



Written Statement of

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**Subcommittee on Workforce Protections**

Committee on Education and Labor

United States House of Representatives

**Paid Sick Days and Paid Parental Leave are Good for Business and Good for Working Women**

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**Introduction**

Chairwoman Woolsey, Ranking Member Price and distinguished members of the subcommittee, thank you for this opportunity to testify today on behalf of Business and Professional Women's Foundation in support of two important work-life bills –the FIRST Act (H.R. 2339) and the Healthy Families Act (H.R. 2460).

Business and Professional Women's Foundation (BPW Foundation) works with women, employers and policymakers to create successful workplaces that practice and embrace diversity, equity and work-life balance. Through our groundbreaking research and our unique role as a neutral convener of employers and employees, BPW Foundation leads the way in developing and advocating for policies and programs that “work” for both women and businesses. A *successful workplace* is one where women can succeed and businesses can profit.

BPW Foundation has a network of supporters in every community across the country which includes both employers and employees. Both our employee and employer members support paid sick days and paid parental leave because they know it's good for business **and** workers.

**The Changing Workforce**

One of the most significant trends of the past 50 years has been the movement of women, especially mothers, into the paid labor force and the growth of women-owned businesses. Women now make up nearly half of the U.S. workforce and are projected to account for 49 percent of the increase in total labor force growth between 2006 and 2016.<sup>1</sup> Women-owned firms

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<sup>1</sup> U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings*, 2008 Annual Averages and the *Monthly Labor Review*, November 2007.

represent 30% of all U.S. businesses and between 1997 and 2004, the number of women-owned firms increased by 17% nationwide, and twice the rate of all firms.<sup>2</sup>

Achieving a sustainable work-life balance is of paramount concern for working women and their families. One-third (1/3) of women believe that the difficulty of combining work and family is their biggest work-related problem, and nearly three-fourths (3/4) think the government should do more to help.<sup>3</sup> Many women business owners say they left their previous employer to start their own businesses to have greater work-life balance, and therefore they are more likely to offer that flexibility to their employees. Women-owned firms in the United States are more likely than all firms to offer flex-time, tuition reimbursement, and profit sharing to their employees.<sup>4</sup>

Despite the current economic downturn, there is ample evidence that we are headed toward a workforce shortage. There will be more jobs than workers and the jobs of the future are going to call for more education, more critical thinking and more compassion -- all skills at which women excel. The number of jobs requiring either an associate's degree or a post secondary vocational credential will grow by 24.1% during this decade. By 2020 it is estimated that there will be 15 million new U.S. jobs requiring college preparation; yet at the current rates there is the potential for 12 million unfilled skilled jobs.<sup>5</sup>

The make-up of the workforce has changed. Women account for 51% of persons employed in management, professional and related occupations categories; 63% of sales and office occupations; and, 45% of workers in public administration.<sup>6</sup> Other data shows that businesses with more women in senior positions are more profitable, women make a majority of the buying decisions within a family and younger workers are demanding more flexibility in their workplaces.<sup>7</sup> **Investing in policies that support working women is simply good for business.**

The increasing work commitment of American families and the changing workforce is putting new pressure on employers and policymakers to address the problem of work-life balance. BPW Foundation believes that greater attention to work-life policy initiatives is good for business and will result in improved employee retention, positive human capital outcomes, a more productive work force and healthier and happier families.

BPW Foundation supports the goals of the FIRST ACT (HR 2339) and the Healthy Families Act (HR 2460) because they are important and necessary steps towards achieving work-life balance.

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<sup>2</sup> U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings*, 2008 Annual Averages and the *Monthly Labor Review*, November 2007.

<sup>3</sup> Families and Work Institute, "National Study of the Changing Workforce," 2002.

<sup>4</sup> Business and Professional Women's Foundation, "101 Facts on the Status of Working Women," October 2007.

<sup>5</sup> Bureau of Labor Statistics, "Occupational Outlook Handbook," 2002-2003 Edition.

<sup>6</sup> U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings*, 2008 Annual Averages and the *Monthly Labor Review*, November 2007.

<sup>7</sup> Roy D. Adler and Ron Conlin, "Profit Thy Name is ... Woman?" Miller-McCune, com, February 27, 2009, [http://www.miller-mccune.com/business\\_economics/profit-thy-name-is-woman-1007](http://www.miller-mccune.com/business_economics/profit-thy-name-is-woman-1007); Business and Professional Women's Foundation, "101 Facts on the Status of Working Women," October 2007.

## **FIRST ACT (H.R. 2339)**

The aptly named Family Income to Respond to Significant Transitions or FIRST ACT is an essential step to help employers and working women begin achieving a successful workplace by supporting work-life balance.

The FIRST Act will provide grants to the states so they can provide *paid* leave to working families for the birth or adoption of a child, to recover from serious illness or to care for a seriously ill family member.

Business and Professional Women's Foundation strongly supports paid parental leave because not all families can afford to take the unpaid leave provided by the Family and Medical Leave Act (FMLA). Seventy-eight percent of workers who need leave do not take it because they can not afford it.<sup>8</sup> As more working families struggle to make ends meet during the current devastating economic downturn, it is especially important to ensure that workers are not forced to choose between their mortgage and their new children.

**FMLA has been extremely successful.** Under the FMLA, eligible workers are allowed twelve weeks of *unpaid* leave. Since FMLA passed in 1993, working people have been able to take job-protected time off more than 100 million times to recover from their own serious illness, to care for a seriously ill family member or to bond with a new child.<sup>9</sup> BPW Foundation worked hard to pass the FMLA but we knew even at that time that unpaid leave was a compromise and was not going to be sufficient for all families.

**The success of FMLA shows that businesses will not collapse if they provide time off to their employees.** In fact 15 years after its passage, business leaders have good things to say about FMLA. A 2000 U.S. Department of Labor study found that a vast majority of employers report that FMLA has a positive or neutral effect on productivity (83 percent), profitability (90 percent), and growth (90 percent).<sup>10</sup>

**Providing paid leave is good for business.** The Congressional Joint Economic Committee estimates that it costs nearly three times as much to replace an employee than to provide them with four weeks of paid parental leave. In addition to reducing turnover, paid parental leave can lead to increased productivity, better morale, and reduced absenteeism.

**BPW Foundation is particularly supportive of the provisions in the FIRST ACT that allow workers to take time off to care for an injured service member or to deal with a family member's deployment.** BPW Foundation has a history of supporting women veterans. We have conducted groundbreaking research on the unique needs of women veterans transitioning from active duty to the civilian workforce and understand the strain on today's military families.

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<sup>8</sup> U.S. Department of Labor, "Balancing the Needs of Families and Employers: Family and Medical Leave Surveys 2000 Update," 2000.

<sup>9</sup> U.S. Department of Labor, "The Family and Medical Leave Act Regulations: A Report on the Department of Labor's Request for Information 2007 Update," June 2007, p. 129.

<sup>10</sup> U.S. Department of Labor, "A Workable Balance: Report to Congress on Family and Medical Leave Policies, 2000"

Women are a growing and important part of the military – currently, women comprise 15% of active-duty military, 10% of deployed forces and 20% of new recruits. These women are also a growing and important part of the U.S. labor force. Women veterans comprise 8% of the current U.S. veteran population and 18% of Iraq and Afghanistan veterans. In a 2007 study conducted by BPW Foundation, women veterans told us they desire workplaces that offer fair compensation, opportunities for advancement, training and professional development opportunities, family leave options, health/ dental insurance, flexible work schedules, retirement plans and paid vacations.<sup>11</sup>

Military families serve along with their service members. No family should have to choose between paying the bills and caring for a seriously ill or wounded service member. No parent or guardian should be denied the opportunity to visit their child’s school or attend an important event while a service member is deployed. Paid parental leave not only provides important benefits to military families, it also recognizes their sacrifice.

**The FIRST Act is a cautious approach to paid leave.** We realize that there are serious and legitimate concerns about the feasibility of paid leave. The modest amount of federal grant funding for the FIRST Act will allow states to start new programs or to bolster existing paid leave programs, while providing states with the flexibility to develop their own programs based on their priorities. The grant funds can be used by states that have programs in place, for outreach and education, administrative costs, and incentives to small businesses to provide job-protected leave. This reliance on a public-private partnership assures that the burden of providing a much-needed benefit does not fall solely on business.

### **Healthy Families Act (H.R. 2460)**

BPW Foundation supports the Healthy Families Act and its goal to guarantee full-time workers seven (7) paid sick days each year to recover from an illness, care for a sick family member, seek routine medical care, or seek assistance related to domestic violence.

Women make up nearly half of the U.S. workforce. Currently there are no state or federal laws that guarantee all workers a minimum number of paid sick days. Nearly half (48%) of private-sector workers don’t have a single paid sick day to care for their own health or that of a family member.<sup>12</sup> The lack of this benefit has forced millions of Americans to choose between their paychecks and their health or the health of a family member.

**The lack of paid sick days particularly hurts working women,** who still bear a disproportionate responsibility for care of the family. According to the National Compensation

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<sup>11</sup> Business and Professional Women’s Foundation, “Understanding the Complexity of Women Veteran’s Transitions,” October 2007.

<sup>12</sup> Vicky Lovell, Institute for Women’s Policy Research, “Women and Paid Sick Days: Crucial for Family Well-Being,” 2007.

Study, more than 22 million working women self report that they do not have paid sick days.<sup>13</sup> Half of all working mothers report that they have had to miss work to care for an ailing child and of those half reported that they lost wages in the process.<sup>14</sup>

The following story was shared with us on the condition of anonymity. The author is a mother who works as a security guard for a large corporation and feared recrimination just for talking about her struggles due to a lack of paid sick leave.

I would love to have paid sick leave. I'm a mother of two girls, 3 and 13. When I was pregnant with my first child I had no clue what to expect. Being pregnant, you have to go to the doctor a lot. My job didn't provide any leave at all. If you do not work, you do not get paid. Every time I had a doctor's appointment, I had to check my calendar and make sure I could afford to take off. I worked up to my 32<sup>nd</sup> week and it took three months to get back to work. In that time with no income I had to go on welfare and food stamps.

With a child, I had to leave work for emergencies more frequently because any problem with your child is top priority. It would be great to be able to take leave to handle such things and not feel guilty or scared about missing work!

With my second child I was a little more prepared, but it was the same story: miss work and you don't get paid. Well, this time around I was put to the test; I had rent, electric, gas and transportation bills. I lost my apartment because I had no income while out with a new child. I'm not saying that having paid sick leave would have saved my apartment, but I would have had better options and managed my time off better. I currently work M-F 7am-3pm and overtime whenever possible. If I need to take my children to annual check ups, I have to take unpaid leave. There would be a lot less stress in those situations if I had time I could take with no reprimand.

Being a single mother is hard enough. A few days of sick leave could mean a great deal to anyone out here trying to raise a family and be a responsible parent.

**The lack of paid sick days also hurts men.** Thirty percent of working fathers report having had to take unpaid leave to care for themselves or a family member.<sup>15</sup> More than two million fathers are the primary caregivers of children under 18, a 62% increase since 1990.<sup>16</sup> Due to lingering stereotypes about gender roles, some men report having been denied leave to care for a family member.

**The lack of paid sick days hurts families.** It hurts moms and dads, kids and grandparents and singles – everyone gets sick. Unpaid time impacts the entire household because of the lost

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<sup>13</sup> Institute for Women's Policy Research analysis of the March 2006 National Compensation Survey, the November 2005 through October 2006 Current Employment Statistics, and the November 2005 through October 2006 Job Openings and Labor Turnover Survey.

<sup>14</sup> Kaiser Family Foundation, "Women, Work and Family Health: A Balancing Act," Issue Brief, April 2003.

<sup>15</sup> Kaiser Family Foundation, "Women, Work and Family Health: A Balancing Act," Issue Brief, April 2003.

<sup>16</sup> Business and Professional Women's Foundation, "The State of Work-Life Effectiveness," June 2006, pp 4 & 20.

income. And not taking sick time impacts your health and ability to do preventive and wellness care. Without paid sick days, workers and families face financial difficulty in cases of illness or family health emergencies.

**The American family has changed dramatically in the last 50 years.** Employee benefits should reflect the way we live now. In the 1960s, the overwhelming majority – 70% -- of American families with children had a mother who stayed home to provide around-the-clock childcare. Today, that statistic is reversed: two-thirds of families with children have either two employed parents, or a single employed parent, most of whom now work full-time.<sup>17</sup>

If we are really committed to the American family, leave policies must be created so that everyone can achieve the work-life balance that is so frequently talked about. It is not enough for a few companies to offer paid sick days; it must be widely recognized as key to a successful workplace. In this economic climate many working women are backing off from their flexible work schedules and not taking sick days for fear of losing their jobs. A benefit that employees are afraid to take advantage of **is no benefit**. If we are truly interested in fostering a strong and productive workforce and strong families, then we must ensure that there are workplace policies that support employee success. And paid sick days is such a policy.

**Paid sick days are good for business.** The lack of paid sick days leads to what is known as “presenteeism.” Presenteeism is the practice of employees coming to work sick, being unproductive and infecting their co-workers. That is bad for business. Ultimately, it costs businesses less to allow a sick person to stay home with pay than it does if the sick worker causes the illness of others in the workplace. The American Productivity Audit and studies in the Journal of Occupational and Environmental Medicine, the Employee Benefit News, and the Harvard Business Review show that presenteeism is a large drain on productivity – larger than that of either absenteeism or short-term disability.

Companies that provide paid sick days and leave tend to have lower job turnover rates, lower recruitment and training costs, lower unnecessary absenteeism, and a higher level of productivity than firms that do not offer this benefit.<sup>18</sup> The stock market is showing favorable signs to support work-life policies as well. A recent Harvard Business article cited a research study of stock market reaction to the announcement of Fortune 500 firms adopting work-family programs. The results showed a positive swing of the stock- on average 0.48%.<sup>19</sup>

The Healthy Families Act also contains important protections for business. To meet the concerns

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<sup>17</sup> U.S. Census Bureau, “America’s Families and Living Arrangements: 2006,”

<http://www.census.gov/population/socdemo/hh-fam/cps2006/tabFG1-all>; Bond, et al, “Highlights of the National Study of the Changing Workforce.,” 2002.

<sup>18</sup> Jane Waldfogel, “The Impact of the Family Medical Leave Act,” Journal of Policy Analysis and Management, vol. 18, Spring 1999; Christine Siegwath Meyer, Swati Mukerjee, and Ann Sestero, “Work-Family Benefits: Which Ones Maximize Profits?” Journal of Managerial Issues, 13(1):28-44, Spring 2001; Families and Work Institute, Business Work-Life Study, 1998, available at <http://www.familiesandwork.org/summary/worklife.pdf>; Children’s Defense Fund, “Minnesota, Parental Leave in Minnesota: A Survey of Employers,” Winter 2000; and “Limits of Family Leave,” Chicago Tribune, May 4, 1999.

<sup>19</sup> Freek Vermeulen, “The Case for Work/Life Programs,” Harvard Business blog, April 2009.

of small businesses, **companies with 15 employees or fewer are exempted**. And if a company already provides paid sick days, nothing changes. In addition, paid sick days will be calculated using an accrual method so an employee will earn those days over time rather than getting them all at once. At first glance, many business owners thought that offering paid sick days would be a burden, but the numerous who have initiated this benefit have found that it is an easy adjustment and the pay-offs in productivity and happy employees are well worth it.

Business research firms have calculated the ROI (Return on Investment) of companies who execute work-life effectiveness policies to those that do not and found that there are positive business profits for those who do. For example, companies on “best companies to work for” lists (e.g. excellent HR practices) produced four times the bottom line gains as compared to other indexes such as the S&P 500.<sup>20</sup>

### **Conclusion**

BPW Foundation believes in a three pronged approach to creating a successful workplace.

1. Legislation like the Healthy Families Act and the FIRST Act
2. Working with businesses to proactively implement and update their own workplace policies and
3. Empowering women through education.

Paid sick days and paid parental leave are important to BPW Foundation because they are important to the health and well-being of women, families and workplaces. The Healthy Families Act and the FIRST Act will start us on the road toward successful workplaces for employers and employees.

Thank you.

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<sup>20</sup> Business and Professional Women’s Foundation, “The State of “Work-Life Effectiveness,” June 2006, pp 2 & 12.