# S. 1355, Family Income to Respond to Significant Transitions (FIRST) Insurance Act

**Senator Christopher J. Dodd**

Research demonstrates that parents' involvement with new babies has a major influence on their child's physical, cognitive, and social development. And yet few policies support them during these all essential weeks and months.

The Family and Medical Leave Act has helped many Americans care for infants and other family members during critical moments in the lives of their families. However, many more Americans are unable to enjoy the benefits of the FMLA because it is unpaid. Nearly two-thirds of employees who need to take a family or medical leave but do not take one report that they cannot afford to take a leave. In order to cope financially with taking a leave, 40% of leave-takers without full wage replacement cut their leaves short, 39% put off paying bills, and 25% borrow money. Taking a leave often drives families into poverty, with 21% of low-income leave-takers without full wage replacement resorting to welfare.

The concept of providing wage replacement to allow parents to care for their children is not new -- in fact, it has been tested around the globe. Every other industrialized nation and over 30 developing nations provide parents with paid leave for infant care. Several states already provide some assistance through temporary disability insurance, and others are looking at innovative ways of meeting the needs of new parents. It is time to move forward on a national partnership with states to support new parents.

## FIRST Insurance

This legislation authorizes $400 million for a FIRST Insurance Demonstration program, which will fund projects in a number of states or local communities. These projects will utilize different mechanisms, such as temporary disability insurance or expansion of the state's unemployment insurance system, to provide parents with full or partial wage replacement after the birth or adoption of a child. States or local governments could choose to expand this benefit to additional families, including those taking FMLA leaves or other leaves to care for family members, or those parents who choose to stay at home with their infants. During the first year of the program, the federal grants will provide 50% of the funding for the demonstration projects, gradually decreasing to 20% after 4 years.

A portion of the funding will be used for a national evaluation, including research comparing the different projects on their scope (such as the mechanism for wage replacement and the level of the benefit provided), their utilization, and their costs and savings.

106TH CONGRESS
1ST SESSION

# S. 1355

To establish demonstration projects to provide family income to respond to significant transitions, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JULY 13 (legislative day, JULY 12), 1999

Mr. DODD (for himself, Mr. KENNEDY, Mr. LEAHY, and Mrs. MURRAY) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

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# A BILL

To establish demonstration projects to provide family income to respond to significant transitions, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the "Family Income to Respond to Significant Transitions Insurance Act".

**SEC. 2. FINDINGS.**

Congress finds that—

(1) nearly every industrialized nation other than the United States, and most developing nations, provide parents with paid leave for infant care;

(2)(A) parents' interactions with their infants have a major influence on the physical, cognitive, and social development of the infants; and

(B) optimal development of an infant depends on a strong attachment between an infant and the infant's parents;

(3) nearly ⅔ of employees, who need to take family or medical leave, but do not take the leave, report that they cannot afford to take the leave;

(4) although some employees in the United States receive wage replacement during periods of family or medical leave, the benefit of wage replacement is not shared equally in the workforce, as demonstrated by the fact that—

(A) employees with less education and lower income are less likely to receive wage replacement than employees with more education and higher salaries; and

(B) female employees, employees from racial minority groups, and younger employees are slightly less likely to receive wage replacement than male employees, white employees, and older employees, respectively;

(5) in order to cope financially with taking family or medical leave, of persons taking that leave without full wage replacement—

(A) 40 percent cut their leave short;

(B) 39 percent put off paying bills;

(C) 25 percent borrowed money; and

(D) 9 percent obtained public assistance;

(6) taking family or medical leave often drives employees earning low wages into poverty, and 21 percent of such low-wage employees who take family or medical leave without full wage replacement resort to public assistance;

(7) studies document shortages in the supply of infant care, and that the shortages are expected to worsen as welfare reform measures are implemented; and

(8) compared to 30 years ago, families have experienced an average decrease of 22 hours per week in time that parents spend with their children.

**SEC. 3. PURPOSES.**

The purposes of this Act are—

(1) to establish a demonstration program that supports the efforts of States and political subdivisions to provide partial or full wage replacement, often referred to as FIRST insurance, to new par-

ents so that the new parents are able to spend time with a new infant or newly adopted child, and to other employees; and

(2) to learn about the most effective mechanisms for providing the wage replacement assistance.

**SEC. 4. DEFINITIONS.**

In this Act:

(1) SECRETARY.—The term "Secretary" means the Secretary of Labor, acting after consultation with the Secretary of Health and Human Services.

(2) SON OR DAUGHTER; STATE.—The terms "son or daughter" and "State" have the meanings given the terms in section 101 of the Family and Medical Leave Act of 1993 (29 U.S.C. 2611).

**SEC. 5. DEMONSTRATION PROJECTS.**

(a) GRANTS.—The Secretary shall make grants to eligible entities to pay for the Federal share of the cost of carrying out projects that assist families by providing, through various mechanisms, wage replacement for eligible individuals that are responding to caregiving needs resulting from the birth or adoption of a son or daughter or other family caregiving needs. The Secretary shall make the grants for periods of 5 years.

(b) ELIGIBLE ENTITIES.—To be eligible to receive a grant under this section, an entity shall be a State or political subdivision of a State.

(c) USE OF FUNDS.—

(1) IN GENERAL.—An entity that receives a grant under this section may use the funds made available through the grant to provide partial or full wage replacement as described in subsection (a) to eligible individuals—

(A) directly;

(B) through an insurance program, such as a State temporary disability insurance program or the State unemployment compensation benefit program;

(C) through a private disability or other insurance plan, or another mechanism provided by a private employer; or

(D) through another mechanism.

(2) ADMINISTRATIVE COSTS.—No entity may use more than 10 percent of the total funds made available through the grant during the 5-year period of the grant to pay for the administrative costs relating to a project described in subsection (a).

(d) ELIGIBLE INDIVIDUALS.—To be eligible to receive wage replacement under subsection (a), an individual shall—

(1) meet such eligibility criteria as the eligible entity providing the wage replacement may specify in an application described in subsection (e); and

(2) be—

(A) an individual who is taking leave, under the Family and Medical Leave Act of 1993 (29 U.S.C. 2601 et seq.), other Federal, State, or local law, or a private plan, for a reason described in subparagraph (A) or (B) of section 102(a)(1) of the Family and Medical Leave Act of 1993 (29 U.S.C. 2612(a)(1));

(B) at the option of the eligible entity, an individual who—

(i) is taking leave, under that Act, other Federal, State, or local law, or a private plan, for a reason described in subparagraph (C) or (D) of section 102(a)(1) of the Family and Medical Leave Act of 1993 (29 U.S.C. 2612(a)(1)); or

(ii) leaves employment because the individual has elected to care for a son or daughter under age 1; or

(C) at the option of the eligible entity, an individual with other characteristics specified by the eligible entity in an application described in subsection (e).

(e) APPLICATION.—To be eligible to receive a grant under this section, an entity shall submit an application to the Secretary, at such time, in such manner, and containing such information as the Secretary may require, including, at a minimum—

(1) a plan for the project to be carried out with the grant;

(2) information demonstrating that the applicant consulted representatives of employers and employees, including labor organizations, in developing the plan;

(3) estimates of the costs and benefits of the project;

(4)(A) information on the number and type of families to be covered by the project, and the extent of such coverage in the area served under the grant; and

(B) information on any criteria or characteristics that the entity will use to determine whether an individual is eligible for wage replacement under subsection (a), as described in paragraphs (1) and (2)(C) of subsection (d);

(5) if the project will expand on State and private systems of wage replacement for eligible individuals, information on the manner in which the project will expand on the systems;

(6) information demonstrating the manner in which the wage replacement assistance provided through the project will assist families in which an individual takes leave as described in subsection (d)(1); and

(7) an assurance that the applicant will participate in efforts to evaluate the effectiveness of the project.

(f) SELECTION CRITERIA.—In selecting entities to receive grants for projects under this section, the Secretary shall—

(1) take into consideration—

(A) the scope of the proposed projects;

(B) the cost-effectiveness, feasibility, and financial soundness of the proposed projects;

(C) the extent to which the proposed projects would expand access to wage replacement in response to family caregiving needs, particularly for low-wage employees, in the area served by the grant; and

(D) the benefits that would be offered to families and children through the proposed projects; and

(2) to the extent feasible, select entities proposing projects that utilize diverse mechanisms, including expansion of State unemployment compensation benefit programs, and establishment or expansion of State temporary disability insurance programs, to provide the wage replacement.

(g) FEDERAL SHARE.—

(1) IN GENERAL.—The Federal share of the cost described in subsection (a) shall be—

(A) 50 percent for the first year of the grant period;

(B) 40 percent for the second year of that period;

(C) 30 percent for the third year of that period; and

(D) 20 percent for each subsequent year.

(2) NON-FEDERAL SHARE.—The non-Federal share of the cost may be in cash or in kind, fairly evaluated, including plant, equipment, and services

and may be provided from State, local, or private sources, or Federal sources other than this Act.

(h) SUPPLEMENT NOT SUPPLANT.—Funds appropriated pursuant to the authority of this Act shall be used to supplement and not supplant other Federal, State, and local public funds and private funds expended to provide wage replacement.

(i) EFFECT ON EXISTING RIGHTS.—Nothing in this Act shall be construed to supersede, preempt, or otherwise infringe on the provisions of any collective bargaining agreement or any employment benefit program or plan that provides greater rights to employees than the rights established under this Act.

**SEC. 6. EVALUATIONS AND REPORTS.**

(a) AVAILABLE FUNDS.—The Secretary shall use not more than 2 percent of the funds made available under section 5 to carry out this section.

(b) EVALUATIONS.—The Secretary shall, directly or by contract, evaluate the effectiveness of projects carried out with grants made under section 5, including conducting—

(1) research relating to the projects, including research comparing—

(A) the scope of the projects, including the type of insurance or other wage replacement mechanism used, the method of financing used, the eligibility requirements, the level of the wage replacement benefit provided (such as the percentage of salary replaced), and the length of the benefit provided, for the projects;

(B) the utilization of the projects, including the characteristics of individuals who benefit from the projects, particularly low-wage workers, and factors that determine the ability of eligible individuals to obtain wage replacement through the projects; and

(C) the costs of and savings achieved by the projects, including the cost-effectiveness of the projects and their benefits for children and families;

(2) analysis of the overall need for wage replacement; and

(3) analysis of the impact of the projects on the overall availability of wage replacement.

(c) REPORTS.—

(1) INITIAL REPORT.—Not later than 3 years after the beginning of the grant period for the first grant made under section 5, the Secretary shall prepare and submit to Congress a report that contains

information resulting from the evaluations conducted under subsection (b).

(2) SUBSEQUENT REPORTS.—Not later than 4 years after the beginning of that grant period, and annually thereafter, the Secretary shall prepare and submit to Congress a report that contains—

(A) information resulting from the evaluations conducted under subsection (b); and

(B) usage data for the demonstration projects, for the most recent year for which data are available.

**SEC. 7. AUTHORIZATION OF APPROPRIATIONS.**

There are authorized to be appropriated to carry out this Act $400,000,000 for fiscal year 2000 and such sums as may be necessary for each subsequent fiscal year.

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CENTER FOR POLICY ALTERNATIVES

National Partnership for Women & Families

# Family Leave Income: How States are Leading the Way Towards Solving the Problem of Unpaid Leave

*Universal North Building*
*Greeley Hall, 3rd Floor*
*1875 Connecticut Avenue, NW, Washington, DC*

*December 3, 1999*
*8:30 am - 12:00 pm*

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# State of the States: Overview of Paid Leave

The following is a summary of recent legislation introduced in the states to help workers receive an income when they have to take family or medical leave.

| Sponsor | Bill Number | State | Status | Bill Summary |
|---|---|---|---|---|
| Assemblyman Carl Washington | CA A 1162 | California | Heard and remains in Assembly Committee on Appropriations. | Entitles expecting mothers who are incapable of performing work-related duties, to maternity disability benefits for a period of 10 weeks. |
| Assemblyman. Wally Knox | CA AB 109 | California | Chaptered by Secretary of State. Chapter No. 164. | Requires an employer who provides sick leave to permit an employee to use accrued sick leave for an absence due to family or medical reasons. Prohibits any disciplinary reactions by employers against employees for using sick leave for such purposes. |

| Sponsor | Bill Number | State | Status | Bill Summary |
|---|---|---|---|---|
| Senator Hilda Solis | CA SB 656 | California | Chaptered by Secretary of State. Chapter No. 973. | Requires the Employment Development Department to report to the Legislature, by July 1, 2000, the fiscal impact on the Disability Fund of extending unemployment compensation disability benefits to individuals absent from work due to family or medical leave. |
| Representative Mark Shriver | MD H 1204 | Maryland | Signed by Governor. | Requires a private employer that grants paid sick leave to allow an employee to use sick leave for specified circumstances. Also requires a private employer to allow an employee to use up to 30 sick days to care for a child under certain circumstances. |
| Representative Patricia Jehlen | MA H 1700 | Massachusetts | Still in Joint Committee on Commerce and Labor | Provides compensation to employees on disability or parental leave through Family and Temporary Disability Leave Insurance. |
| Representative Anne Paulsen | MA H 1890 | Massachusetts | Still in Joint Committee on Commerce and Labor | Provides unemployment benefits for leave to any employee who takes more than a week of unpaid job-protected leave under the 1993 FMLA. Also provides benefits for employees whose employer does not employ 50+ employees or has not been on the job for over 12 months. |

| Sponsor | Bill Number | State | Status | Bill Summary |
|---|---|---|---|---|
| Senator Stephen Lynch | MA S 61 | Massachusetts | Still in Joint Committee on Commerce and Labor. | Provides unemployment benefits for family and medical leave to any employee who takes more than one week of unpaid job protected leave under the 1993 FMLA. Also provides benefits for employees whose employer does not employ 50+ employees or has not been on the job for over 12 months. |
| Representative Peggy Bergsagel | MT H 572 | Montana | Session adjourned 4-21-99. No carryover | Requires maternity coverage in disability insurance. |
| Assemblyman. Charles Zisa | NJ A 1842 | New Jersey | To Assembly Committee on Labor. | Provides family disability leave to individuals who are subject to accident or illness which is not compensable under the workmen's compensation law or who need to care for family members unable to care for themselves. |
| Assemblywoman. Catherine Nolan | NY A 5167 | New York | To Assembly Committee on Ways and Means. | Provides disability insurance to employees taking family or medical leave. |
| Committee on Rules | NY A 8994 | New York | To Assembly Committee on Ways and Means. | Provides unemployment benefits for any employee taking more than one week of unpaid family leave. |
| Committee on Rules | NY A 9056 | New York | To Assembly Committee on Labor. | Provides unemployment benefits for any employee taking more than one week of unpaid, job-protected family leave pursuant to a leave voluntarily provided by the employee's employer for family or medical purposes. |

| Sponsor | Bill Number | State | Status | Bill Summary |
|---|---|---|---|---|
| Representative Dan Gardner | OR H 2927 | Oregon | Assembly adjourned 7-24-99- No carryover. | Grants unemployment compensation to individuals who voluntarily leave work due to a lack of childcare services for children under the age of 13. |
| Senator Jan Backus | VT S 179 | Vermont | Carried over to adjourned session of 1999-2000 Biennium. | Authorizes payment of unemployment compensation to provide wage replacement f employees who otherwise coul not afford to take unpaid famil or parental leave. |
| Senator Richard Holland | VA S 126 | Virginia | House accepts Governor's recommended amendments. | Establishes a program for sick leave, family leave, and personal leave compensation through short-term/long-term disability insurance for state classified employees. The plan would cover appointed officials, elected officials, and university faculty. |
| Senator Lisa Brown | WA S 5959 | Washington | Session adjourned bill carried over | Allows for a parent, upon the birth or adoption of a child, to take five weeks leave covered by unemployment compensation, if he or she has met all the other qualifications for collecting unemployment compensation. |
| Representative Mary Lou Dickerson | WA H 2074 | Washington | Session adjourned bill carried over | Allows for a parent, upon the birth or adoption of a child, to take five weeks leave covered by unemployment compensation, if he or she has met all the other qualifications for collecting unemployment |

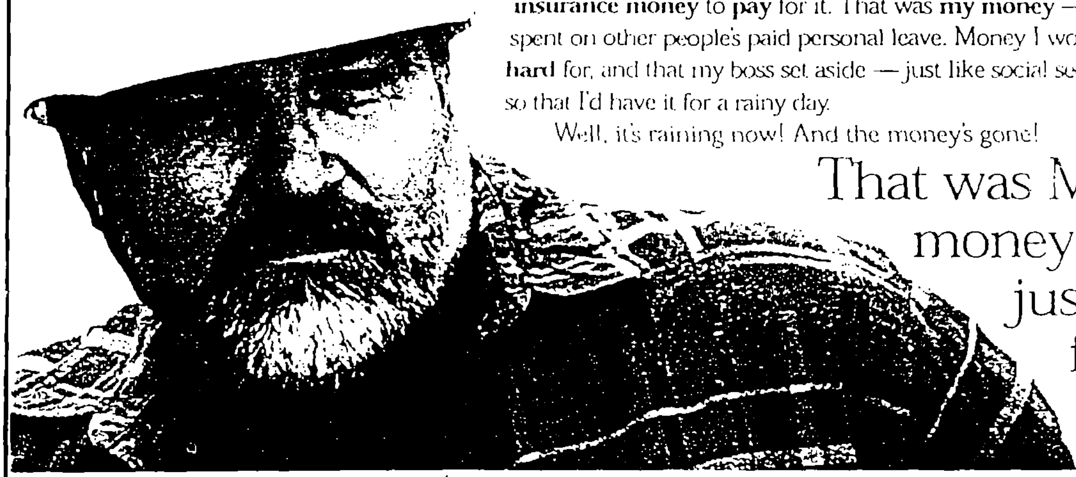
| Sponsor | Bill Number | State | Status | Bill Summary |
|---|---|---|---|---|
| Senator Jim Baumgart | WI S 255 | Wisconsin | In Assembly. Read third time. Passed Assembly. Ordered enrolled. | Allows an employee to be paid unemployment insurance benefits during a leave of absence. Also defines the rate and amount of pay to be distributed during leave. |

## A Flash Into The Future

Back in 1999, when times were good, some people thought good times would last forever. Then they raided the Unemployment Insurance fund to pay for the Family and Medical Leave Act. Now we're paying the price . . .

After 18 years pouring foundations, I'm **out of work — downsized**. ... Real estate market bottomed out. ... All I know is my little girl starts college in the Fall and I don't know where next month's mortgage is coming from. Sure, my employer paid in to unemployment insurance for me for years, but the money's **all gone** — spent on paid personal leave. People getting paid for taking off work and using **my unemployment insurance money** to **pay** for it. That was **my money** — spent on other people's paid personal leave. Money I worked **hard** for, and that my boss set aside — just like social security — so that I'd have it for a rainy day.

Well, it's raining now! And the money's gone!



That was MY money! It's just not fair!

**The Department of Labor is issuing regulations to allow Unemployment Insurance Trust Funds to be misdirected for NEW benefits under the Family and Medical Leave Act. Raiding UI funds would severely jeopardize the future security of America's workers.**

# Help Save Unemployment Insurance!

*CONTACT US TODAY*

| | |
|---|---|
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**The UI Working Group Members**

UWC – Strategic Services on Unemployment & Workers' Compensation
FMLA Technical Corrections Coalition
Society for Human Resource Management
National Association of Manufacturers
U.S. Chamber of Commerce
American Society for Healthcare Human Resources Administration
Michigan Health and Hospital Association
National Federation of Independent Business
Printing Industries of America
International Mass Retail Association

# THE UNEMPLOYMENT INSURANCE WORKING GROUP

A coalition committed to stopping proposals which misdirect unemployment insurance (UI) funds by taking money reserved for the unemployed to provide paid family leave.

106TH CONGRESS
1ST SESSION

# S. ____

IN THE SENATE OF THE UNITED STATES

Mr. DODD (for himself, Mr. KENNEDY, Mr. LEAHY, and Mrs. MURRAY) introduced the following bill; which was read twice and referred to the Committee on ______________________

# A BILL

To establish demonstration projects to provide family income to respond to significant transitions, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the "Family Income to Respond to Significant Transitions Insurance Act".

**SEC. 2. FINDINGS.**

Congress finds that—

(1) every industrialized nation other than the United States, and over 30 developing nations, provide parents with paid leave for infant care;

(2)(A) parents' interactions with their infants have a major influence on the physical, cognitive, and social development of the infants; and

(B) optimal development of an infant depends on a strong attachment between an infant and the infant's parents;

(3) nearly ⅔ of employees, who need to take family or medical leave, but do not take the leave, report that they cannot afford to take the leave;

(4) although some employees in the United States receive wage replacement during periods of family or medical leave, the benefit of wage replacement is not shared equally in the workforce, as demonstrated by the fact that—

(A) employees with less education and lower income are less likely to receive wage replacement than employees with more education and higher salaries; and

(B) female employees, employees from racial minority groups, and younger employees are slightly less likely to receive wage replacement than male employees, white employees, and older employees, respectively;

(5) in order to cope financially with taking family or medical leave, of persons taking that leave without full wage replacement—

(A) 40 percent cut their leave short;

(B) 39 percent put off paying bills;

(C) 25 percent borrowed money; and

(D) 9 percent obtained public assistance;

(6) taking family or medical leave often drives employees earning low wages into poverty, and 21 percent of such low-wage employees who take family or medical leave without full wage replacement resort to public assistance;

(7) studies document shortages in the supply of infant care, and that the shortages are expected to worsen as welfare reform measures are implemented; and

(8) compared to 30 years ago, families have experienced an average decrease of 22 hours per week in time that parents spend with their children.

**SEC. 3. PURPOSES.**

The purposes of this Act are—

(1) to establish a demonstration program that supports the efforts of States and political subdivisions to provide partial or full wage replacement, often referred to as FIRST insurance, to new par-

ents so that the new parents are able to spend time with a new infant or newly adopted child, and to other employees; and

(2) to learn about the most effective mechanisms for providing the wage replacement assistance.

**SEC. 4. DEFINITIONS.**

In this Act:

(1) SECRETARY.—The term "Secretary" means the Secretary of Labor, acting after consultation with the Secretary of Health and Human Services.

(2) SON OR DAUGHTER; STATE.—The terms "son or daughter" and "State" have the meanings given the terms in section 101 of the Family and Medical Leave Act of 1993 (29 U.S.C. 2611).

**SEC. 5. DEMONSTRATION PROJECTS.**

(a) GRANTS.—The Secretary shall make grants to eligible entities to pay for the Federal share of the cost of carrying out projects that provide, through various mechanisms, wage replacement for eligible families that are responding to caregiving needs resulting from the birth or adoption of a son or daughter or other family caregiving needs. The Secretary shall make the grants for periods of 5 years.

(b) ELIGIBLE ENTITIES.—To be eligible to receive a grant under this section, an entity shall be a State or political subdivision of a State.

(c) USE OF FUNDS.—

(1) IN GENERAL.—An entity that receives a grant under this section may use the funds made available through the grant to provide partial or full wage replacement as described in subsection (a) to eligible families—

(A) directly;

(B) through an insurance program, such as a State temporary disability insurance program or the State unemployment compensation benefit program;

(C) through a private disability or other insurance plan, or another mechanism provided by a private employer; or

(D) through another mechanism.

(2) ADMINISTRATIVE COSTS.—No entity may use more than 10 percent of the total funds made available through the grant during the 5-year period of the grant to pay for the administrative costs relating to a project described in subsection (a).

(d) ELIGIBLE FAMILIES.—The entity shall provide the wage replacement to eligible families, which—

(1) shall include families that include an individual who is taking leave, under the Family and Medical Leave Act of 1993 (29 U.S.C. 2601 et seq.), other Federal, State, or local law, or a private plan, for a reason described in subparagraph (A) or (B) of section 102(a)(1) of the Family and Medical Leave Act of 1993 (29 U.S.C. 2612(a)(1));

(2) at the option of the eligible entity, may include families that include an individual who—

(A) is taking leave, under that Act, other Federal, State, or local law, or a private plan, for a reason described in subparagraph (C) or (D) of section 102(a)(1) of the Family and Medical Leave Act of 1993 (29 U.S.C. 2612(a)(1)); or

(B) leaves employment because the individual has elected to care for a son or daughter under age 1; and

(3) at the option of the eligible entity, may include other families, or families that include other individuals, with characteristics specified by the eligible entity in an application described in subsection (e).

(e) APPLICATION.—To be eligible to receive a grant under this section, an entity shall submit an application to the Secretary, at such time, in such manner, and containing such information as the Secretary may require, including, at a minimum—

(1) a plan for the project to be carried out with the grant;

(2) information demonstrating that the applicant consulted representatives of employers and employees, including labor organizations, in developing the plan;

(3) estimates of the costs and benefits of the project;

(4) information on the number and type of families to be covered by the project, and the extent of such coverage in the area served under the grant;

(5) if the project will expand on State and private systems of wage replacement for eligible families, information on the manner in which the project will expand on the systems;

(6) information demonstrating the manner in which the wage replacement assistance provided through the project will assist families in which an individual takes leave as described in subsection (d)(1); and

(7) an assurance that the applicant will participate in efforts to evaluate the effectiveness of the project.

(f) SELECTION CRITERIA.—In selecting entities to receive grants for projects under this section, the Secretary shall—

(1) take into consideration—

(A) the scope of the proposed projects;

(B) the cost-effectiveness, feasibility, and financial soundness of the proposed projects;

(C) the extent to which the proposed projects would expand access to wage replacement in response to family caregiving needs, particularly for low-wage employees, in the area served by the grant; and

(D) the benefits that would be offered to families and children through the proposed projects; and

(2) to the extent feasible, select entities proposing projects that utilize diverse mechanisms, including expansion of State unemployment compensation benefit programs, and establishment or expansion of State temporary disability insurance programs, to provide the wage replacement.

(g) FEDERAL SHARE.—

(1) IN GENERAL.—The Federal share of the cost described in subsection (a) shall be—

(A) 50 percent for the first year of the grant period;

(B) 40 percent for the second year of that period;

(C) 30 percent for the third year of that period; and

(D) 20 percent for each subsequent year.

(2) NON-FEDERAL SHARE.—The non-Federal share of the cost may be in cash or in kind, fairly evaluated, including plant, equipment, and services and may be provided from State, local, or private sources, or Federal sources other than this Act.

(h) SUPPLEMENT NOT SUPPLANT.—Funds appropriated pursuant to the authority of this Act shall be used to supplement and not supplant other Federal, State, and local public funds and private funds expended to provide wage replacement.

(i) EFFECT ON EXISTING RIGHTS.—Nothing in this Act shall be construed to supercede, preempt, or otherwise infringe on the provisions of any collective bargaining agreement or any employment benefit program or plan that provides greater rights to employees than the rights established under this Act.

**SEC. 6. EVALUATIONS AND REPORTS.**

(a) AVAILABLE FUNDS.—The Secretary shall use not more than 2 percent of the funds made available under section 5 to carry out this section.

(b) EVALUATIONS.—The Secretary shall, directly or by contract, evaluate the effectiveness of projects carried out with grants made under section 5, including conducting—

(1) research relating to the projects, including research comparing—

(A) the scope of the projects, including the type of insurance or other wage replacement mechanism used, the method of financing used, the eligibility requirements, the level of the wage replacement benefit provided (such as the percentage of salary replaced), and the length of the benefit provided, for the projects;

(B) the utilization of the projects, including the characteristics of employees who benefit from the projects, particularly low-wage workers, and factors that determine the ability of eligible employees to obtain wage replacement through the projects; and

(C) the costs of and savings achieved by the projects, including the cost-effectiveness of the projects and their benefits for children and families;

(2) analysis of the overall need for wage replacement; and

(3) analysis of the impact of the projects on the overall availability of wage replacement.

(c) REPORTS.—

(1) INITIAL REPORT.—Not later than 3 years after the beginning of the grant period for the first grant made under section 5, the Secretary shall prepare and submit to Congress a report that contains information resulting from the evaluations conducted under subsection (b).

(2) SUBSEQUENT REPORTS.—Not later than 4 years after the beginning of that grant period, and annually thereafter, the Secretary shall prepare and submit to Congress a report that contains—

(A) information resulting from the evaluations conducted under subsection (b); and

(B) usage data for the demonstration projects, for the most recent year for which data are available.

**SEC. 7. AUTHORIZATION OF APPROPRIATIONS.**

There are authorized to be appropriated to carry out this Act $400,000,000 for fiscal year 2000 and such sums as may be necessary for each subsequent fiscal year.