



Testimony Before the U.S. House of Representatives

Committee on Oversight and Reform

Hadley Heath Manning, Director of Policy, Independent Women's Forum

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Hello, my name is Hadley Heath Manning, and I am the director of policy for Independent Women's Forum and a senior Blankley fellow at the Steamboat Institute. I'm also the mother of three young children, and having taken three paid maternity leaves in the last five years, I can certainly appreciate the importance of this issue. In my role at IWF, I also manage a group of female employees. We frequently have staffers out on maternity leave, so I also know about how these issues impact employers. I have also served on the Colorado FMLI Task Force where we considered approaches to a state-based paid leave program, and studied the pros and cons of various models.

Policy Should Be Judged By Outcomes, Not Intentions

Expanding access to paid family and medical leave is a noble goal, but the real question is how. Today, we are here to consider the Comprehensive Paid Leave for Federal Employees Act, proposed legislation that would provide 12 weeks of paid leave to federal workers for any FMLA-qualified leave. While this bill is surely well-intended, lawmakers should also fully consider any costs, trade-offs, risks and downsides associated with extending a generous paid leave benefit to the federal workforce.

Furthermore, lawmakers should keep in mind that the government is in some ways a unique employer and should not serve as a model for all private-sector employers, who are diverse in size, industry, labor force, and resources. The government can increase taxes or use deficit spending to fund new benefits for employees; private-sector employers cannot. Many American businesses suffered or shuttered as a result of the COVID-19 pandemic and are still struggling to recover, if they will at all. Those businesses are not contemplating a vast expansion of benefits for their employees because they simply lack the resources. It would do those private businesses more harm than good at this moment to require that, in order to open their doors or

create jobs, they must offer a generous, comprehensive paid leave benefit to follow the model set by this proposed legislation.

The trend toward better access to paid leave in the United States tracks closely with economic trends. At the height of the pre-pandemic economy, more and more U.S. employers were offering paid leave as a way to attract and retain workers in a tight labor market. One question for lawmakers to consider is whether the federal government, now, as an employer, needs to enhance the compensation and benefits it offers in order to compete for labor. If the answer is no, then to offer greater benefits than necessary simply represents poor stewardship of taxpayer dollars.

Making Inequality Worse

In reality, the federal workforce already has access to more benefits than private-sector workers, and on average, federal employees are compensated better. The average salary among federal workers is \$85,000; this is significantly greater than the median *total household income* for the general population. Ninety percent of the federal workforce can be described as "white collar," and over 50 percent of employees have a bachelor's degree or higher (compared to 36 percent in the general population)¹. Federal workers also already have access to paid leave benefits and other benefit programs that are far more generous than those that the average private-sector taxpayer enjoys. Of course, these generous benefits are paid for by taxpayers. This means that the Comprehensive Paid Leave for Federal Employees Act would be taxing a relatively less-resourced general population to provide special, unnecessary benefits for federal workers -- an already relatively privileged group.

Similarly, other proposed legislation (the FAMILY Act) that would create a national paid leave entitlement would exacerbate economic inequality. Government paid family and medical leave programs have been shown to distribute money from low-income workers to those with higher incomes.

¹ <https://www.opm.gov/policy-data-oversight/data-analysis-documentation/federal-employment-reports/reports-publications/profile-of-federal-civilian-non-postal-employees/>.

Studies from California²³, New Jersey⁴, Canada⁵⁶, Sweden⁷, Iceland⁸, Belgium⁹ and Norway¹⁰ demonstrate this. As scholars concluded in Norway, these programs constitute a “pure leisure transfer to middle and upper income families ... at the expense of some of the least well off in society.”

This is regressive, not progressive. Given that the problem of a lack of paid family/medical leave is most pronounced among low-income people, lawmakers should not establish a program or policy that disadvantages this group further.

Backfiring on Workers

One potential downside of comprehensive paid leave benefits (for the federal workforce and beyond) is that this benefit may create an incentive for discrimination against certain groups. Paid leave is taken more often by women, elderly workers, and workers with significant medical issues. Regardless of an individual’s propensity for leave-taking, the availability of generous benefits will increase perceptions among employers that workers in these groups will take longer and more frequent leaves from work.

This will encourage discrimination in the workplace and widen the gender wage gap. Pew Research¹¹ has documented the strong positive correlation between paid family leave and the gender pay gap. Pew points to OECD data, saying, “Some countries that offer more liberal parental leave policies have higher pay gaps¹² among men and women ages 30 to 34, according to analyses of 16 countries...OECD theorizes that this link may be driven by the

² https://poverty.ucdavis.edu/sites/main/files/file-attachments/cpr-pihl_basso_pfl_brief.pdf

³ <https://sor.senate.ca.gov/sites/sor.senate.ca.gov/files/Californias%20Paid%20Family%20Leave%20Program.pdf>

⁴ <http://www.njpp.org/wp-content/uploads/2017/04/NJPPFLIApril2017.pdf>

⁵ http://www.andreadoucet.com/wp-content/uploads/2016/11/Doc-10_McKay-Mathieu-Doucet-2016-JIR-FINAL.pdf

⁶ <https://doi.org/10.1111/jomf.12542>

⁷ https://www.leavenetwork.org/fileadmin/user_upload/k_leavenetwork/country_notes/2018/FINAL.Sweden2018.pdf

⁸ <https://rafhladan.is/bitstream/handle/10802/6438/parentalleave.pdf?sequence=1>

⁹ <https://epc2016.princeton.edu/papers/160935>

¹⁰ <https://econweb.ucsd.edu/~gdahl/papers/paid-maternity-leave.pdf>

¹¹ <https://www.pewresearch.org/fact-tank/2013/12/20/the-link-between-parental-leave-and-the-gender-pay-gap/>

¹² <http://www.oecd.org/gender/closingthegap.htm>

fact that women are more likely than men to actually use their parental leave, and that time out of the workforce is associated with lower wages.”

A comprehensive paid leave policy imposed on all employers would also discourage employers from offering their own paid leave benefits or workplace flexibility and displace myriad private arrangements. Employers would focus on compliance with a government program rather than individualized, customized leave and flexibility benefits. I benefit personally from a great deal of workplace flexibility, something I wish more working parents and others could enjoy. At a time when our businesses and families are more diverse than ever, we should be encouraging more flexibility, not more standardization of benefits.

Costs - In Dollars and Otherwise

Finally, we must consider costs. Sadly, so far there has been no cost estimate for the Comprehensive Paid Leave for Federal Employees Act. Nor has there been sufficient examination of the consequences and tradeoffs associated with this proposed policy or others, like the FAMILY Act, which would create a paid leave entitlement for the general population.

The FAMILY Act would burden workers with a new tax and reduce overall economic opportunity. The funding mechanism for the FAMILY Act is a new payroll tax, a regressive tax, which, regardless of how it is split between employers and employees, will ultimately be borne by workers. The CBO recognizes¹³, as do most economists, that employees ultimately pay the costs of payroll taxes levied on employers in the form of reduced wages. And the funding mechanism for the program is not the only economic cost of the FAMILY Act.

Businesses also face a real burden when employees are not present at their jobs. Similarly, the federal government will face costs when workers are not present at their jobs, while they are using the new benefits offered in the Comprehensive Paid Leave for Federal Employees Act. While we want workers with family/medical emergencies to have the option to take time away from work, the flipside for employers is increased absenteeism and turnover. Employers and fellow employees alike will take on the burden of

¹³ <https://www.cbo.gov/publication/24725>

covering for workers who are out on leave, or, in the case of the government, the institution we all rely on to do the people's work may become slower, less efficient and less responsive to the citizens it serves.

In sum, given the risks, downsides, and costs associated with the proposed legislation, lawmakers should reconsider. The government is free, like other employers, to determine its own policies, including compensation packages. But unlike other employers, taxpayers have a real stake in how government resources are used.

The government is unlike other employers in many ways, which is why it should not be the model for comprehensive paid family leave. Rather than instituting a universal, one-size-fits-all policy, lawmakers should focus any government intervention on helping those who need support most while otherwise allowing businesses and employees to continue to find their own personalized solutions that work best for them.