Center for American Progress

Helping Breadwinners When It Can’t Wait

A Progressive Program for Family Leave Insurance

Heather Boushey May 2009

Center for American Progress

Helping Breadwinners When It Can't Wait

A Progressive Program for Family Leave Insurance

Heather Boushey May 2009

Introduction and summary

Americans experienced a seismic shift in how we work and how we provide care for our families over the past half century. Not that long ago, most families had a stay-at-home parent—usually a mother—but today, that is rarely the case. The vast majority of children grow up in a home where there are either two working parents or a single, working parent. Yet our nation's workplaces and our labor policies simply haven't kept pace.

Unlike every other developed nation, the U.S. government does not require that workers have access to paid leave for the birth of a child or to care for a seriously ill family member.[1] The federal government *requires* workers to buy (pay taxes) into a variety of social insurance systems to provide income—maybe not enough income, but some income—during times when they are unable to work or can't find work, when they retire, or during a long-term disability. Yet our social insurance systems do not provide for any cash income when workers need time off to care for their family members or recover from a serious illness.

Access to time off to care should not be determined by how much you earn or what size employer you work for.

In a nation where the vast majority of families now have no one at home to provide care, workers need paid time off from work to care for one another. Our current system of family and medical leave is unpaid, and even that is not inclusive and leaves out many of the hard-working families who need these benefits the most. Some employers do the right thing and provide paid family leave to all their employees, but most do not. It is patently unfair for some mothers and fathers to have to take unpaid leave or fear for their jobs to care for a newborn or take care of seriously ill children or parents—or even worse be unable to take that leave because their bosses just say no.

Access to time off to care should not be determined by how much you earn or what size employer you work for. Progressives should tap into the administrative efficiencies of existing federal social insurance programs that could provide universal family leave coverage. And we should leverage populist outrage over Wall Street bailouts to overcome past hurdles to secure family leave insurance for all workers, including low-wage workers.[2] When corporate executives with tin ears whine about cuts to their multimillion-dollar pay packages amid a deep recession, now is the time for progressives to focus on inclusive labor-market solutions for all American families.

What program could address the need for extended paid time off to care? Well, Social Security could do the trick. My guess is that most readers are now saying, "Whoa! But

I thought Social Security was busted?!" That topic deserves another article, but the real problem with long-term federal fiscal deficits is skyrocketing health care costs, not the benefit system.[3]

In fact, we could easily add the ability to access income during time off for caring activities or to recover from one's own serious illness with very minimal cost to the Social Security system by either adding a small increase to the payroll tax (about three-tenths of a percent), lifting the earnings cap beyond its 2009 level of $106,800, or by allowing workers to trade future Social Security benefits for paid time off to provide care during their working years. Importantly, this proposal is not for personal minor illnesses such as needing to stay home with a cold or flu for a day or two or for paid time off to take a child or parent for a routine check up. This proposal is for more serious illnesses—of oneself or one's family members—that require longer time away from work or to bond with a new child.

Adding family and medical leave to Social Security is perhaps the ideal way to finance paid family leave insurance. The bureaucracy is already set up to finance the system and to deliver checks (although they would have to be sent out quicker than the system currently functions) and because Social Security is not simply a retirement program, but already provides benefits to workers who become disabled and a worker's surviving family members, there is already a structure in place to establish the criteria for eligibility that takes into account a variety of circumstances.[4]

Setting up a stand-alone insurance program just for family and medical leave is most likely a costlier and less efficient option—especially if it turns out that each state establishes such a program on their own. Individual companies should not have to pay for these leaves out of pocket as it would disproportionately affect those with staff who are prone to serious health problems, who disproportionately have ailing family members who need their care, or who tend to be of child-bearing age.

Versions of this idea have been bubbling around for awhile. Center for American Progress Visiting Fellow Karen Kornbluh has written about expanding Social Security to account for the way we work now as have Heidi Hartmann, Ariane Hegewisch, and Vicky Lovell.[5] And Workplace Flexibility 2010, a policy initiative based at Georgetown University Law Center that supports the development of consensus-based policy solutions for the changing needs of families and businesses (with support from Shelley Waters Boots at the Urban Institute), is looking at a range of financing mechanisms for extended time off—including Social Security.[6] In addition, there has been some interesting writing on the topic from longtime work and family advocate and researcher Nancy Rankin in *Taking Parenting Public* to University of Wisconsin sociologist Myra Marx Ferree's "An American Utopia" and University of California, Berkeley professor Steve Sugarman's more general conceptual work.[7]

This paper builds on this work and extends it, proposing Social Security Cares to provide paid family and medical leave to nearly every worker in the United States. Social Security Cares builds on a program that already has mass appeal and meets our primary goal of inclusiveness. It provides the solution to the problem that most U.S. workers have no option for income when they take the kinds of work leaves covered by the Family and Medical Leave Act, such as when they have a new child, are seriously ill but not disabled, or need time off to care for an ill family member.

Social Security Cares does not leave out low-wage, young, or part-time workers, and it will encourage both men and women to take time off to provide care. It will strengthen the intergenerational compact between young workers—who could now access the benefits of social insurance when they need it while they're working—and older workers who will maintain access to Social Security's retirement benefits and now be able to have the benefit of an adult child who can afford to take time off work to help care for them if they need it.

Social Security Cares is good policy, but it is also good politics. For decades, advocates for working families have struggled with the perception—and too often the reality—that policies aimed at addressing work/family conflict benefit only professional, white women. A good political strategy is to develop policies that are inclusive and can build support among all working Americans for things that would truly benefit us all—and this proposal does that. For too long, we've allowed employers to define which family leave policies are "reasonable" and which aren't. Invariably, almost all low-income workers and many of their middle-income colleagues get thrown under the bus—often at the last minute—in the name of compromise when policymakers in Congress attempt to improve our nation's social insurance systems.[8]

Paid family leave policy is the place to draw the line. It's time to take what is now a benefit of the privileged and turn it into a right for all workers.

Social Security Cares fits nicely into a broader effort to reform Social Security. It makes sense for Social Security to address these important life events when workers simply cannot work. It updates the system and acknowledges that we live in a world where most families no longer have a stay-at-home parent. It complements other ideas to establish "caregiver credits" for Social Security that would help caregivers establish sufficient credits to qualify for retirement benefits.[9]

Before detailing this solution to the family leave crisis facing working-class Americans, this paper will first define the problem so that it's clear that half-measures are no solution at all. We'll then detail how employers have thwarted national family leave policy proposals in Congress. We'll then explain exactly how our Social Security Cares program would work, specifically:

- Social Security Cares will allow workers to access Social Security benefits for income when they experience any of the three life events covered by the Family Medical Leave Act—the birth or adoption of a child, the worker's own serious illness, or to care for a seriously ill family member—for the same amount of time as FMLA, which is a maximum of 12 weeks per year.

Paid family leave policy is the place to draw the line. It's time to take what is now a benefit of the privileged and turn it into a right for all workers.

- Social Security Cares will cover every worker currently covered by Social Security—even those who do not receive unpaid job-protected leave from the FMLA.

- Eligibility for the program will be based on a worker's lifetime employment history and will use reasonable terms that allow young, part-time, and low-wage workers to qualify.

- The cost of the program is minimal and there are a variety of financing mechanisms: adding a small increase to the payroll tax (about three-tenths of a percent), lifting the earnings cap beyond its 2009 level of $106,800, or by allowing workers to trade future Social Security benefits for paid time off to provide care during their working years.

Once we've detailed these policy features of our proposal, we'll turn to the important question of how to pay for Social Security Cares. As we will demonstrate in the pages that follow, this critical family leave insurance program is needed by all Americans, can be implemented easily and effectively, and can be paid for without threatening the safety and soundness of our Social Security system.

TABLE 1

Social Security Cares: The basics

Program requirements for Family and Medical Leave and Social Security Cares

Program	Family and Medical Leave	Social Security Cares
Qualifying Leave	To care for and bond with a new child, care for a seriously ill family member, recover from own serious illness	Same as FMLA
Eligibility		
Covered employer	Only firms with 50 or more employees	All employers
Employee job-tenure requirement	With current employer for one year (not necessarily consecutive), logged 1,250 hours within the past year	None
Employee employment history requirement	Must satisfy job tenure requirement	Employees earn one credit for each $1,090 in earnings, up to a maximum of four credits per year • Before age 24, workers will need 1½ years of work (six credits) in the three years prior the leave date • Between ages 24 through 30, workers will need credits for half of the time between age 21 and the leave date • At age 31 or older, workers need at least 20 credits in the 10 years immediately before the leave date
Benefit formula	None (unpaid)	Progressive, based on earnings and employment history and adjusted for age; will follow current benefit schedule of disability portion of Social Security
Financing	None (unpaid)	**Three ways to finance** Additional payroll tax. Likely to be small—about three-tenths of a percent Increase cap on withholding; an additional $15,000 of income taxed would likely finance the entire program Allow employees to voluntarily trade weeks of future retirement benefits for leaves to care or recover

The Center for American Progress is a nonpartisan research and educational institute dedicated to promoting a strong, just and free America that ensures opportunity for all. We believe that Americans are bound together by a common commitment to these values and we aspire to ensure that our national policies reflect these values. We work to find progressive and pragmatic solutions to significant domestic and international problems and develop policy proposals that foster a government that is "of the people, by the people, and for the people."

Center for American Progress

1333 H STREET, NW, 10TH FLOOR, WASHINGTON, DC 20005 • TEL: 202-682-1611 • FAX: 202-682-1867 • WWW.AMERICANPROGRESS.ORG