced economy in the world that does not provide for some form of paid days off from work and one of only a handful of countries in the world that does not provide paid maternity leave. The Family and Medical Leave Act (FMLA) provides for up to 12 weeks of unpaid job-protected leave, but many workers cannot afford to take unpaid leave, and others who do must face financial hardship. Moreover, statutory requirements for eligibility mean that 40 percent of workers are ineligible for coverage under the FMLA.¹ According to the Bureau of Labor Statistics only 12 percent of the U.S. workforce has paid family leave through their employers.²

One of the most important societal needs addressed by state paid leave programs is the need for workers to take leave in order to care for and bond with new born and adopted children and still be able to sustain their livelihoods and absorb the new expenses as their families grow. Research suggests that paid leave programs can be good for these workers and their employers. Paid leave is positively associated with wage increases for women, a stronger attachment to the labor force, and decreases in turnover. One study of California’s paid leave program observed that in the year following a birth, new mothers who take paid leave are more likely than those who take no paid leave to stay in the workforce and 54 percent more likely to report wage increases.³

Paid leave programs can also be a vital resource for workers who need to take time off to care for a seriously ill family member. However, too few have access to paid leave. In one study, 48 percent of workers who took time off to care for older family members with health issues reported that they lost income during that time.⁴

¹ *Family and Medical Leave in 2012: Technical Report*. (<http://www.dol.gov/asp/evaluation/fmla/fmla2012.htm>)

² U.S. Bureau of Labor Statistics (2013, September). *Employee Benefits in the United States national Compensation Survey: Employee Benefits in the United States, March 2013* (Tables 16 and 32) (<http://bls.gov/ncs/ebs/benefits/2013/ebbl0052.pdf>)

³ Houser, L. & Vartanian, T. (2012, January). *Pay Matters: The Positive Economic Impact of Paid Family Leave for Families, Businesses and the Public*. Center for Women and Work at Rutgers, the State University of New Jersey Publication. Retrieved 5 November 2013(<http://smlr.rutgers.edu/paymatters-cwwreport-january2012>)

⁴ Aumann, K., et al. (2010) *The Elder Care Study: Everyday Realities and Wishes for Change*. Families and Work Institute publication (<http://familiesandwork.org/downloads/TheElderCareStudy.pdf>)

STATE PAID LEAVE FUND

The State Paid Leave Fund will provide grants to assist states that wish to establish paid leave programs. California, New Jersey, and Rhode Island currently offer such programs, which they call family leave insurance. Typically, these programs are state-run insurance programs financed by employer and/or employee contributions. State programs typically offer up to six weeks of benefits to workers for reasons covered under FMLA who must take time off to care for a seriously ill child, spouse, parent, or to bond with a newborn or recently adopted child.

The Fund will provide grants to assist States in planning and start-up activities relating to state family paid leave programs. These funds will be provided to States primarily for pre-implementation planning activities, but could also be used to implement programs. Pre-implementation planning activities may include research and analysis, program design, modeling and identifying financing structures, defining family eligibility and benefits requirements, developing outreach strategies that will support program participation by employers and workers, and other activities designed to help position the state for program implementation. A key deliverable for these planning grants will be an implementation plan.

Implementation grants are designed to support the administrative costs associated with ramping up a new or substantially expanded programs. Implementation grant funds may be used for activities such as project management, staff or contract support to implement new business processes, technology investments to support program operations, development of reporting and performance accountability processes, and the development and dissemination of explanatory materials to eligible workers.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2011	\$0	0
2012	\$0	0
2013	\$0	0
2014	\$0	0

Funding Mechanism

States will apply for competitive grants for pre-implementation planning activities in preparation for the establishment of State Paid Leave Funds. Between 2 and 10 states may receive grants estimated to range from \$500,000 - \$1,500,000 (depending on where the state is in the pre-implementation ramp-up process). Technical assistance contracts may also be awarded.

FY 2015

The FY 2015 Budget requests \$5,000,000 for the State Paid Leave Fund. These funds will be used for grants and for technical assistance to help planning and start-up activities in multiple states. In addition, the Administration's Opportunity, Growth, and Security Initiative proposes \$100,000,000 to support State Paid Leave efforts.

STATE PAID LEAVE FUND

FY 2014

Not applicable

FY 2013

Not applicable

STATE PAID LEAVE FUND

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
41.0	Grants, subsidies, and contributions	0		5,000	5,000
	Total	0		5,000	5,000

STATE PAID LEAVE FUND

CHANGES IN FY 2015

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Grants, subsidies, and contributions \$0

Built-Ins Subtotal \$0

Net Program \$0

Direct FTE 0

	Estimate	FTE
Base	\$5,000	0
Program Increase	\$5,000	0
Program Decrease	\$0	0