DRAFT OPTIONS MEMORANDUM
May 20, 1999

The purpose of this memorandum is to outline non-legislative options for action to enable States on a voluntary basis to use their Unemployment Insurance systems to provide benefits to workers on FMLA-covered leave. This year, four States with surpluses in their UI trust funds – Massachusetts, Vermont, Maryland, and Washington – had bills introduced in their State legislatures to use Unemployment Insurance (UI) to pay individuals on some form of FMLA-covered leave. Three of the four States, anticipating conformity problems, have asked for comment from the Department of Labor (DOL). While many question the prospects of State legislative efforts, DOL has been pressured from Senators Kennedy, Dodd, Leahy, and Murray, the AFL-CIO, and women's groups to allow States this flexibility; business groups have weighed in against opening up UI for this purpose.

The DPC has led a policy process to explore what responsible action the Administration could take to promote this approach, while also protecting the integrity of the UI system and and preserving DOL's authority to guard against ill-advised changes that States might propose (such as restricting benefits).

Background

States have flexibility in designing and running their own UI systems. With some variation in implementation, the States determine UI eligibility with three general tests: (1) involuntary separation from work; (2) ongoing work search; and (3) availability for suitable work. Because DOL does not interpret federal law as setting specific requirements for the first two tests, States are free to carve exceptions as they see fit (*e.g.*, claimants who are going to be recalled to their old employer need not seek work; claimants may quit work if they have good personal cause such as illness; temporary ill claimants need not seek work). However, DOL has long interpreted federal law as mandating a specific "availability" requirement, *i.e.* workers have to be able and available for work to claim benefits. DOL has used this interpretation of the same Federal law provisions to wall off regressive proposals by States to limit benefits. DOL could revise its policy to address FMLA by constructing a rationale that asserts that the UI availability requirement is met during FMLA-covered leave. States would then have the option of providing UI benefits to this new category of claimants, through some change to State law. This is, however, not a simple and straightforward exercise.

Taking a non-legislative step to advance paid FMLA-protected leave for American workers would be a bold way to enable workers to spend more time with their families in important times – to care for a newborn or adopted child, to attend to their own serious health needs, or to care for a seriously ill parent, child or spouse. The 1996 FMLA Study, *A Workable Balance*, found that 40 percent of leave-takers report that they cut their leave short due to lost wages, and 64 percent of respondents who did not take leave when needed (3.4 percent of respondents) cite cost as a barrier. Furthermore, the study found that lower-skilled, poorer workers are far less likely to have any wage replacement for FMLA leave; for instance, hourly employees, who are more likely to have lower incomes and lower levels of education, are four times as likely as salaried leave-takers to report receiving no pay during their leaves. And, most of the wage replacement that workers do report for their FMLA leave is in the form of sick, personal, or vacation pay.

Proper design of a State system to provide these new benefits would be critical. For instance, how FMLA leave-takers would be accounted for in the count of initial claims (a leading economic indicator) is an issue that must be considered. Also, while currently most UI tax collection is "experience rated" (meaning that employers whose workers claim UI benefits pay into the system proportionately), it would be important that the cost of this new policy is borne as broadly as possible to guard against unintended labor force repercussions on women of child-bearing age. Other program design issues would need to address the substitution effect, whereby workers or employers might try to shift from currently paid leave to the new UI-FMLA program. In addition, there would be important implications for the UI program, such as: the potential for opening up UI to other people "not available for work" (*e.g.*, those on sick leave or sabbaticals), moves to means test the program, and generally reducing the control we have over the program.

On the policy and budget front, some might see this as an attempt to circumvent the legislative process in order to expand FMLA coverage, and it could result in bill riders (arguably a good fight to have). The budget costs are uncertain, but potentially are large in the near term, if States took this option (fully implemented in all States, costs could range from $2 to $9 billion annually, compared to about $23 billion nationwide in UI annually). Several estimates of the effect of the Massachusetts proposal put it in the $200 million range. However, over the longer term, State UI taxes would be adjusted upwards to respond to the increased benefits so the program would be deficit neutral. These non-legislative approaches will also be subject to congressional review under the Small Business Regulatory Enforcement Fairness Act prior to going into effect.

<u>Options for non-legislative action</u>

OPTION ONE: Instruct DOL to Issue New Program Guidance. DOL would issue a program letter that revises DOL's position on the UI availablity requirement by deeming the requirement met for FMLA-covered leave. The guidance would cabin as closely as possible the future ability of States to make other policy modifications to the availability requirement.

PROS:

- Represents the fastest way to allow States the option of providing UI benefits to FMLA-covered leave takers.
- Carefully crafted guidance could interpret narrowly the DOL policy shift and could assert DOL's authority to reject future applications for policy modifications.

CONS:

- Administration recommendations for the design of the State program, *i.e.* in data collection and cost-sharing, would not be binding.

- May undercut DOL's future ability to stave off States attempts to carve objectionable exceptions to the availability requirement.
- Could provoke considerable congressional opposition and legislative riders.

OPTION TWO: Instruct DOL to Issue New Regulations. DOL would promulgate regulations that set parameters for providing UI benefits to FMLA-covered leave takers. The rule would allow States to deem the UI availability requirement met during FMLA-covered leave and would set specific program design requirements.

PROS:

- Empowers DOL to design program parameters and data collection requirements.
- Provides DOL with greater leverage to guard against future objectionable State efforts.
- Provides opportunity for public comment, more involvement of other federal agencies, and time for fine tuning the many program issues.

CONS:

- Could also provoke strong congressional opposition and legislative riders.
- Would be a time-intensive process, taking at least a year to finalize and requiring States to wait for regulations to take action.
- Also subject to SBREFA process of congressional review.

OPTION THREE: Instruct DOL to Produce Model State Legislation for Separate UI-FMLA Fund. DOL would encourage States to divert a portion of UI taxes to fund special benefits for workers on FMLA leave and develop voluntary model State legislation for such a tax-neutral approach, which would be separate from but administered by the State UI authority, to provide wage replacement benefits for FMLA-covered leave.

PROS:

- Provides DOL with the greatest ability to minimize risks to the solvency and integrity of the UI system.
- Model legislation would be based on successful State efforts to create separate funds for training and reemployment assistance.
- No administrative or regulatory actions are needed.

CONS:

- Could be ineffective in promoting State action, as States may be concerned about the appearance of creating a new tax structure to cover FMLA benefits.
- Groups supporting DOL policy change will view this option as weak (they may prefer that the Administration do nothing than advance this approach).

Recommendations:
TO COME

___ INSTRUCT DOL TO ISSUE REVISED PROGRAM GUIDANCE

___ INSTRUCT DOL TO PROMULGATE REGULATIONS

___ INSTRUCT DOL TO DEVELOP MODEL LEGISLATION FOR STATES

___ LET'S DISCUSS

FAX TRANSMISSION

UNEMPLOYMENT INSURANCE SERVICE

Washington, DC
202-219-5336
Fax: 202-219-8506

To: Nicole Rabner
Brian Kennedy
Carl Haacke
Larry Matlack
Carol Kitti
Phil Ellis
Becky Blank

Date: 6-23-99

Fax #: 456-2878

Pages: 5, including this cover sheet.

From: Grace Kilbane

Subject: Birth and Adoption Unemployment Compensation

COMMENTS:

Here are background materials for the meeting on 6/24.

UIS

Jan

BIRTH AND ADOPTION UC
TENTATIVE TIME LINE

Start date for activity:

Jul 15	DOL Clearance - 15 day expedited (incl. revisions)
Jul 31	OMB - 30 day expedited (incl. revisions)
Aug 31	Publish NPRM
Sep 30	Comments Due
Nov 15	DOL Clearance - 15 day expedited (incl. revisions)
Nov 30	OMB - 30 day expedited (incl. revisions)
Dec 31	Publish Final Rule

PRINCIPLES FOR "BIRTH AND ADOPTION UC" RULES

1. The rules should be minimal - leaving as much flexibility to States as possible. Reasons:

- The purpose of the rule is to "fence in" the exception to the availability requirement, not regulate every aspect of program.
- The less DOL regulates, the fewer issues susceptible to legal challenge. For example, if we limit duration to 12 weeks, somebody could challenge why DOL does not permit payment of 14 weeks.
- States, which might otherwise be indifferent to the rule, could react negatively if DOL regulates eligibility since States view eligibility as exclusively their prerogative. This could drive them into a camp opposing the rule.
- The approaches in MD, WA, VT and MA differ significantly. The rule should accommodate the full range of proposals.
- The greater the States' flexibility, the greater the chance of enactment as States can make adjustments to obtain enactment.

2. Take the President's statement at face value. E.g., since the purpose is to spend time with new children, the rule will only authorize payment of UC to parents who are taking time off to be with these children.

3. Maintain the nature of UI as insurance program. Under the rule, parents will be insured for jobless periods they spend with new children. Currently, States may not introduce eligibility factors unrelated to the fact or cause of unemployment, and this principle should be preserved. For example, whether the other spouse is receiving (or has received) parental UI is unrelated to the insured's unemployment as is the household income. These types of provisions would continue to be prohibited.

Birth and Adoption UC:
PERMANENT OR EXPERIMENTAL PROGRAM?

As DOL works to implement the President's Executive Memorandum authorizing the payment of UC to new parents, it is studying the best legal means of doing so. This is significant as any rule, whether permanent or pilot, will likely face a challenge.

Our policy has been that Federal law requires workers to be "available" for work in order to be eligible for UC. This would disqualify workers on family leave. This regulation will change that policy for workers who are on leave to care for newborns or newly-adopted children but not for workers on other types of family leave. Because of its temporary nature and the opportunity it would provide for the collection of information, an experimental program would provide the rationale for paying UC to one group but not another.

In addition, individuals or other groups who want UC paid for other types of leave could challenge the rule on equal protection or Administrative Procedure Act (APA) grounds. States and employers could also challenge the rule on APA grounds. To survive an equal protection challenge, the rule need only pass a test of minimum rationality; i.e., we could defend an equal protection challenge by showing any rational basis for the regulation. However, to survive an APA challenge the rule must pass the generally stricter test of whether it is "arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law." 5 U.S.C. 706(2)(A). Employers (and possibly states) could also challenge the rule claiming that it is contrary to Federal UC law, i.e., that an "availability" requirement is inherent in the federal law and that the payment of UC for parental leave runs afoul of this requirement and improperly makes employers responsible for workers' personal lifestyle choices.

Characterizing the Birth and Adoption UC program as an "experiment" rather than a permanent change could help in defending against challenges to the rationality of making UC available to one group, but not another.

Experimental Program

Pros:

- The President announced the program as an "innovative way" to use UI and ordered DOL to "evaluate the effectiveness" of this approach. This suggests experimentation.

- The decision to exclude other types of family leave (e.g., personal illness, elder care) from the expansion of the interpretation of the "availability" requirement is more easily defended if it is viewed as possibly temporary and tentative, and subject to reconsideration based on future experience. An experiment would be limited, so as to lessen its potential negative impact while compiling data such as: whether individuals compensated for family leave are more likely to return to work, and therefore are more available, in the long run, than those on unpaid leave or who quit; how it affects employers whose employees take such compensated leave; and how it affects employers throughout the State who bear the benefit costs. It also allows us to admit that there may be some flaws in our data or rationale and to argue that we have chosen an experimental program to test our ideas. It should be less difficult to defend a challenge to the decision to institute an experimental program, rather than an immediately permanent program.

- DOL can limit eligibility initially to the desired groups and extend eligibility later at our choosing for other purposes without including every category up front. An experiment allows for the accumulation of data on actual costs and other economic impacts and will likely allow for a more accurate cost-benefit analysis when it is time to decide whether to extend eligibility.

- An experimental program, by allowing for the collection of data, could also aid in defending against a challenge to an interpretation of "able and available" as including people on leave for birth or adoption of a child.

- The rule could be fashioned so that it remains effective almost indefinitely. For example, the rule could remain in force until a sufficient number of States have enacted and operated Birth and Adoption programs and until DOL has had time to sufficiently evaluate the programs.

- While such experiments are more typically authorized by law, there seems to be some precedent for both authorizing and designing such programs through rulemaking.

- A new administration wishing to terminate such a rule would have to go through the same rulemaking process as would apply to a permanent program.

Cons:

- The rule would probably have to provide for some sort of sunset, and it would ultimately require a significant amount of study and analysis (that must be funded in some manner), and, to the extent the effort was successful, additional rulemaking.

- Although the President did describe this as an innovation and did ask the Department to study the matter, he did not indicate that the program would in any way be temporary or "experimental."

- Advocacy groups and their friends in Congress, who are already concerned that not all FMLA-type leave is covered, might feel the DOL was further limiting the President's decision.

Permanent Program

Pros:

- DOL has authority to interpret Federal law and is entitled to deference if the interpretation is reasonable. Whether experimental or permanent, DOL will have to explain how making UI available to new parents is rationally related to the purposes of UI and is consistent with the "availability" requirement.

- A number of cases, including Supreme Court precedent, recognize agencies' discretion to limit the scope of rulemaking and to proceed one step at a time in addressing an issue or a number of related issues. Such cases, however, generally pertain to legislative, not interpretive, rules.

- No additional rulemaking would be required.

- Would help satisfy the proponents of UC for parental leave.

Cons:

- A permanent program could not be defended as experimental, and thus could be more vulnerable to the argument that it is arbitrary or contrary to Federal law to define "available" to include only birth and adoption leave, but not leave for personal illness, or for the care of sick children or other family members. Although there is literature supporting the idea that new parents have a greater need for income protection, it appears that it may not adequately support the distinction between parenting and health needs, and, in any event, such data's relevance to the Federal "able and available" requirement may be seen as tenuous.

Hill Briefs

Archer, Johnson Oppose Use Of Unemployment Funds

■ HOUSE WAYS AND MEANS **Chairman Archer** and **Ways and Means Human Resources Subcommittee Chairwoman Nancy Johnson**, R-Conn., sent President Clinton a letter Monday protesting an administration proposal to allow states to use unemployment trust fund money to help pay family and medical leave benefits.

With joblessness at historic low levels, unemployment trust funds are flush with cash — but Archer and Johnson contended that dipping into these funds for other purposes violates the letter and spirit of the 64-year-old law which created the trust funds.

What is more, they wrote, "Your decision allowing states to use unemployment compensation funds to provide family and medical leave benefits pits out-of-work Americans against their neighbors who have jobs."

The letter admonishes the president to seek legislation if that policy is desired, rather than moving ahead on it by "executive fiat."

The National Federation of Independent Business has long sought to end an annual extension of an added tax on employers used initially to replenish the trust funds — while arguing that the money would end up being used for other purposes.

Approps Action Expected On Floor, In Committee

■ ALTHOUGH appropriations floor action in the House and Senate this week will likely be limited to the Agriculture and possibly Commerce-Justice-State bills in the Senate and the Transportation bill in the House, a number of fiscal measures will be addressed in committee.

The Senate Treasury-Postal Appropriations Subcommittee plans to mark up its FY2000 bill at 10 a.m. today, while the Interior Appropriations Subcommittee will hold its markup at 3 p.m. Those bills should then go to full Senate Appropriations Committee markup Thursday.

In the House, the Rules Committee is scheduled to meet at 1 p.m. today on the $50.7 billion Transportation spending bill.

On the budget front, the House Appropriations panel will mark up the Budget Committee's budget process reform bill today at 2 p.m.

It is expected to remove the section establishing an automatic continuing resolution to provide level funding for agencies covered by spending bills not finalized by the start of a new fiscal year.

The House Rules Committee, which shares original jurisdiction over the bill with the Budget Committee, will mark up the measure at 2 p.m. Wednesday.

Glickman Appoints Former Leahy Staffer To AMS

■ AGRICULTURE SECRETARY GLICKMAN Monday promoted Agricultural Marketing Service Administrator Enrique Figueroa to be undersecretary for marketing and regulatory programs.

Glickman also is expected to appoint Kathleen Merrigan, a former Senate Agriculture Committee aide, as administrator of the AMS, according to Agriculture Department sources.

Merrigan was a senior legislative aide on the committee from 1987-92, when now-**Senate Judiciary ranking member Patrick Leahy**, D-Vt., chaired the Agriculture Committee.

Merrigan has been a senior analyst with the Henry A. Wallace Institute for Alternative Agriculture in Greenbelt, Md., and has been closely associated with the organic food and small-scale agriculture movements.

The AMS oversees fruit and vegetable marketing orders and producer-paid checkoff advertising and research programs, and is expected to issue a rule on government certification of organic foods by the end of the year.

Brown Recovering Slowly After Surgery

■ RECOVERY FROM heart surgery has been slow for **Rep. George Brown**, D-Calif., the oldest member of the House.

Brown, 79, had heart valve replacement surgery May 3 at Bethesda Naval Hospital. He returned to work part-time about a week later, but was re-admitted to the hospital in early June because of a post-operative infection, Bill Grady, Brown's chief of staff, told the *Associated Press* Monday.

Brown "is doing better every day," Grady said.

Brown has said he was considering retirement after his term ends in January 2001. But he has said the same thing in previous years — only to decide to run again, Grady said.

"Now he is leaning toward running again, and will have an announcement in late summer," Grady said.

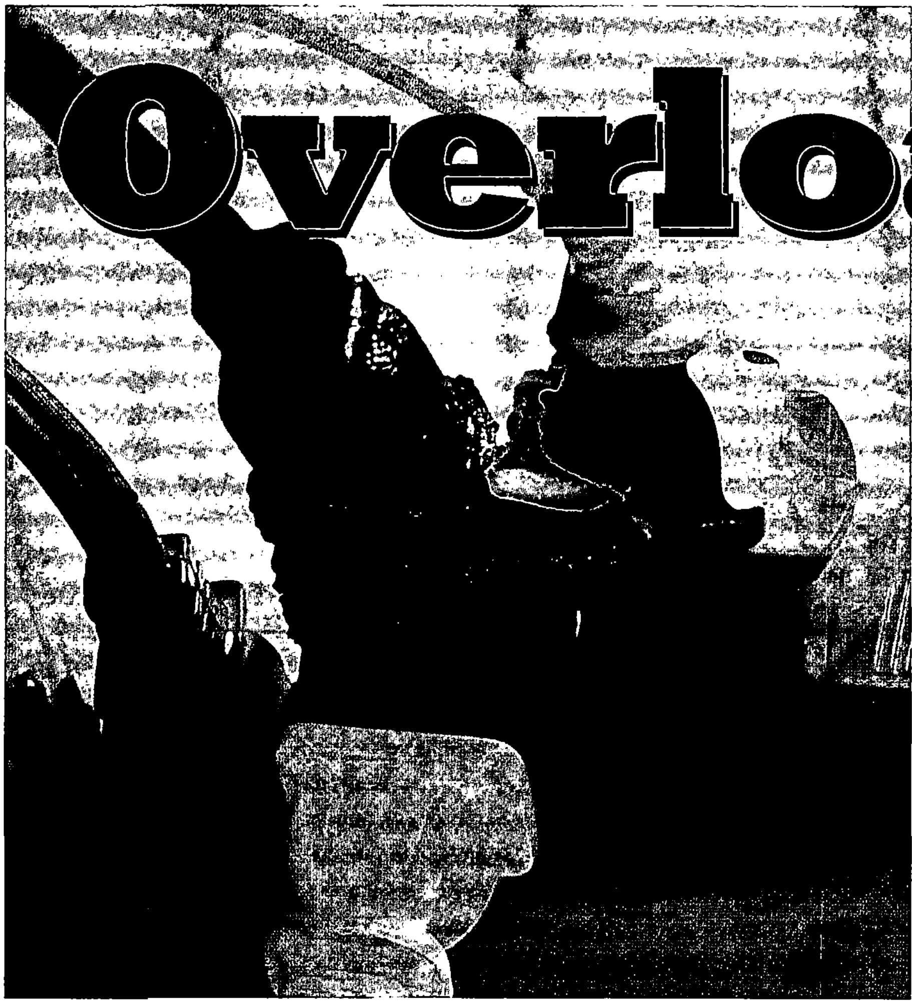
Hastings Yet To Pay Off Impeachment Legal Bills

■ **REP. ALCEE HASTINGS**, D-Fla., has yet to pay off millions of dollars in legal bills, the *Miami Herald* reported Friday.

Hastings, a former federal judge who was impeached and removed from the bench in 1989 on bribery charges, owes his attorneys between $2.1 million and $7.35 million, according to financial disclosure statements released last week.

A spokeswoman said the fees were incurred during the impeachment proceedings.

Overload?



A. Philip Randolph Institute

American Federation of Labor and Congress of Industrial Organizations

American Federation of State, County and Municipal Employees

American Public Power Association

Building and Construction Trades Department, AFL-CIO

Electric Consumers Alliance

Friends of the Earth

International Association of Machinists

International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers

International Brotherhood of Electrical Workers

International Federation of Professional and Technical Engineers

Maritime Trades Department, AFL-CIO

National Association for the Advancement of Colored People

National Association of Community Action Agencies

National Consumer Law Center

National Consumers League

National Council of Senior Citizens

National Farmers Union

National Grange

Paper, Allied-Industrial, Chemical and Energy Workers International Union

Public Citizen

Rural Community Assistance Program

Service Employees International Union

United Mine Workers of America

United Steelworkers of America

Utility Workers Union of America

The greatest challenge to the reliability of America's electric system...the rush to DEREGULATION.

In a preposterous turn of events, advocates of federally-dictated electricity deregulation suddenly claim that the problem – the crunch on transmission system infrastructure precipitated by deregulation – is now the cure to emerging reliability challenges. Through a self-serving puppet group – *Americans for Affordable Electricity* – proponents now exclaim that only immediate federally-mandated deregulation can cure real reliability concerns. The very best that can be said for this argument is, it's ludicrous. At worst, it's deceptive.

Whatever one thinks of "deregulation" – be it pro or con – the rush to deregulate now challenges system reliability. Every stakeholder in the national deregulation debate, whatever their policy prescription, knows this is true.

OVERLOAD? Reliability is the real question. Our electricity system has a 115-year proven record of reliability. Before Congress acts on federally-ordered deregulation, everyone better have the real answers to the reliability question

For further information, contact Linda Golodner of the National Consumers League at 202-835-3323.

National Partnership
for Women & Families

Family-Leave Income and the President's Directive on Unemployment Insurance: Clips Packet

1875 Connecticut Avenue, NW / Suite 710 / Washington, DC 20009 / 202.986.2600 / Fax: 202.986.2539 / Web Site: http://www.nationalpartnership.org

"New Rules Will Upgrade 'Quality Time' / Parents Get Incentive to Be with Children"
Houston Chronicle, May 24, 1999

"Clinton Offers Family Leave Plan To Ease Parents' 'Time Crunch'"
Los Angeles Times, May 24, 1999

"Clinton Urges Unemployment Funds to Give Parents Time to Care for Children"
New York Times, May 24, 1999

"Clinton Proposes Funds for Parents Taking Off Work"
Reuters, May 24, 1999

"Clinton Seeks Benefit for New Parents Taking Unpaid Leave"
USA Today, May 24, 1999

"Clinton Proposes Plan to Compensate Parents for Time Off for Child Care"
Wall Street Journal, May 24, 1999

"Clinton Expands Family Leave Act for Federal Workers"
Washington Post, May 24, 1999

"Clinton Calls for Expanded Sick Leave"
Washington Times, May 24, 1999

"Clinton Pushes Family Help Plan"
Associated Press, May 23, 1999

Family Leave Needs Financial Aid

By Judy Mann

Wednesday, June 16, 1999; Page C14

It took nine years and the election of President Clinton to get the Family and Medical Leave Act passed. Despite the dire predictions of the U.S. Chamber of Commerce and like-minded organizations, the U.S. economy did not collapse.

Indeed, in the six years since Clinton signed the bill into law, the nation has enjoyed a record economic boom. Some 20 million Americans, who work for companies that employ 50 or more people, have taken up to 12 weeks off to care for newborns, newly adopted children or seriously ill family members or to recuperate from their own illnesses. They have been able to keep their jobs and their health insurance.

But the law requires only that employers provide unpaid leave. The bipartisan Family Leave Commission, set up under the 1993 law, found that nearly one in 10 employees who take family leave have to go on public assistance. The commission also found that two-thirds of employees who needed family leave but did not take it cited lost wages as the reason.

The National Partnership for Women & Families, which led the long, difficult fight to get the Family and Medical Leave Act passed, has launched a campaign to address what President Judith L. Lichtman calls the "next obvious generation of problems" -- providing income support to workers who take this essential time off.

The federal law provides job security, which is a major step in resolving conflicts between work and family. But it does not provide income security, which is common in the workplaces of other major industrial nations, but had no chance of getting through Congress.

Today, there is enormous popular support for some form of income insurance during family leave. And (note well, George W. Bush) it is highest among younger Republican women.

A survey conducted for the National Partnership in February 1998, found that support cuts across lines of sex, age, income, family structure and political affiliation: The idea is supported by 79 percent of all Americans and by 82 percent of women and 75 percent of men. Support is highest among Democrats, at 85 percent. Independents are next, at 79 percent, and Republicans are last, at a still hefty 71 percent.

But look at younger women, those under than 45, and the Republican support tops the charts. The survey found 91 percent of Republican and of independent women and 89 percent of Democratic women younger than 45 favor this.

The partnership's Campaign for Family Leave Income will have six main components, including researching and designing test models into providing such income. President Clinton's budget for fiscal 2000 calls for $10 million for research on income options. "That's to do research not only on what aid during leave will cost, but also how much does it cost us as a nation not to provide it," Lichtman says. "If you have employees who lose jobs, you have to replace them, you have lost productivity, and retraining costs, and there are costs that get shifted over to welfare."

With a blue-ribbon, bipartisan advisory committee, the campaign also will serve as a clearinghouse for advocates and researchers sharing information and strategies they are using in various state efforts, for that is where the action is going to be.

Four states, including Maryland, already have sought federal direction in how they can make unemployment compensation available. "Right now, you have to be ready, willing and available to work," to get such compensation, Lichtman says. That could be expanded to cover people taking leave for circumstances defined under the family leave law.

President Clinton gave that idea a big push three weeks ago when he issued a directive telling the U.S. Department of Labor to order states to use unemployment compensation more flexibly for family and medical leave purposes. The federal government sets forth the guidelines that control state unemployment compensation programs. The directive, Lichtman says, "is a really big deal." Clinton also ordered the Office of Personnel Management to allow federal employees to use up to 60 days of sick leave for family and medical emergencies, up from the current 13.

Other states are considering using temporary disability insurance, or TDI, to cover family leave, Lichtman says. This is already being done in Hawaii, California, New Jersey, New York, Rhode Island and Puerto Rico. Many states have "huge surpluses in their TDI accounts," she says. "Some states are talking about a separate family leave benefit that would come out of a family leave income trust. That would provide direct subsidies to people on leave.

"Our intent here is to be creative about solutions that are going to make a real difference in the lives of families."

The campaign for the Family and Medical Leave Act began in 1983, and Democratic and Republican women in Congress quickly emerged as key backers. It was a long and tough fight. Rep. Marge Roukema (R-N.J.) went so far as to blast her Republican colleagues publicly for failing to understand the need to help workers. Congress passed the bill twice -- and it was twice vetoed by President George Bush, he of the family values set. It will be interesting to see if the sins of the father come back to haunt the son.

The advisory panel for the campaign was formed six months ago, and major efforts are already underway in nine states to get income insurance. "The momentum is accelerating at a far greater pace than I would have said six months ago," Lichtman says.

This is an encouraging assessment from someone who has been in the trenches of the family leave fight since the beginning. With popular support for income insurance for family leave at such high levels, this next generation of benefits should be developed and enacted swiftly and surely. New babies and medical emergencies often carry added costs making it even harder for families to forgo income. They should not have to make this choice.

6/14/99

Hurdles for Clinton Paid-Leave Plan

By ALICE ANN LOVE Associated Press Writer

WASHINGTON (AP) -- President Clinton's proposal to let states tap into their unemployment funds to offer paid leave for new parents faces significant obstacles, benefit analysts say, because states likely will be reluctant to draw on accounts reserved for out-of-work people.

Among the biggest concerns: What would happen if the unemployment rate, now the lowest in nearly three decades, escalated sharply and depleted state benefit accounts now flush with cash?

``The business cycle does occur, and good times are followed by tougher times economically,'' said Emily DeRocco, director of the Interstate Conference of Employment Security Agencies, an association of state employment officials.

DeRocco predicted that states, which individually would have to adopt Clinton's plan, will think ``very, very carefully'' before adding new parents to their unemployment rolls.

The 1993 Family and Medical Leave Act has eased the strain on workers who must care for new babies by guaranteeing up to 12 weeks' unpaid leave. But additional help is needed for those who cannot afford to take time off without pay, Clinton said in a speech two weeks ago.

The president announced he had directed the Labor Department to write new regulations letting states provide unemployment benefits to parents of newborn or newly adopted children who choose to take the leave guaranteed under the 1993 law.

As many as 6 million parents could be eligible for such programs each year nationwide, administration officials estimate.

``The economy has been good and unemployment has been down and states have benefited,'' said Grace Kilbane, director of the federal Unemployment Insurance Service. ``If states have very healthy balances in their (unemployment) funds, then they're in a good position if they want to broaden eligibility.''

Advocates of adding new parents to the unemployment rolls in Maryland, Massachusetts, Vermont and Washington requested the federal clearance. Their proposals generally would offer full unemployment benefits, averaging $200 a week nationally, during leave.

Clinton's endorsement has sparked hope that state legislatures might now take the idea more seriously.

``It hits a chord with people. People understand it. ... The best way to take care of your family is to do it yourself,'' said Vermont state Sen. Jan Backus, a Democrat who has sponsored legislation.

An economic expansion -- the longest in the nation's peacetime history -- has boosted tax collection and padded many states' unemployment accounts beyond what is normally kept in reserve.

The Massachusetts account, for example, is approaching $1.8 billion, enough to pay benefits for at least two years. Labor unions, women's groups and others pushing for paid leave there have calculated it would cost $150 million a year, or about $1.25 per worker per week.

``Our view is, can you afford a cup of coffee for your employees per week so they can have the peace of mind?" said Monica Halas, senior employment attorney at Greater Boston Legal Services.

Employers who pay the taxes that fill unemployment coffers do not see it that way.

``You've got a bit of a bait and switch here," said Dan Danner, vice president for public policy at the National Federation of Independent Business. ``An attitude by some ...is let's expand the programs to fit the taxes, and if we have a surplus, heaven forbid you give it back."

In addition to state taxes, employers must pay a federal unemployment tax of 0.8 percent on the first $7,000 of each workers' wages. That money goes, in part, to a bailout fund that makes loans to states when their own accounts prove insufficient.

The $7.4 billion federal account has no loans outstanding. But during a recession earlier this decade, six states and the District of Columbia had to borrow $1.9 billion, and in the 1980s, borrowing by 32 states exceeded $20 billion.

Worse, the bailout account went bankrupt in 1977, and money from the general Treasury had to be loaned to states so they could pay unemployment benefits. To replace that, lawmakers added a 0.2 percent surcharge to the federal unemployment tax, which is not scheduled to expire until 2007.

``What happens if unemployment goes up? Do you raise payroll taxes then, to continue to pay for this?" Danner said of the proposals for paid leave. ``Once you create the program you can't take it away, or at least it's politically difficult."

AP-NY-06-06-99 1154EDT

The Times (of Trenton, New Jersey)
June 11, 1999 (op-ed page)
Now the Democrats want paid family leave
James Lileks

When family leave was introduced, people didn't get money for taking time off. Critics warned us that paid family leave was next, and of course they were pooh-poohed. Naturally, paid family leave is now on the president's agenda, for two simple reasons:

1. Feel-good policies must expand if someone still feels bad. Stories of hardship begat family leave; stories of hardship endured during unpaid family leave begat paid family leave. In a year we'll hear of a family that couldn't make it on paid family leave. Then it's just a matter of time until everyone who takes a year off to help Great-Aunt Mildred recover from an ingrown toenail automatically wins the Powerball.

2. THEY HAVE IT in Europe, so it must be good. Of course, Europe's plentiful social programs and innumerable employer mandates have led to intractable structural unemployment, but any continent with that many trains has to be on to something. If Europe jumped off a cliff, would Democrats follow? Yes. And they'd be crafting legislation to repeal gravity right up until the moment they hit the rocks. And then the rocks would be accused of mean-spiritedness.

Now Bill Clinton wants paid family leave. Who can argue? An attorney for Greater Boston Legal Services said the average cost would be only $1.25 a week (never, of course, to increase), so, ``Can you afford a cup of coffee for your employees per week so they can have the peace of mind?"

A cup of coffee! So little! Who could begrudge them that? But everything can be broken down to the cost of a cup of coffee. Those cups add up. When employers are required to spend the equivalent of 40 barrels of Folger's a day, one more cup can be the difference between hiring four people or hiring five. Better to give paid family leave to the employed than employ the person with a family, it seems.

Under Clinton's proposal, paid family leave would be financed by states' unemployment benefits funds _ which, like every other budget in these golden days, slosh with surpluses. (The states can't give the money back _ think of the horrid precedent that would set.)

States require employers to kick in varying amounts to the unemployment benefits funds. The federal government also levies a 0.8 percent tax on the first $7,000 of wages; this funds a program that loans money to states when their funds go bust. This fund is flush today, but it went bust in 1977; the federal government continued to lend states the money to pay unemployment benefits, but slapped a 30-year, 0.2 percent surcharge on the federal tax. (Why? Because it could.) There's $7.4 billion in that account today _ or, to put it another way, $7.4 billion that wasn't paid to workers, or invested in the companies.

Politicians gets headlines when they announce programs, pass laws, do things. They don't get a flattering story when they vote yea to repeal the 0.2 percent surcharge and someone gets a job a year later. They care deeply about families _ but if both parents have to leave Junior at the Wee-Care Flu- Distribution Gulag so they can work to feed the fed, what's a politician's response? Cut taxes? No, he proposes a tax break for day-care expenses. And we're supposed to be grateful. It's like thanking a chef who gave you food poisoning because he lent you a bucket to throw up in.

AT SOME POINT _ heretical as this sounds _ the economy is going to slow. People might lose their jobs. This notion sounds as far-fetched as saying America might fight a war in which our own soldiers die, but it's true. A grim, prolonged recession could clean out the unemployment funds in a year _ after all, that's why they're there. Not to pay someone to stay home and bounce Junior on his knee, but to make sure Junior has formula when times get tough.

If Clinton believes that paid family leave is a good idea, then let him make the case, pass a bill and impose a new tax. A new box on your W-2 will list the amount of wages deducted to pay for family leave. You'd only waste it on burgers and Budweiser anyway. Besides, how can you complain? It's only the cost of a cup of coffee. Sure, when you add it to all the other payroll taxes, it's many, many cups of coffee, leaving you less money to actually buy coffee. But you really ought to cut down anyway.

James Lileks is a Newhouse News Service Columnist

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—Allen H. Neuharth, Founder, Sept. 15, 1982

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TODAY'S DEBATE: Worker benefits. In USA TODAY's opinion, "Flexibility key to family leave; state mandates forcing firms to fund leave are not answer." 14A.

▶ "Paid family and medical leave will not solve all of the problems that families face ... but it is a worthwhile, important first step," Linda Johnson says. 14A.

Today's debate: Worker benefits

Flexibility key to family leave

OUR VIEW **State mandates forcing firms to fund leave are not the answer.**

When President Clinton signed the Family and Medical Leave Act barely a month after taking office in 1993, he promised that "people will no longer have to choose between their jobs and their families."

Many businesses, though, didn't see it that way. They predicted the new benefit would end up increasing their personnel costs.

Six years later, unpaid family leave is meeting most people's needs well, without costing businesses too much.

Employees aren't exploiting the system, with fewer than 4% of the workforce annually taking unpaid leave for a birth, adoption or serious family or personal illness as the act allows. And most take off less than two weeks, not the 12 permitted by the law. Another 16% simply use other paid leave for their needs.

But because 3% who want to use family leave each year say they can't afford to, a movement is building to make businesses partially replace the pay of those taking leave.

Proposals in several states, including Massachusetts, Vermont, Maryland and Washington, would use employer-financed unemployment-insurance funds to provide family-leave pay averaging $200 a week. Last month, Clinton gave the efforts a boost by directing the Labor Department to write rules so states can use their programs to fund leaves following childbirth or adoption.

The aim is worthwhile. Guaranteeing a worker time off to deal with a family crisis doesn't do much good if it's unaffordable. But government mandates that force companies to fund paid family leave are an overly bureaucratic solution to the problem.

Backers of the Massachusetts plan make partially paid family leave sound cheap, at about $65 a worker annually. Still, that equals what businesses now pay in federal unemployment taxes. And because the programs would be administered like unemployment benefits, workers would face paperwork hassles to verify they weren't abusing the system.

There are easier ways to promote paid family leave programs. Many employers have already shown a willingness to help workers maintain paychecks when their families need them at home. A 1999 survey by the Society for Human Resource Management found 49% of its members, which employ 100 million, provide paid maternity leave; 20%, paternity leave; and 76%, short-term disability.

Government could encourage more paid-leave arrangements by easing tax rules so more smaller businesses could set up the cafeteria-style benefit plans now available at nearly half of all large firms. Then workers could trade other benefits for even fully paid family leave. Or government could direct aid to those who truly need help rather than to all workers through means-tested grants or tax credits.That's the kind of flexibility that is needed to ensure the Family Leave Act fulfills its promise for more families, without raising Cain with business.

Mandate would aid all workers

OPPOSING VIEW **Paid leave would ease hardship, boost 'family values.'**

By Linda Johnson

President Clinton recently announced that he was instructing the U.S. Department of Labor to develop regulations that would allow states to use their unemployment insurance programs to cover workers on temporary leaves following childbirth or adoption.

This is a significant victory for Massachusetts and the three other states that have been awaiting approval from DOL to use unemployment insurance for family and medical leave. However, this limited expansion simply does not go far enough.

There is no doubt that parents ought to be compensated for wages lost following childbirth. But Massachusetts workers want and need an equitable family and medical leave policy that protects all workers.

The Massachusetts Family Leave Coalition supports two bills pending in our state legislature that will do just that. One proposes using unemployment insurance benefits to provide wage replacements to workers who must take temporary family or medical leave. The other would create a more comprehensive temporary-disability and family-leave insurance program that would cover all working families.

Mandated family and medical leave insurance is critical to protecting the health and well-being of working families in Massachusetts. Nearly 40% of our workforce is excluded from federal family leave coverage due to the size of their employers. Low- and moderate-income workers simply cannot take unpaid leaves, for any reason. And in view of our state's insistence on maintaining a strict 24-month time limit on welfare benefits, single mothers and their children are at grave risk of being left with absolutely no safety net.

We hear a lot of rhetoric from politicians about "family values," but see shamefully little in terms of concrete action. Despite years of urging and cajoling, few employers voluntarily provide these basic benefits. Mandating a meaningful family and medical leave policy is the only way to ensure equitable coverage for all working families.

Paid family and medical leave will not solve all of the problems that families face in trying to balance family and work, but it is a worthwhile, important first step.

Linda Johnson is executive director of the Women's Statewide Legislative Network in Boston.

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Dow Jones News Service
6/4/99
Page 1 of 4

=DJ Controversy Brewing On Clinton UI/FMLA Initiative

By Fowler W. Martin

WASHINGTON (Dow Jones)--A controversy is brewing on a Clinton administration initiative that some say could lead to fundamental changes in both the nation's unemployment insurance (UI) system and in a relatively new program that allows workers to take extended leave from their jobs.

The Department of Labor will soon seek public comment on the plan, provoking at the very least a spirited exchange of views among some of the nation's most powerful interest groups. More likely, however, is a major fight that could lead to litigation or legislative activity and which may figure in next year's national elections as an issue that helps define differences between Democrats and Republicans.

The proposed changes, framed by President Clinton as an initiative aimed at strengthening families in the wake of shootings at a Colorado high school, are backed by key Democratic constituencies such as organized labor and women's groups, but strongly opposed by the business community.

Republicans, generally pro-business, but also eager to be viewed as strong on family issues, could experience some discomfort if they are forced to address Clinton's proposal as a result of distress among important supporters.

The president, in a speech late last month at Grambling State University, said he was directing the Labor Department to issue a rule that would allow state governments to use UI funds to pay individuals on leave from their companies - under provisions of the 1993 Family and Medical Leave Act (FMLA) - to care for newborn or newly adopted children. At present, such leave is unpaid unless employers voluntarily offer compensation and as a result, many individuals can't afford to take full advantage of the benefit.

Sen. Kennedy Leading The Charge

The president acted in part at the urging of Sen. Edward Kennedy, D-Mass., who represents one state interested in the option and who has been exploring its feasibility with the Labor Department.

In a May 20 memo to Clinton, Kennedy noted that while department rules prohibit states from using UI funds for FMLA purposes, there is a "strong argument" that the underlying federal law is sufficiently flexible to allow for change.

"That step - which would pose no cost to the federal government - would be a major step forward in fulfilling the promise of the landmark Family and Medical Leave Act," Kennedy said.

Others question both Labor's authority to act and the wisdom of such a move. Moreover, while the federal treasury wouldn't be directly impacted, the change wouldn't be cost free.

"I think there is serious doubt that the department has the authority to act by way of regulation," said Eric Oxfeld, an attorney who serves as president of UWC--Strategic Services on Unemployment and Workers Compensation. The group lobbies on labor issues for the business community.

Oxfeld said the proposed change is contrary to both the letter and the spirit of the long-standing Federal Unemployment Tax Act and the more recent FMLA and comes at a time when the UI program is experiencing severe administrative problems.

"This would represent a very big change in practice in the U.S.," said Gary Burtless, a senior fellow at the Brookings Institution, a Washington-based think tank. It could lead to a major expansion of benefits and that could eventually require a tax increase, he said.

Clinton, citing a big jump in the number of working mothers in the workforce and a concomitant sharp decline in the number of hours parents are able to spend with their children, said the country needs to find new ways to allow working Americans to have time to care for their families without a losing the income needed to support them.

"We can do this in a way that preserves the soundness of the unemployment insurance system and continues to promote economic growth," the president said.

But leaving aside questions of policy, it isn't clear the UI system can accommodate what might eventually be a major expansion of benefits.

Last year, in the course of kicking off a nationwide dialog on the future of unemployment insurance, the Labor Department said the trust funds that finance such payments may be insufficient to weather a recession. Despite the current economic boom, overall funding hasn't recovered to the level prevailing before the relatively mild 1990-91 economic downturn, the department warned and current projections show it won't get there anytime soon, in part because many states are cutting the taxes used to fund such reserves.

"No matter what yardstick is used, the status of some state funds is a source of concern," the department said in a technical supplement to the dialog.

Draft Resolution For Public Comment Sought By August

But at the same time it was expressing solvency concerns, Labor also said traditional unemployment benefits have eroded to the point where they need to be substantially improved, a consideration that argues in favor of even higher fund balances.

That is the environment in which the administration is launching its new initiative, the costs of which would be born by almost entirely by taxes on business.

Legislation providing for paid FMLA leave is under consideration in four states - Massachusetts, Vermont, Washington and Maryland - but if enacted, implementation would be blocked by prevailing federal rules.

Clinton, in a May 26 memorandum, directed the Labor Department to both rewrite the federal regulations and develop model legislation that states could use to take advantage of the proposed change.

Grace Kilbane, Labor's director of unemployment insurance matters, said she hopes to have a draft regulation out for public comment in August and to finalize the proposed new rules by around the end of year.

The proposed changes won't mandate action, but will give the states flexibility to use unemployment insurance funds in a new way, she said.

Any state that decides to take advantage of the option will have to decide on its own whether the program poses a threat to resources available for funding traditional benefits. "We won't be looking at promulgating any solvency standard," Kilbane said.

(MORE) DOW JONES NEWS 06-04-99

11:10 AM

=DJ Controversy/Clinton/Initiative -2: Business Objections

The business community finds the initiative alarming for three reasons: first, it challenges fundamental principles of the long-standing UI system; second, it violates a key compromise that enabled passage of the FMLA - that leave, which can be up to 12 weeks, would be unpaid - and third, it could open the door to further changes.

"Unemployment insurance is for people who have lost their jobs through no fault of their own," said Patrick Cleary, vice president for human resources policy at the National Association of Manufacturers. "FLMA leave, on the other hand, is taken by people who are employed and whose jobs are, by law, guaranteed to them upon their return," he said.

In contrast, the AFL-CIO views FLMA leave as a legitimate type of unemployment and it believes the use of insurance funds to compensate leave takers would be a proper and useful means of making the FMLA benefit more available, said John Hiatt, the labor group's general counsel.

Moreover, since the program will be voluntary on the part of the states, it doesn't necessarily threaten trust fund solvency or traditional benefits, Hiatt said. "We just don't see a downside to giving the states the ability to make that decision," he said.

The UI system, a response to the Great Depression, was structured as a compact between the companies that finance it and their employees. Payments were made both to help workers who lost jobs weather downturns and to preserve for companies a trained workforce that could be rehired as economic conditions improved.

Labor Department guidelines dating from 1962 specify that insurance claimants must be "able and available for work," said Randel Johnson, Vice President for labor and employee benefits at the U.S. Chamber of Commerce. The only exceptions - for pregnant employees and those in approved training programs - are statutory, he said.

More Changes Could Be On The Way

The U.S. Chamber and numerous other business groups, in a joint letter to Labor Secretary Alexis Herman, said it would be inappropriate to even consider a change as fundamental as that proposed by Clinton through a regulatory reinterpretation of long-standing policy. Such a change could divert resources from workers who have lost jobs to those who aren't even looking for work and result in employers who are exempt from the FMLA (those with less than 50 workers) subsidizing those who aren't, the letter said.

The proposed change could also open the door to other new uses of insurance funds, opponents of the Clinton initiative fear.

"What's next in the way of a nice-sounding program?" asked Johnson.

Indeed, there could be more changes coming. In directing the Labor Department to clear the way for states to use UI funds to support parents on leave to care for a new child, Clinton also ordered Secretary Herman to evaluate the effectiveness of using the UI system for that and "related purposes."

Kilbane, charged with drafting the regulations, said she expected the initial effort to be narrowly focused, but the official acknowledged that casting the new rules so as to capture only the situation mentioned by Clinton could be a challenge.

As for the FLMA, Johnson, who worked on the issue for a number of years as an aide on Capitol Hill, said the provision that leave would be unpaid was considered an important check against potential abuse. Business groups view the Clinton initiative as a back-door means of unraveling that aspect of the legislation.

Clinton's proposed new use of UI funds also challenges another long-standing principle of the system: that it function as an economic stabilizer. Payments to FLMA leave claimants would be unrelated to business-cycle fluctuations.

Indeed, said Burtless, of the Brookings Institution, a program such as that proposed by Clinton could actually exacerbate matters by making it even more likely states would be forced to raise taxes to cover insurance payments at the very time companies could least afford the extra levies, particularly given the relative state of the UI trust funds.

The funds comprise those deposited with the Treasury by the individual states and those maintained by the federal government. The state funds cover regular benefits while Washington uses its resources to cover system-wide administrative costs, to help fund extended benefits payable mainly in times of recession, and to maintain a reserve against which individual states can borrow.

Price Tag Of Around $700 Mln Per Year Suggested

State fund balances are currently equal to around 1.5% of wages, down from around 2.0% at before the 1990-91 recession and a high of about 7% of payroll in 1950 when there were fears the end of World War II would be accompanied by widespread unemployment.

While there is no generally agreed upon standard of trust fund solvency, the Labor Department uses an index that measures how many years a state fund can pay benefits equivalent to its average experience in three previous "high cost" years. At present, about 20 states are below or hovering around the ratio the department considers minimally necessary - including Massachusetts, Maryland and Washington, three states where proposals to make new uses of such funds are under consideration.

Problematic trust fund levels combined with a contraction in benefits stemming in part from workforce changes and in part from measures taken by states to bolster solvency during past recessions, posses a threat to UI performance in years ahead, the Labor department believes.

"There are troubling indicators that the program's helping hand is unavailable for many in the workforce. And there are questions how the program will perform during an economic upheaval," the department said in a "talking points" document prepared in connection with last year's UI dialog.

Nonetheless, the department has suggested a variety of ways that both traditional benefits could be improved and how new benefits could also be offered - some along the lines proposed by Clinton.

"If we expand eligibility to those who voluntarily leave employment for compelling personal reasons, we could entitle an estimated 200,000 more people to benefits, amounting to about $700 million a year," the department said as one of its talking points.

-By Fowler W. Martin; (202) 862-6616 E-mail skip.martin@dowjones.com

(END) DOW JONES NEWS 06-04-99

11:30 AM

Boston Globe Online

Mass. advocates hail Clinton family-leave plan

Foes: Plan would be costly, hurt small firms

By Diane E. Lewis, Globe Staff, 05/25/99

Massachusetts work-family advocates yesterday hailed President Clinton's speech advocating a plan that would finance paid family leaves by tapping unemployment benefits, but opponents argued it would cost this state $200 million per year and put small firms at risk.

On Sunday, Clinton told graduates at Grambling State University in Louisiana he would change federal regulations to allow workers to collect unemployment benefits while at home caring for newborn or adopted children.

"In saying that unemployment insurance should be extended to include care of newborn or newly adopted children, I think the president's intent is to expand and update the unemployment system to meet the needs of working families," said Boston lawyer Monica Halas, who has drafted a paid family-leave bill on behalf of the Family Leave Coalition of Massachusetts.

But Richard C. Lord, executive vice president of legislative policy at Associated Industries of Massachusetts, said such a plan would strip this state of its competitive edge and put too great a burden on Massachusetts' $1.8 billion unemployment trust fund.

"This is going to be, potentially, a very expensive program," said Lord, whose organization represents 5,000 companies. "At a minimum, it will cost $200 million per year in this state alone if the number of people who take family leave each year does not change."

Under the federal Family and Medical Leave Act of 1993, employees of firms with 50 or more workers are guaranteed up to 12 weeks of unpaid leave for the birth or adoption of a child, personal illness, or the care of a sick relative. But many cannot afford to take time off without pay.

Advocates said Clinton had modeled his plan on two bills that have been introduced in the Massachusetts Legislature. The bills, one in the Senate and the other in the House, would offer workers on leave 50 percent of their weekly wage, capping compensation at 57.5 percent of the average weekly wage in the state. Last year, that cap would have been about $402 per week.

"We are thrilled to have the president validate what we and working families across the state have been saying all along - that working families need paid family and medical leave," said Linda Johnson, executive director of the Women's Statewide Legislative Network.

Forty percent of the state's work force is not eligible for leave under the FMLA because they work for firms with fewer than 50 employees.

A recent survey of more than 2,000 workers by the Commission on Family and Medical leave found that 64 percent could not take a leave because they could not afford to go without pay.

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Daily Labor Report
News
Tuesday, May 25, 1999

FAMILY LEAVE: CLINTON OUTLINES PLANS FOR MAKING FAMILY, MEDICAL LEAVE MORE AFFORDABLE

President Clinton May 24 issued an executive memorandum outlining the steps he plans to take in an effort to make family and medical leave more affordable for employees in both the private and public sectors.

The memorandum followed the president's May 23 commencement speech at Grambling State University in Louisiana where he announced plans to explore using the unemployment insurance system to provide paid leave to parents of newborn or newly adopted children. The president also is directing the federal Office of Personnel Management to revise its regulations by increasing the amount of paid sick leave federal employees can use to help care for ill family members.

While millions of Americans have used the 1993 Family and Medical Leave Act to "take up to 12 weeks of unpaid leave to care for a newborn or a sick relative without losing their jobs," the current law "just meets a fraction ofthe need," Clinton said during the commencement speech. "Too many people, too many family obligations are not covered at all," Clinton said.

"Too many families can't take advantage of the law because they can't afford to take the time off because they can't live without their paychecks," the president explained. For all of this nation's pro-family rhetoric, the hard truth is that other countries with advanced economies do a lot more to support working parents" than the United States, Clinton said. A goal for the 21st century, according to the president, should be to ensure that "all working Americans can take time when they need it to care for their families without losing the income they need to support their families."

Expanded State Use of Ui.

As a first step in this direction, the president said he has directed Labor Secretary Alexis M. Herman to issue a rule to allow states to use their unemployment insurance systems to offer paid leave to new mothers and fathers.

"We can do this in a way that preserves the soundness of the unemployment insurance system and continues to promote economic growth," Clinton said during his speech.

According to the president's executive memorandum, the regulations are supposed to enable states to develop innovative ways of using the UI system to support parents on leave following the birth or adoption of a child. Clinton also has directed the Labor Department to develop model state legislation that states can follow.

The memorandum cites the 1996 study by a commission established under the Family and Medical Leave Act recommending that states consider voluntarily extending unemployment compensation qualifications to employees on family and medical leave. According to the Commission on Family and Medical Leave, "lost pay was the most significant barrier to parents taking advantage of unpaid leave after the birth or adoption of a child," the memorandum says. "This new step will help to give states the ability to eliminate a significant barrier that parents face in taking leave," the directive states.

Clarification of Federal Authority.

Grace Kilbane, director of the Labor Department's Unemployment Insurance Service, said the pending proposed regulations will help "open up the process to determine" how states can use their UI programs in these circumstances and what limits should be placed on such areas as the amount and duration of benefits. There has been "confusion," Kilbane said, with respect to whether state laws mandating the payment of UI benefits to people taking some form of family leave "conform with federal law," namely the Social Security Act and the Federal Unemployment Tax Act (FUTA).

The proposed regulations will set forth the Labor Department's interpretation of how these two laws affect the ability of states to enact their own laws to allow access to UI funds to provide paid leave for employees caring for newborn or newly adopted children. The proposal has been under discussion for more than six months, Kilbane said, and is not likely to be published for public comment for at least another few months. Details such as the duration of UI benefits in parental leave situations and coverage of both parents remain under discussion, she said.

Kilbane stressed that state adherence to the model legislation DOL plans to propose is completely voluntary and contingent on passage of separate state legislation. The purpose of the proposal, she explained, is to "give states the opportunity, if they choose, to test and develop innovative ways to help mothers and fathers take care of newborn and adopted" children. Proposals of this type were introduced this year in four states: Maryland, Massachusetts,Vermont, and Washington.

Support for Proposal.

Donna Lenhoff, one of the authors of the FMLA and general counsel of the National Partnership for Women and Families, called Clinton's plan an "exciting, new, and somewhat innovative way to think about the problem of unpaid leave." Deliberations over how to tackle this problem usually entail discussions of mandating employer-paid leave, Lenhoff observed. However, the president is proposing a "creative way to build on existing, well-accepted benefits schemes to cover the needs of the current workforce."

Currently, the cost of unpaid leave is almost completely borne by employees, Lenhoff pointed out. Providing unemployment insurance benefits for new parents would spread these costs, using revenues from employer payroll taxes to reduce the current costs of leave to employees, she explained. Lenhoff said the proposal will pave the way for states to be leaders in "social policy development." It is a "brilliant idea," she said, to "allow development of this policy in this way in the states."

Maurice Emsellem, staff attorney with the **National Employment Law Project**, called the proposal "very good news for the unemployment insurance system." The president's announcement "will help make the case in the states that these changes and others are needed to support working families," particularly given the increase in female workers and the need to address concerns of single parents, he said.

Both Lenhoff and Emsellem pointed out that several states already provide benefits to workers other than those who have been laid off from their jobs. They cited the example of workers who receive UI benefits while on recall status from their jobs as evidence that the system is flexible enough to assist new parents.

Business Voices Opposition.

This opinion is not one shared by employer groups, however. A coalition of groups including the National Association of Manufacturers, the National Federation of Independent Business, and the Society for Human Resource Management have protested any plan to change FUTA standards to permit states to provide workers who are already on leave under the FMLA to simultaneously collect UI.

"Allowing workers on FMLA leave to collect UI would undermine both the spirit and the law of the federal/state unemployment program," the groups said in a May 18 letter to Herman. "It is inappropriate to even consider advancing such a fundamental philosophical change of this magnitude through a 'back door' change in a longstanding DOL interpretation," the coalition said. The group specifically cited a DOL statement in 1962 maintaining that UI protection be limited to the unemployed.

The proposal, said the business groups, would divert UI tax dollars by paying benefits to claimaints "who are not even looking for work." Moreover, it would "escalate UI costs and result in employers who are exempt from the FMLA subsidizing those who are not."

New Federal Policy.

In the federal sector, the president announced he has asked OPM to revise governmentwide regulations to allow federal employees to use up to 12 weeks of accrued sick leave each year to care for a spouse, son, daughter, or parent with a serious health condition, as defined by the FMLA regulations. The amount of sick leave federal workers can take in these circumstances currently is limited to 13 days a year. "I believe the federal government has an important role to play in setting an example for the Nation," Clinton said in his May 24 directive.

Clinton also has asked the head of OPM to establish an interagency family friendly workplace working group within 90 days to develop, promote, and evaluate federal initiatives in this area. Each executive agency is to appoint a "family-friendly work/life coordinator" as a member of the group. Group members will be responsible for ensuring that federal employees are aware of options available to them to meet their personal and family responsibilities, such as alternative work schedules, telecommuting, part-time employment, and job sharing.

In his commencement speech, Clinton also said he is "challenging Congress to help," calling attention to his proposal to expand unpaid family leave to cover more workers and more parental responsibilities. "Congress ought to respond positively," he said, declaring that parents should not have to "fear a boss's wrath because they left work to take a child to the doctor" or "call in sick to attend a parent-teacher conference at their school."

During his speech, Clinton announced the release of a study on the effect of economic changes on the family he requested from his Council of Economic Advisers. The study, Families and the

Labor Market, 1969-1999: Analyzing the "Time Crunch," concludes that "employers and public policy makers have a responsibility to do everything they can to help parents balance work and family," including making workplaces and work hours more flexible.

Text of the president's memorandum to the heads of executive departments and agencies appears in Section E.

By Deborah Billings

The Des Moines Register
May 25, 1999, Tuesday
SECTION: Main News Pg.1
LENGTH: 487 words
HEADLINE: Iverson criticizes paid-leave proposal
President Clinton wants states to use jobless trust funds to help new parents.

BYLINE: Thomas A. Fogarty
SOURCE: Register Business Writer

BODY: By THOMAS A. FOGARTY, Register Business Writer

President Clinton's proposal to allow states to tap their unemployment insurance trust funds to provide paid job leave for new parents ran into strong opposition Monday in Iowa.

"I think it's a stupid idea," said Senate Majority Leader Stewart Iverson, R-Dows. "It's not the government's job to raise children."

Iverson acknowledged legitimate concern about families under strain because of time demands on working parents. But the resolution to the problem lies with workers and their employers, not the government, he said.

In a commencement speech Sunday at Grambling State University in Louisiana, Clinton said he's directed the U.S. Department of Labor to issue rules allowing states to use surplus money from their unemployment insurance programs for paid parental leave.

The trust funds, administered by the states under rules set by the federal government, get their money from a special tax on employers to pay benefits to workers who lose their jobs through no fault of their own.

Because of low unemployment, most states are running a surplus. In Iowa, the unemployment trust fund is carrying a balance of $ 749 million, a sum that state officials say would carry the program for nearly a year during a severe recession.

Clinton aides said the president's proposal follows inquiries from Massachusetts, Maryland, Washington and Vermont about financing paid parental leave programs with idle unemployment money.

In his speech, Clinton laid blame for many social ills on diminishing time that typical parents are able to spend with their children. Potential loss of income has prevented millions of new parents from taking the 12 weeks of unpaid leave that they're entitled to under the 1993 Family and Medical Leave Act, Clinton said.

Richard Running, the new director of Iowa Workforce Development, the state labor agency, was non-committal about the Clinton proposal.

"If the Department of Labor allows us to look at it, I'm sure it's something we'll consider," said Running. "But we'll take into account the input of employers and employees before we take action." (See Running profile in Business, 8S)

James Aipperspach, president of the Iowa Association of Business and Industry, said there's no chance that his organization would support a Clinton-style plan for Iowa.

"The fund is designated for a special purpose, and it ought to be used only for that purpose," said Aipperspach.

Mark Smith, president of the Iowa Federation of Labor, did not return a call seeking comment.

Clinton's plan won strong support Monday from the National Partnership for Women and Families, a Washington, D.C., advocacy group. Judith Lichtman, the organization's president, called the proposal "a common-sense approach to helping families."

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LANGUAGE: English
LOAD-DATE: May 26, 1999

Vermont sought Clinton's family leave directive
By ROSS SNEYD=
Associated Press Writer=

MONTPELIER, Vt. (AP) _ President Clinton's initiative this weekend to provide paid family leave to parents was prompted, in part, by demands from Vermont.

Three other states also pressured the administration to modify Labor Department rules that prevented them from using unemployment insurance to ensure that all of their residents could afford to take advantage of family leave.

``It allows it to be a real option for people,'' said state Sen. Jan Backus, D-Chittenden. ``It means they can take the family leave that they're entitled to and afford it. For a lot of people, it was paper benefits.''

For two years, Backus has introduced a bill in the state Legislature that would make a surplus in the state's unemployment insurance fund available to people on parental leave whose employers don't pay them.

State law allows parents to take off work up to 12 weeks for the birth or adoption of a child. The law does not require companies to pay their employees during that leave, although many larger companies do.

The small companies, though, can't afford to offer such a benefit and they make up the bulk of Vermont's employment base.

``Generally what occurs is people who can afford to take unpaid leave do, but the vast majority of workers who can't afford it don't take it,'' said Judith Sutphen, executive director of the Governor's Commission on Women.

Under Clinton's weekend directive, the U.S. Labor Department must develop new regulations that would give states the flexibility to use their unemployment insurance systems to provide such benefits if they wish.

That's what Sen. Patrick Leahy, D-Vt., and others lobbied the Clinton administration to provide.

``Senator Leahy believes that states should have flexibility to make this choice if they see fit,'' said Leahy spokesman David Carle.

Once the Labor Department issues its new regulations, the Vermont Legislature will have to decide whether it wants to use the unemployment system to provide family leave pay.

Backus' bill would allow parents to collect unemployment benefits during their leaves, an amount that is less than their regular paycheck.

But there might be drawbacks to such a plan, said Employment Commissioner Steven Gold. The fund currently has a $250 million balance, he said. But it's got such a healthy balance because money is invested and the hot economy is producing large returns.

``If the economy were to take a significant downturn, it would only be a matter of two to three years for the fund to be in serious jeopardy in terms of insolvency," Gold said. ``It can go out very quickly if we have an increasing unemployment situation."

Estimates are that it would cost between $8 million and $9 million to provide paid family leave in Vermont.

The Dean administration has not taken a position on whether that's a good idea but is willing to explore it or other alternatives, such as a disability insurance scheme, Gold said.

The business community, by and large, does not like opening the unemployment insurance fund for anything other than unemployment benefits.

``They feel strongly that it's the camel's nose under the tent, that unemployment insurance should be for unemployment only," Backus said.

``I think it's our contention that this unemployment," she said. ``It's like a layoff, it's something out of your control, it's a family situation."

DRAFT OPTIONS MEMORANDUM
May 20, 1999

The purpose of this memorandum is to outline non-legislative options for action to enable States on a voluntary basis to use their Unemployment Insurance systems to provide benefits to workers on FMLA-covered leave. This year, four States with surpluses in their UI trust funds – Massachusetts, Vermont, Maryland, and Washington – had bills introduced in their State legislatures to use Unemployment Insurance (UI) to pay individuals on some form of FMLA-covered leave. Three of the four States, anticipating conformity problems, have asked for comment from the Department of Labor (DOL). While many question the prospects of State legislative efforts, DOL has been pressured from Senators Kennedy, Dodd, Leahy, and Murray, the AFL-CIO, and women's groups to allow States this flexibility; business groups have weighed in against opening up UI for this purpose.

The DPC has led a policy process to explore what responsible action the Administration could take to promote this approach, while also protecting the integrity of the UI system and and preserving DOL's authority to guard against ill-advised changes that States might propose (such as restricting benefits).

Background

States have flexibility in designing and running their own UI systems. With some variation in implementation, the States determine UI eligibility with three general tests: (1) involuntary separation from work; (2) ongoing work search; and (3) availability for suitable work. Because DOL does not interpret federal law as setting specific requirements for the first two tests, States are free to carve exceptions as they see fit (*e.g.*, claimants who are going to be recalled to their old employer need not seek work; claimants may quit work if they have good personal cause such as illness; temporary ill claimants need not seek work). However, DOL has long interpreted federal law as mandating a specific "availability" requirement, *i.e.* workers have to be able and available for work to claim benefits. DOL has used this interpretation of the same Federal law provisions to wall off regressive proposals by States to limit benefits. DOL could revise its policy to address FMLA by constructing a rationale that asserts that the UI availability requirement is met during FMLA-covered leave. States would then have the option of providing UI benefits to this new category of claimants, through some change to State law. This is, however, not a simple and straightforward exercise.

Taking a non-legislative step to advance paid FMLA-protected leave for American workers would be a bold way to enable workers to spend more time with their families in important times – to care for a newborn or adopted child, to attend to their own serious health needs, or to care for a seriously ill parent, child or spouse. The 1996 FMLA Study, *A Workable Balance*, found that 40 percent of leave-takers report that they cut their leave short due to lost wages, and 64 percent of respondents who did not take leave when needed (3.4 percent of respondents) cite cost as a barrier. Furthermore, the study found that lower-skilled, poorer workers are far less likely to have any wage replacement for FMLA leave; for instance, hourly employees, who are more likely to have lower incomes and lower levels of education, are four times as likely as salaried leave-takers to report receiving no pay during their leaves. And, most of the wage replacement that workers do report for their FMLA leave is in the form of sick, personal, or vacation pay.

Proper design of a State system to provide these new benefits would be critical. For instance, how FMLA leave-takers would be accounted for in the count of initial claims (a leading economic indicator) is an issue that must be considered. Also, while currently most UI tax collection is "experience rated" (meaning that employers whose workers claim UI benefits pay into the system proportionately), it would be important that the cost of this new policy is borne as broadly as possible to guard against unintended labor force repercussions on women of child-bearing age. Other program design issues would need to address the substitution effect, whereby workers or employers might try to shift from currently paid leave to the new UI-FMLA program. In addition, there would be important implications for the UI program, such as: the potential for opening up UI to other people "not available for work" (*e.g.*, those on sick leave or sabbaticals), moves to means test the program, and generally reducing the control we have over the program.

On the policy and budget front, some might see this as an attempt to circumvent the legislative process in order to expand FMLA coverage, and it could result in bill riders (arguably a good fight to have). The budget costs are uncertain, but potentially are large in the near term, if States took this option (fully implemented in all States, costs could range from $2 to $9 billion annually, compared to about $23 billion nationwide in UI annually). Several estimates of the effect of the Massachusetts proposal put it in the $200 million range. However, over the longer term, State UI taxes would be adjusted upwards to respond to the increased benefits so the program would be deficit neutral. These non-legislative approaches will also be subject to congressional review under the Small Business Regulatory Enforcement Fairness Act prior to going into effect.

<u>Options for non-legislative action</u>

OPTION ONE: Instruct DOL to Issue New Program Guidance. DOL would issue a program letter that revises DOL's position on the UI availablity requirement by deeming the requirement met for FMLA-covered leave. The guidance would cabin as closely as possible the future ability of States to make other policy modifications to the availability requirement.

PROS:

- Represents the fastest way to allow States the option of providing UI benefits to FMLA-covered leave takers.
- Carefully crafted guidance could interpret narrowly the DOL policy shift and could assert DOL's authority to reject future applications for policy modifications.

CONS:

- Administration recommendations for the design of the State program, *i.e.* in data collection and cost-sharing, would not be binding.

- May undercut DOL's future ability to stave off States attempts to carve objectionable exceptions to the availability requirement.
- Could provoke considerable congressional opposition and legislative riders.

OPTION TWO: Instruct DOL to Issue New Regulations. DOL would promulgate regulations that set parameters for providing UI benefits to FMLA-covered leave takers. The rule would allow States to deem the UI availability requirement met during FMLA-covered leave and would set specific program design requirements.

PROS:

- Empowers DOL to design program parameters and data collection requirements.
- Provides DOL with greater leverage to guard against future objectionable State efforts.
- Provides opportunity for public comment, more involvement of other federal agencies, and time for fine tuning the many program issues.

CONS:

- Could also provoke strong congressional opposition and legislative riders.
- Would be a time-intensive process, taking at least a year to finalize and requiring States to wait for regulations to take action.
- Also subject to SBREFA process of congressional review.

OPTION THREE: Instruct DOL to Produce Model State Legislation for Separate UI-FMLA Fund. DOL would encourage States to divert a portion of UI taxes to fund special benefits for workers on FMLA leave and develop voluntary model State legislation for such a tax-neutral approach, which would be separate from but administered by the State UI authority, to provide wage replacement benefits for FMLA-covered leave.

PROS:

- Provides DOL with the greatest ability to minimize risks to the solvency and integrity of the UI system.
- Model legislation would be based on successful State efforts to create separate funds for training and reemployment assistance.
- No administrative or regulatory actions are needed.

CONS:

- Could be ineffective in promoting State action, as States may be concerned about the appearance of creating a new tax structure to cover FMLA benefits.
- Groups supporting DOL policy change will view this option as weak (they may prefer that the Administration do nothing than advance this approach).

Recommendations:
TO COME

___ INSTRUCT DOL TO ISSUE REVISED PROGRAM GUIDANCE

___ INSTRUCT DOL TO PROMULGATE REGULATIONS

___ INSTRUCT DOL TO DEVELOP MODEL LEGISLATION FOR STATES

___ LET'S DISCUSS

THE WHITE HOUSE

WASHINGTON

May 21, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: **BRUCE REED**

SUBJECT: **POLICY ANNOUNCEMENTS FOR GRAMBLING SPEECH**

Your Grambling State University commencement address this Sunday focuses on the need to empower parents with greater tools to balance their responsibilities to their jobs and their families. You will release a new study by the Council of Economic Advisors that analyzes the "time crunch" that parents increasingly feel. In addition, you will announce a new policy that addresses this challenge for federal workers. You will direct the Office of Personnel Management to revise its regulations to allow federal workers to use up to 12 weeks of accrued sick leave to care for a spouse, child, or parent with a "serious health condition," as defined under the Family and Medical Leave Act (FMLA). Currently, federal workers are allowed to use only 13 days of sick leave to care for an ill relative. This new policy will enable federal workers to use the sick leave they have earned on the job to take care of a loved one with a serious health condition.

The DPC also has led a policy process to examine non-legislative options for action to enable states on a voluntary basis to use their Unemployment Insurance systems to provide benefits to workers on some form of FMLA-covered leave. This year, in part responding to UI trust fund surpluses, four states – Massachusetts, Vermont, Maryland, and Washington – had bills introduced in their state legislatures that would do this. Three of the four states, anticipating conformity problems, have asked for comment from the Department of Labor (DOL). While many question the prospects of State legislative efforts, DOL has been pressured by Senators Kennedy, Dodd, Leahy, and Murray, the AFL-CIO, and women's groups to allow states this flexibility; business groups have weighed in strongly against opening up UI for this purpose.

Taking a non-legislative step to advance paid leave for American workers would be a way to enable more workers to spend time with their families during important times. The 1996 FMLA Study, *A Workable Balance*, found that lost wages are a significant barrier to taking leave, particularly for lower income workers. Even if no state immediately elected to use its UI system in this way (as many argue is very likely), advancing a proposal that would allow State experimentation would send a strong message that making leave affordable for workers is a new priority and that states should consider creative ways to provide paid leave benefits.

However, the challenges and risks to embracing an expansive change to the UI system are considerable. First, the expense of such a system, if ever fully implemented in all states, would be significant. It is not deficit neutral in the short term since taxes will not match benefit spending which is estimated to begin at $2 billion annually, but will likely be deficit neutral in the long term (10-20 years). Second, the breadth of purposes covered by the FMLA raises concerns. The majority of FMLA-covered leave is taken by workers caring for their *own* serious health conditions, and advancing a policy of providing UI benefits for this category of leave might transform the UI system into a paid sick leave program and lead to significant and regressive substitution effects (employers might abandon their sick leave benefit programs). Third, while today most UI tax collection is "experience rated" (meaning that employers pay into the system based on their workers' use of it), the cost of this new policy should be borne as broadly as possible to guard against possible employer discrimination against women of child-bearing age.

Your advisors have come to a consensus recommendation that would enable you to advance the policy of paid leave, while mitigating the potential for unintended negative consequences. You would direct the Department of Labor (1) to issue regulations and (2) develop model legislation that together would guide the states to confine the allowance of new UI benefits to parents following birth or adoption (and, perhaps, other analogous categories) and that would ensure that these new benefits are not "experience rated." Limiting these new benefits primarily to leave following birth and adoption would alleviate concerns about expanding the uses of the UI system while responding to the area of greatest need. The 1996 FMLA report found that maternity-disability leave tends to be unpaid or partially paid, while all other types of leave are significantly more likely to be fully paid.

Ideally, DOL's regulation would be able to limit states to using UI only for parental leave (and, perhaps, other analogous categories). The DOL Solicitor's Office is still reviewing whether it has the legal authority to impose these limits; there is a question whether it can distinguish between parental leave and other FMLA categories. If the Department cannot do so, we would rely on model legislation to guide states toward this relatively modest expansion. This course has some risk; states, after all, could choose to ignore our direction and guidance. We are relatively confident, however, that few states would elect to impose far greater burdens on their own UI systems than we would recommend in our model legislation.

This general approach would allow you to send a very clear signal about moving forward on unpaid leave for new parents, while also making clear that you will not countenance other, less appropriate uses of UI benefits. The action, however, will not be uncontroversial. Business groups and Republican allies on the Hill may object even to this limited expansion of the UI system and attempt to halt the regulatory process through appropriations riders.

All of the offices involved in this process – the DPC, NEC, OMB, DOL, the Department of Treasury, CEA, and First Lady's Office – agree that the recommendation presented in this memorandum is an innovative and responsible approach to addressing this issue.

____ **PROCEED** ____ **HOLD OFF AT THIS TIME** ____ **LET'S DISCUSS**

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Document 14 of 50.

The Boston Herald

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May 24, 1999 Monday ALL EDITIONS

SECTION: NEWS; Pg. 001

LENGTH: 874 words

HEADLINE: **Clinton** pushes plan for paid **family leaves**

BYLINE: By J.M. Lawrence

BODY:

Taking his cue from a plan already on the table in Massachusetts President **Clinton** yesterday said states can now use their flush unemployment accounts to give **parents** paid time off to care for kids.

"We ought to set a goal that all working Americans can take time when they need it to care for their **families**, without losing the income they need to support their **families**," **Clinton** said.

Citing the string of deadly school shootings and recent hate crimes, **Clinton** said the nation's **families** need more time together."We as a nation must find a way to give your generation of **parents** some of that time back," **Clinton** told 477 graduates of Grambling State University in Louisiana.

"For all of this nation's pro-family rhetoric, the hard truth is that other countries with advanced economies do a lot more to support working parents than we do. He cited a new study showing families today spend an average of 22 fewer hours per week together than in 1969.

The "round-the-world, round-the-clock economy" is putting more demands than ever on working parents, the president noted.

Over the course of a childhood now, kids spend two years less time with their parents than they did 30 years ago, according to the new study presented by the Council of Economic Advisers.

The plan for paid maternity, paternity and other family leaves drew high praise from the president of the National Council on Family Relations.

"We have a time famine in this country," said council leader William Doherty, professor of family social science at the University of Minnesota. "Definitely children get less face time than ever before."

Parents should be able to care for young kids without lying about their own health to use their sick time, Doherty said.

"Let's make it clean and clear and open and not have people sneaking around," he said.

Clinton directed the Labor Department to develop rules so states could use surplus unemployment funds - which are administered by the states - to pay for leave for parents of newborns and adopted children.

The move comes in response to requests from Maryland, Massachusetts, Vermont and Washington.

U.S. Sen. Edward M. Kennedy (D-Mass.) sent the president a memo May 22 highlighting the problems of parents who cannot afford to take time off.

The memo advises changing Labor Department rules to allow states to use their unemployment funds for the time off.

"This step - which would pose no cost to the federal government - would be a major step forward in fulfilling the promise of the landmark Family and Medical Leave Act," Kennedy wrote.

The 1993 landmark legislation gave workers 12 weeks of unpaid leave to care for newborns or ailing parents, spouse or children.

But research shows few families can afford the time off.

"The current law just meets a fraction of the need," Clinton said yesterday.

Massachusetts' unemployment fund has soared to more than $ 1.8 billion thanks to the Bay State's economic growth and less than 3 percent unemployment rate.

Bills sponsored by Sen. Stephen Lynch (D-South Boston) and Rep. Anne Paulsen (D-Belmont) would tap the fund to offer workers portions of their weekly pay when they take family leave.

Lynch noted America's family structure and work habits have changed dramatically since the unemployment compensation system was created in the 1930s.

"It has served us less well and it's time for an adjustment," he said. "I think we should make a fairer accommodation to helping families."

Employers, however, are balking at using the fund for time off.

"We don't think it's a good idea," said Donald Baldini, senior vice president for legislative policy at the Associated Industries of Massachusetts.

AIM fears the proposal would put Massachusetts companies at a competitive disadvantage with other states who don't pay for family time off, Baldini said.

Estimates for the cost of the change have ranged from an additional $ 200-$ 250 million annually out of the unemployment fund.

"Although the economy is doing really well right now, our members are still mindful they have a lot of higher employment costs in Massachusetts than their competitor states," Baldini said.

Trying to set an example for corporate America, Clinton also announced that federal workers can now use their own sick days - up to 12 weeks of accrued time annually - to care for an ailing family member.

"If every company in America that offers sick leave to its workers adopted the same policy we're adopting today, half of all the American work force would have this important benefit," Clinton told graduates.

Most federal employees now can take only 13 days of sick leave each year for such a need.

The expansion will cost the government about $ 60 million a year, a U.S. official said.

Estimates are that about 0.5 per cent of the federal work force would use the full 12 weeks of benefits allowed under the new policy.

Caring for children when they are sick is important relationship-building time, Doherty noted, especially for teens who don't often express what's on their mind.

"With older kids you have to be around them enough," Doherty said. "They don't make an appointment with you to open up."

Herald wire services contributed to this report.

LOAD-DATE: May 24, 1999

The Boston Globe

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May 24, 1999, Monday ,City Edition

SECTION: NATIONAL/FOREIGN; Pg. A1

LENGTH: 944 words

HEADLINE: Clinton vows to let states help parents; Benefits touted for infant care

BYLINE: By Ann Scales, Globe Staff

BODY:

GRAMBLING, La. - Calling parents too stressed and overworked, President Clinton said yesterday he would order a change in federal regulations that would allow workers to collect unemployment benefits while on leave to care for newborn or newly adopted children.

In a commencement address at Grambling State University, the president said the revisions would give states the enlarged authority to provide the benefits. The change follows inquiries from Massachusetts, Maryland, Washington and Vermont, which, the White House said, have bills pending in their legislatures to allow them to use surpluses in unemployment insurance programs to pay leave benefits to new parents.

Clinton also proposed greatly expanding the government's sick leave policy to allow federal workers up to 12 weeks off with pay to care for seriously ill family members. Neither action, White House aides said, requires the approval of Congress.

Clinton said the federal government needed to find "creative ways to help Americans use benefits they've worked for to finance the time off they need for their families."

He said last month's killing of 14 students and a teacher at Columbine High School in Littleton, Colo., coupled with a recent spate of hate crimes, underscored the importance of making "the bonds that tie parents to children stronger."

Armed with a new study by his Council of Economic Advisers that shows that more parents are working outside the home and have less time for their children, he said, "It all begins with family, with parents who love their children more than life and raise them to live their dreams."

According to the study, the percentage of married mothers in the work force has nearly doubled over the last 30 years, from 38 percent in 1969 to 68 percent in 1996.

Because more mothers are working outside the home and the number of single-parent households has risen, parents now have 22 fewer hours each week, or 14 percent less time, to spend at home than they used to, the study said.

"That means by the time a child reaches the age of 18 in today's world those 22 hours a week amount to over two years more the parents are away from home," Clinton said.

He told the nearly 500 graduates, "We as a nation must find a way to give your generation of parents some of that time back."

Clinton said the Family and Medical Leave Act, the first bill he signed into law as president in 1993, "just meets a fraction of the need." Too many families, he added, "can't take advantage of the law because they can't afford to take the time off because they can't live without their paychecks."

He said, "In our around-the-world, around-the-clock economy, there just don't seem to be enough hours in the day for parents to do everything they need to do."

Clinton challenged the private sector to follow his lead by allowing more paid sick leave to employees caring for a spouse, child or parent with a serious illness like cancer, heart or kidney disease.

He has directed the Federal Office of Personnel Management to revise its regulations to allow employees to use up to 12 weeks of accrued sick leave each year to care for an ill family member. Currently, most federal employees are limited to 13 sick days a year.

"If every company in America that offers sick leave to its workers adopted the same policy we're adopting today, half of all the American work force would have this important benefit for their families," he said.

White House officials estimated that about half a percent of the federal workforce would use the option, costing the federal government about $60 million annually.

Clinton also directed Labor Secretary Alexis Herman to draw up the new regulations authorizing the expansion of the unemployment insurance system.

But Clinton aides said it would be up to the states to decide whether to use the surpluses most have in their unemployment insurance programs to allow parents paid leave following the birth or adoption of a child.

"This would be strictly voluntary," said White House spokesman Barry Toiv.
Clinton told the graduates at the historically black college, "If you or any American has to choose between being a good parent and successful in your careers, you have paid a terrible price, and so has your country."

He urged school districts to "unlock those empty classrooms in the late afternoon, fill them with the sounds of children playing and learning" and prodded business "to do more by helping their own workers find and afford quality child care."

The commencement speech was the first of three Clinton will deliver this spring. He will address graduates at the Air Force Academy in Colorado on June 2 and the University of Chicago on June 12.

Clinton, who received an honorary Doctor of Laws degree from Grambling, was also offered a post-White House job by university President Steve A. Favors, who enticed the president with offers of Louisiana cuisine, including "gumbo, jambalaya, crawfish . . . collard greens, sweet potato pie and ham."

Favors said, "We'll even allow you unlimited opportunities to play the saxophone with the world-renowned Grambling State University marching band," which, in a tribute to Clinton, performed the song "Heatwave" during the ceremony.

Said Clinton: "I was getting into this" before Favors said he was just kidding. "I've got a good pension, I can work pretty cheap."

Favors was not the only one thinking about future jobs. As Clinton began his speech, telling graduates that this was an important day in their lives, one student yelled out, "I need a job!"

Clinton replied, "Well, you'll be able to get one now."

GRAPHIC: PHOTO, AP PHOTO/President Clinton received an early-morning salute as he departed Air Force One at Barksdale Air Force Base, La., yesterday.

HOUSTON CHRONICLE ARCHIVES

Paper: Houston Chronicle
Date: MON 05/24/99
Section: A
Page: 1
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New rules will upgrade `quality time' /Parents getincentive to be with children

By CRAGG HINES
Staff

GRAMBLING, La. - President ***Clinton*** , moving again into the "quality time" debate, authorized new rules Sunday to allow states to dip into flush unemployment funds to finance ***leave*** for parents of newborns and recently adopted children.

If an American "has to choose between being a good parent and successful in your careers, you have paid a terrible price, and so has your country," ***Clinton*** said.

The president's action was announced in a commencement address at Grambling State University, the 98-year-old historically black college in north-central Louisiana.

The White House said funding to allow parents time off with new children was needed because a study had found loss of wages was "the most significant barrier" to taking advantage of the ***Family*** and Medical ***Leave*** Act. The law, initially fought by Republicans in Congress, was the first major legislation ***Clinton*** signed.

Clinton said the law, which mandates up to 12 weeks of unpaid ***leave*** , had been "a great thing." He repeated his call for the Republican-controlled Congress to allow the law to cover more workers and "more parental responsibilities."

"Parents should not have to fear a boss's wrath because they left work to take a child to the doctor," ***Clinton*** said. "They shouldn't have to call in sick to attend a parent-teacher conference at the school."

The White House disavowed any political intent in ***Clinton*** 's announcement, but the new paid time-off benefit may be especially appealing to working single mothers, who have become a major Democratic constituency. ***Clinton*** also set up ***family leave*** issues as a challenge for Republicans who portray themselves as "pro-***family*** " advocates."

"For all this nation's pro-***family*** rhetoric, the hard truth is that other countries with advanced economies do a lot more to support working parents than we do," ***Clinton*** said. "We must think bigger and do better."

Clinton called on companies to expand ***family*** -friendly practices such as telecommuting, on-site child care centers and schools at large work sites.

Clinton said his return to the issue of parents spending more time with children was prompted by the school shooting in Littleton, Colo., as well as incidents of hate crimes, including the dragging death near Jasper of James Byrd Jr., a black man, and the beating death in Wyoming of Matthew Shepard, a homosexual.

"I've been thinking a lot about ***family*** lately," ***Clinton*** said. He spoke not only of "the need to make guns less available to criminals and children" but also "the need to raise our children to respect others who are different from themselves."

Clinton 's move to free unemployment funds does not require congressional approval, the White House said, but can be accomplished by the Labor Department adopting new rules.

Four states - Maryland, Massachusetts, Vermont and Washington - have legislation pending and other states have expressed interest about tapping unemployment insurance accounts to fund parental time off, White House aides said.

States will not be compelled to use the new program, but they would have the option of adopting some form of parental time-off funded by unemployment insurance revenues.

The move to the new rules was eased by the healthy economy, which has spurred employment and cut claims of the jobless for unemployment insurance. ***Clinton*** said the new time-off program would not endanger the soundness of unemployment insurance funds.

"We're fortunate that we have the extraordinary economy that we can address the challenges employees face," said White House spokesman Barry Toiv. "It's something you can do more easily when the economy is prosperous."

Clinton also ordered new rules to allow federal employees to use up to 12 weeks of accrued sick ***leave*** each year to care for close ***family*** members who are seriously ill. The maximum they can currently use for the purpose is 13 days annually.

Although limited to federal workers, the move will almost certainly lead to pressure on private industry to match the program.

"If every company in America that offers sick ***leave*** to its workers adopted the same policy we're adopting today, half of all the American workforce would have this important benefit for their families," ***Clinton*** said.

The president did not mention in the address his earlier call for federal legislation to combat what the White House says is employment discrimination against workers with children. Toiv said the issue remains under study.

The White House said ***Clinton*** intended, in the Grambling speech and another at the University of Chicago commencement on June 12, "to put a human face on the dynamic and prosperous new economy" at home and abroad.

The remarks in Chicago are expected to emphasize the international economy. White House spokesman Joe Lockhart said that ***Clinton*** would be "arguing for the great benefits to America of free and open trade . . . making sure that all people are lifted up by the positive changes in the global marketplace."

One Grambling graduate had a more immediate request, calling out: "I need a job."

"Well, you'll be able to get one now," ***Clinton*** replied.

Grambling presented ***Clinton*** an honorary degree, and the school's famous marching band rocked Robinson Stadium with a raucous musical tribute to the president. At one point in the medley, the band announcer, said: "Our love for you is like a heat wave," an obvious musical cue, which ***Clinton*** greeted with a laugh and an appreciative wave.

Eddie Robinson, who until his retirement was known as the "winningest coach" in college football, helped ***Clinton*** with his doctoral degree regalia.

Clinton will also speak at the Air Force Academy commencement on June 2, an address expected to center on foreign affairs, including a further assessment and justification of the NATO campaign in Yugoslavia.

The president's address Sunday was based, in part, on a new report by the Council of Economic Advisers analyzing the "time crunch" created by women spending more time on the job, meaning they have less time to spend with their children.

The report said that over the last three decades, there has been a 79 percent increase in married women who work outside the home - from 38 percent in 1969 to 68 percent in 1996. The increase for single mothers has been less dramatic - 53 percent to 66 percent over the same 27-year period.

The report said "virtually all of the increase" in families' work hours has come from women going into the labor market because husbands' hours of paid work have decreased slightly since the 1960s.

Clinton Offers Family Leave Plan To Ease Parents' `Time Crunch'

Monday, May 24, 1999
San Francisco Chronicle
CHRONICLE SECTIONS

Eric Lichtblau, Los Angeles Times

President Clinton declared yesterday that America's working parents need to spend more time with their children, and he offered two government-subsidized family leave programs to help make it possible.

Citing a new federal study that says working parents must contend with a worsening ``time crunch,'' the president said both plans would give people the financial flexibility they need to take time off from work to tend to family needs.

``Parents should not have to fear a boss' wrath because they left work to take a child to the doctor. They shouldn't have to call in sick to attend a parent-teacher conference at the school,'' Clinton told nearly 500 graduating students at Grambling State University in northern Louisiana.

The first plan offered by Clinton would allow states to essentially underwrite family leave for parents after a birth or adoption, tapping into surplus unemployment benefits to help pay their salaries while they are off work. The plan doesn't require congressional approval.

In a companion idea, Clinton directed government officials to let federal employees take up to 12 weeks of accrued sick leave to care for seriously ill family members, a significant increase from the 13 days currently allowed. And he challenged private employers to follow suit.

Clinton has focused repeatedly in recent weeks on combating the roots of hatred evident in the Littleton, Colo., school massacre and the ``ethnic cleansing" in Kosovo, and he expanded on that theme in the first of three commencement addresses he will deliver in coming weeks.

``It all begins with family," he told the audience at Grambling.

Introducing the results of a study conducted by his economic advisers, Clinton said Americans are suffering because they are spending far less time with their families than a generation ago. And, he warned, ``unless we act now, that problem will get worse."

Clinton's plan for underwriting parental leaves reflects the interest expressed by several states in putting to use surplus unemployment insurance

--a benefit of declining joblessness -- to help new parents take time off from work.

Officials said four states -- Maryland, Massachusetts, Washington and Vermont -- have sought permission from the federal government to use their surpluses to offset the salaries of parents taking leave from work to be with their children.

Clinton's plan directs the Labor Department to draft regulations to allow such diversions, if states choose to enact legislation financing the parental leaves. More than half the states have unemployment insurance surpluses, officials said.

Clinton's directive to permit about 2 million federal civilian employees to take expanded sick leave would cost the government about $60 million a year, spread across all federal agencies.

Officials expect that about 0.5 percent of the federal work force -- about 10,000 employees -- would use the full 12 weeks of sick time to tend to ailing family members, a White House official said.

Noting that the first bill he signed as president was the Family and Medical Leave Act of 1993, Clinton said the two new plans represent bold and significant expansions of current laws protecting workers who need to take time off.

``To be truthful, the current law just meets a fraction of the need. Too many people, too many family obligations aren't covered at all. Too many families can't take advantage of the law because they can't afford to take time off because they can't live without their paychecks,'' he said.

``For all of this nation's pro-family rhetoric, the hard truth is that other countries with advanced economies do a lot more to support working parents than we do,'' Clinton said. ``We must think bigger and do better.''

He urged private employers to develop more on-site day care programs for the children of employees, and to expand telecommuting and other work options to give working parents more flexibility in managing their time.

The study, prepared by the Council of Economic Advisers, focuses on a growing ``time crunch'' for U.S. families, tracing trends in the hours that Americans are spending at work and at home since 1969.

The report found a ``dramatic shift'' in women leaving the home to join the work force, with 68 percent of married mothers holding paying jobs in 1996 compared with 38 percent in 1969.

That, in turn, has caused a 14 percent reduction in the time parents have available to spend with their children. An increase in single- parent families has also fueled the problem, the study said.

next/ previous article in Chronicle section

 Page A1

Chronicle Sections GO

National

The New York Times on the Web

May 24, 1999

Clinton Urges Unemployment Funds to Give Parents Time to Care for Children

By JOHN M. BRODER

GRAMBLING, La. -- Seeking to expand one of his most popular programs, President Clinton said Sunday he would direct the Labor Department to explore ways to allow states to use surplus unemployment insurance funds to subsidize parents who take time off to care for a new child.

The president announced the proposed expansion of the Family and Medical Leave law during a commencement address at Grambling State University, a historically black school in north-central Louisiana. Clinton used the speech to discuss the growing strains faced by working parents and to offer a few nuggets of relief.

"Today's working parents too often feel enormous stress and bring that stress home with them," the president said Sunday morning under a roasting sun in Grambling's football stadium, as thousands fanned themselves with commencement programs. "Unless we act now, this problem will get worse."

The president said that states should be permitted to broaden the definition of unemployment to include those parents who voluntarily take time off to care for newborns or newly adopted children. Many new parents do not take advantage of the unpaid leave offered under the Family and Medical Leave Act of 1993 because they cannot afford to live without their wages even for a few weeks after a child is born.

More than half the states are running surpluses in their unemployment accounts and several are looking at ways to return the payments to employers who finance the systems or to pay for new benefits. Four states -- Maryland, Massachusetts, Vermont and Washington -- have asked the federal government to approve the use of those excess funds to expand benefits to new parents who want to take time off work.

Surpluses in states' funds for the jobless and in their medical accounts for children and the indigent are overflowing because of low unemployment and reductions in welfare and health care benefits, sparking a classic liberal-conservative political debate. The president and Democratic lawmakers believe the money should be devoted to expanded benefits. Business groups and many Republican lawmakers say the money should be returned to employers and taxpayers.

The president also proposed allowing federal employees to use their accumulated sick leave to care for seriously ill family members, a modest expansion of current benefits that would cost the government about $60 million a year, a White House aide said. The proposal potentially affects 10,000 federal workers, the aide said.

Clinton cited a new study by the White House Council of Economic Advisers that says that American parents are working longer hours and spending less time at home with their families. The longer work hours and the growing number of women in the work force has cost the typical American parent 22 fewer hours a week with his or her children, according to the study.

"They found that because more and more parents are working outside the home, they have less and less time with their children," Clinton told the Grambling graduates. "I believe it is imperative that your country give you the tools to succeed not only in the workplace but also at home. If you or any American has to choose between being a good parent and successful in your careers, you have paid a terrible price, and so has your country."

Clinton's commencement address at Grambling (Motto: Everybody is Somebody) is the first of three he plans to deliver this spring. In June, he will speak at the Air Force Academy and at the University of Chicago.

Clinton said he was delighted to leave the political warfare and second-guessing on Kosovo in Washington to spend the morning here.

"Washington is a town where everybody thinks they're somebody," Clinton said. "I wanted to come to the place where everybody is somebody."

The 500 graduates and thousands of family members cheered heartily.

Sunday May 23 5:37 PM ET

Clinton Pushes Family Help Plan

By SONYA ROSS Associated Press Writer

GRAMBLING, La. (AP) - Seeking a balance between Americans' work and home life, President Clinton said Sunday states could tap unemployment surplus funds for paid leave for new parents and federal workers could use sick days to care for an ailing family member.

``We as a nation must find a way to give your generation of parents some of that time back," Clinton told 477 graduates of Grambling State University.

``For all of this of this nation's pro-family rhetoric, the hard truth is that other countries with advanced economies do a lot more to support working parents than we do. We must think bigger and do better."

The president said the ``round-the-world, round-the-clock economy" was putting more demands than ever on working parents, and a new study by the Council of Economic Advisers showed families today are spending an average of 22 fewer hours per week together than families did 30 years ago.

Clinton directed the Labor Department to develop rules so states could use surplus unemployment funds - which are administered by the states - to pay for leave for parents of newborns and adopted children.

The move comes in response to requests from Maryland, Massachusetts, Vermont and Washington. The majority of states now have surplus unemployment funds, said White House spokesman Barry Toiv. The proposal was expected to cost about $60 million, spread over various federal agencies.

Administration officials said the proposal does not require congressional approval, but could require some changes in various state laws.

Federal workers also drew the president's attention.

He said that while the 1993 federal family leave law has helped ease the strain on workers who must care for a sick parent, spouse or child, it did not provide relief for those unable to take time off without pay.

``We ought to set a goal that all working Americans can take time when they need it to care for their families, without losing the income they need to support their families," he said.

As a start, Clinton directed the Office of Personnel Management to allow federal employees to use up to 12 weeks of accrued sick leave annually to care for a seriously ill family member.

Most federal employees now can take only 13 days of sick leave each year for such a need.

``If every company in America that offers sick leave to its workers adopted the same policy we're adopting today, half of all the American work force would have this important benefit," Clinton said.

The family leave law says all employers with 50 or more workers must allow up to 12 unpaid weeks off to care for a new baby or seriously ill family member. The law also allows workers to use sick time and vacation so they can get paid during their leave.

Clinton told the graduates they were successful mainly because of their parents' sacrifices. He singled out the parents of two graduates as other parents and families in the stands clustered under umbrellas and fanned themselves with programs in the heat.

Clinton cited his own childhood days beside his grandfather, who ran a small community store. He also recalled giving that same exposure to his daughter Chelsea: watching her draw pictures at a little desk across from his in the Arkansas governor's mansion, and set aside time in the evenings so he could eat with her and his wife Hillary.

``I've been thinking a lot about family lately, and I expect a lot of you have," Clinton said.

Weighing on his mind have been the school shootings in Littleton, Colo. and Conyers, Ga., the hate crimes that killed James Byrd Jr. in Texas and Matthew Shepard in Wyoming, and ethnic cleansing in Bosnia, Rwanda and Kosovo.

Those events, Clinton said, ``force us to confront the need to raise our children to respect others who are different from themselves. ... It all begins with family, with parents who love their children more than life and raise them to live their dreams."

The speech was the first of three commencement addresses Clinton plans this year on the impact of the nation's booming economy. He also is scheduled to address graduates of the Air Force Academy on June 2 and the University of Chicago on June 12.

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philly.com
The Inquirer SMTWTFS May 24, 1999

National

Clinton proposes funds for parents taking off work

By Randall Mikkelsen

REUTERS

GRAMBLING, La. - President Clinton yesterday proposed giving unemployment pay to workers who take time off their jobs to care for a new baby or adopted child, so more employees can take advantage of family-leave provisions.

Citing a new White House report documenting a decline in the amount of time parents have available to spend with their children, Clinton told the graduating class of Grambling State University "we as a nation must find a way to give your generation of parents some of that time back."

Clinton also said he was ordering the federal government to greatly expand the amount of sick leave its employees could draw on to take care of an ailing family member.

The move was aimed at spurring private companies to offer the same benefits, he said.

Speaking to new graduates of the historically black university, Clinton cited examples of class members whose parents had sacrificed to send them to school, and told the students that raising children, "whenever that happens, will be the most important work that you will ever do."

"As you form your own families you will no doubt feel the pressure of trying to balance the demands of work and family," he said. "Today's working parents too often feel enormous stress and bring the stress home with them."

A report by the White House Council of Economic Advisers said yesterday that the amount of time parents had available to spend with their children had declined by 22 hours per week since 1969, mainly because of more mothers working more hours for pay and an increase in single-parent families.

Clinton said the government would issue new regulations allowing states to use their unemployment insurance systems to assist parents taking unpaid time off from work under the Family and Medical Leave Act.

The law, which took effect in 1993, requires employers to give parents, if they so request, up to 12 weeks of unpaid leave to take care of a new child or ailing family member. But a 1996 study found that the loss of pay blocked many parents from taking the time.

The expansion of its leave policy would cost the federal government about $60 million a year, a U.S. official said. She estimated that 0.5 percent of the federal workforce would use the full 12 weeks of benefits under the new policy.

Clinton seeks benefit for new parents taking unpaid leave

By Mimi Hall
USA TODAY

GRAMBLING, La. — President Clinton proposed Sunday that states be allowed to use unemployment insurance to pay workers who need to take time off to care for a newborn or adopted child.

Clinton told graduating students at Grambling State University that, according to new statistics, parents today spend 22 fewer hours per week with their children than they did a generation ago.

"We as a nation must find a way to give your generation of parents some of that time back," the president said.

Delivering the first of three commencement addresses he's scheduled to give this spring, Clinton told nearly 500 graduates of the historically black university that he is directing the Labor Department to propose new regulations and model state legislation to authorize expansion of the unemployment insurance program.

By Mark Wilson, Reuters

Clinton: Receives an honorary law degree Sunday from Grambling's Eddie Robinson, left, and Neri Warner

White House aides said four states — Maryland, Massachusetts, Vermont and Washington — already have asked for federal permission to use surplus unemployment money for people taking time off for child care.

"If you or any American has to choose between being good parents and successful in your careers, you have paid a terrible price, and so has your country," Clinton said.

Clinton also directed the federal Office of Personnel Management to allow federal employees to use up to 12 weeks of accrued sick leave to care for a sick spouse, child or parent. Current rules allow federal employees to take up to 13 days per year to care for a sick relative.

Under the Family and Medical Leave Act, employees are allowed to take up to 12 weeks of unpaid time. Clinton's plan would allow federal employees to take paid leave, and the White House hopes the program will set an example for private employers.

Aides said they expect that about 10,000 of the 2 million civilian federal workers would take the full 12 weeks in any given year, at a cost of about $60 million to the government.

USA Today
May 24, 1999

Wall Street Journal
May 24, 1999

Clinton Proposes Plan to Compensate Parents for Time Off for Child Care

By JEANNE CUMMINGS
Staff Reporter of THE WALL STREET JOURNAL

GRAMBLING, La.—Parents who take time off to care for a newborn or newly adopted child may receive some government compensation under a new initiative unveiled by President Clinton.

In a commencement address at Grambling State University, Mr. Clinton also announced that the federal government will begin allowing its workers to use as many as 12 weeks of their own accrued sick leave to help family members with serious health problems; currently, employees can use 13 days. The initiative is expected to cost the government about $60 million, according to an Office of Personnel Management estimate, and the administration hopes it will prompt private industry to follow the government's lead.

"It is imperative your country give you the tools to succeed not only in the workplace, but also at home," the president told the graduates and tens of thousands of spectators. If parents are forced to choose between family and work, "you have paid a terrible price and so has your country."

Mr. Clinton's address is the first of two commencement addresses that will focus on the economy's impact on people. The Grambling address focused on the struggle of balancing work and family. Next month, the president will deliver an address at the University of Chicago that will focus on the impact expanding global trade has on labor conditions, the environment and other quality-of-life issues.

The initiatives involving family and work were prompted in part by a new Council of Economic Advisers report that found that the average time parents and children spend together has decreased by 22 hours a week in the past 30 years. The drop in family time was attributed to the increase in households with two working parents and the rise in single-parent households.

The proposal providing compensation for workers who take time off to care for new babies would be implemented through unemployment-compensation regulations and would dovetail with the Family and Medical Leave Act. Under that act, parents can take time off without pay to care for new babies. The new proposal would allow states to use surplus unemployment insurance to provide some compensation to them. The regulation change wouldn't require approval of Congress.

An administration official said the proposal was prompted by requests from four states—Maryland, Massachusetts, Washington and Vermont—all of which are now considering legislation that would allow for the payments.

The Washington Post
May 24, 1999

Clinton Expands Family Leave Act for Federal Workers

By Charles Babington
Washington Post Staff Writer

GRAMBLING, La., May 23— Federal workers will be allowed to use up to 12 weeks of accrued sick leave annually to care for a seriously ill family member, and many other employees may be able to draw unemployment benefits while caring for a baby, under orders issued today by President Clinton.

The president used his commencement address at Grambling State University to announce his latest efforts to help working parents, a favorite White House theme and one that pollsters say is popular with many voters. The new measures are essentially extensions of the Family and Medical Leave Act, the first bill that Clinton signed into law and a signature achievement of his administration.

The president, who received an honorary degree at this historically black university, released a White House report that says many parents find it increasingly difficult to maintain their jobs and spend time with their children. The report, compiled by the Council of Economic Advisers, says that since 1969, American parents, on average, have 22 fewer hours per week to spend at home.

A major reason, the report says, is "a dramatic shift of mothers' time from the household to the labor market."

"In our around-the-world, around-the-clock economy," Clinton said in his 24-minute speech, "there just don't seem to be enough hours in the day for parents to do everything they need to do. . . . For all of this nation's pro-family rhetoric, the hard truth is that other countries with advanced economies do a lot more to support working parents than we do. We must think bigger and do better."

Currently, federal workers can use up to 13 days of accrued sick leave per year to care for a seriously ill child, parent or spouse. Clinton's directive will expand the limit to 12 weeks a year, a benefit that could help those with a fairly long history of working without taking sick days. White House officials predicted that only one-half of 1 percent of federal employees will take full advantage of the new benefit, costing the government about $60 million a year.

Clinton urged private employers to follow his lead. "If every company . . . that offers sick leave to its workers adopted the same policy we're adopting today," he said, "half of all the American work force would have this important benefit."

The president also instructed the Labor Department to draft regulations allowing states to expand the use of unemployment insurance benefits, which states maintain but federal guidelines control. The proposed changes would permit parents of newborns or newly adopted children to stay home while drawing unemployment benefits, as if they had been temporarily laid off.

Under the Family and Medical Leave Act, such parents are guaranteed unpaid leave that protects their job. Clinton said many parents cannot afford it, however, because they cannot go without a paycheck even temporarily.

Four states—Maryland, Massachusetts, Vermont and Washington—have sought federal direction in making such benefits possible. Many states have hefty surpluses in their unemployment insurance funds and therefore can expand benefits, said White House spokesman Barry Toiv.

Clinton tied major domestic and international issues to the quality of family life. Recent school shootings, he said, underscore the need to "make the bonds that tie parents to children stronger. . . . The horrible ethnic cleansing of this decade in Bosnia, then Rwanda, now Kosovo, demonstrate in stark terms what can happen when a people raise their children without the fundamental premise embodied in our Declaration of Independence: that we are all created equal."

Joining Clinton on stage was Grambling's legendary former football coach Eddie Robinson, who helped the president adjust his hood when he received the honorary doctor of laws degree. Behind Robinson was Doug Williams, the university's current football coach and former star quarterback for the Washington Redskins.

Today's commencement address was the first of three that Clinton will deliver this year. He will address Air Force Academy graduates June 2, and he will speak on the international economy at the University of Chicago on June 12.

Clinton calls for expanded sick leave

Urges broader use of jobless funds

By Andrew Cain
THE WASHINGTON TIMES

Washington Times
May 24, 1999

GRAMBLING, La. — President Clinton, citing the "time crunch" for working families, yesterday directed federal agencies to give employees up to 12 weeks of accrued sick leave each year to care for seriously ill family members.

Mr. Clinton, delivering a commencement speech at Grambling State University, also proposed that states voluntarily let parents draw surplus unemployment insurance funds while they care for a newborn or an adopted child.

"Today's working parents too often feel enormous stress and bring the stress home with them," Mr. Clinton told jubilant graduates at Grambling, a historically black university founded in 1901.

"Most of the parents I know have had problems balancing work and family. And as you move through your careers, unless we act now, this problem will get worse," Mr. Clinton said as a hot sun beat down on Eddie Robinson Stadium, named for the NCAA's all-time winningest football coach.

"Therefore, I believe it is imperative that your country give you the tools to succeed not only in the workplace, but also at home," Mr. Clinton said.

Aides said the unemployment-insurance proposal would help states take advantage of the nation's booming economy while joblessness lingers at 4.3 percent, the lowest peacetime rate since the 1950s.

Mr. Clinton's June 12 commencement address at the University of Chicago will be a bookend to yesterday's speech, aides said. In that address, Mr. Clinton will put "a human face" on changes in the international economy.

Mr. Clinton did not mention NATO's 61-day air war on Yugoslavia during his address.

But the president stressed in an opinion article in yesterday's New York Times that he would not rule out any options in the Serbian province of Kosovo. Britain is pressuring NATO to be ready to deploy ground troops in a "non-permissive environment."

Mr. Clinton, who pushed to tighten gun laws after the April 20 school massacre in Littleton, Colo., said yesterday that the federal government and the states must do more to strengthen families.

Families spend 22 fewer hours per week with their children than in 1969, Mr. Clinton said, citing a report from his Council of Economic Advisers. The burden falls mainly on employed women, and is compounded by the dramatic rise in single-parent families since 1969, he said.

In 1969, 38 percent of married mothers worked outside the home, according to the report by Mr. Clinton's economic advisers. In 1998, 68 percent did.

Most federal workers now can take up to 13 days of sick leave each year to care for an ill family member, Mr. Clinton said. He directed the Office of Personnel Management to draw up regulations under which federal employees could use up to 12 weeks of accrued sick leave each year to care for a spouse, son, daughter or a parent with a "serious health condition."

The federal initiative would cost about $60 million annually, a spokesman for Mr. Clinton said.

Maryland, Vermont, Massachusetts and Washington state have introduced legislation under which their states could pay for a parent's leave with unemployment insurance funds. Mr. Clinton directed Labor Secretary Alexis M. Herman to draw up regulations and model legislation that would make it easier for states to take such an approach.

Hurdles for Clinton Paid-Leave Plan

By ALICE ANN LOVE Associated Press Writer

WASHINGTON (AP) -- President Clinton's proposal to let states tap into their unemployment funds to offer paid leave for new parents faces significant obstacles, benefit analysts say, because states likely will be reluctant to draw on accounts reserved for out-of-work people.

Among the biggest concerns: What would happen if the unemployment rate, now the lowest in nearly three decades, escalated sharply and depleted state benefit accounts now flush with cash?

``The business cycle does occur, and good times are followed by tougher times economically," said Emily DeRocco, director of the Interstate Conference of Employment Security Agencies, an association of state employment officials.

DeRocco predicted that states, which individually would have to adopt Clinton's plan, will think ``very, very carefully" before adding new parents to their unemployment rolls.

The 1993 Family and Medical Leave Act has eased the strain on workers who must care for new babies by guaranteeing up to 12 weeks' unpaid leave. But additional help is needed for those who cannot afford to take time off without pay, Clinton said in a speech two weeks ago.

The president announced he had directed the Labor Department to write new regulations letting states provide unemployment benefits to parents of newborn or newly adopted children who choose to take the leave guaranteed under the 1993 law.

As many as 6 million parents could be eligible for such programs each year nationwide, administration officials estimate.

``The economy has been good and unemployment has been down and states have benefited," said Grace Kilbane, director of the federal Unemployment Insurance Service. ``If states have very healthy balances in their (unemployment) funds, then they're in a good position if they want to broaden eligibility."

Advocates of adding new parents to the unemployment rolls in Maryland, Massachusetts, Vermont and Washington requested the federal clearance. Their proposals generally would offer full unemployment benefits, averaging $200 a week nationally, during leave.

Clinton's endorsement has sparked hope that state legislatures might now take the idea more seriously.

``It hits a chord with people. People understand it. ... The best way to take care of your family is to do it yourself," said Vermont state Sen. Jan Backus, a Democrat who has sponsored legislation.

An economic expansion -- the longest in the nation's peacetime history -- has boosted tax collection and padded many states' unemployment accounts beyond what is normally kept in reserve.

The Massachusetts account, for example, is approaching $1.8 billion, enough to pay benefits for at least two years. Labor unions, women's groups and others pushing for paid leave there have calculated it would cost $150 million a year, or about $1.25 per worker per week.

``Our view is, can you afford a cup of coffee for your employees per week so they can have the peace of mind?" said Monica Halas, senior employment attorney at Greater Boston Legal Services.

Employers who pay the taxes that fill unemployment coffers do not see it that way.

``You've got a bit of a bait and switch here," said Dan Danner, vice president for public policy at the National Federation of Independent Business. ``An attitude by some ... is let's expand the programs to fit the taxes, and if we have a surplus, heaven forbid you give it back."

In addition to state taxes, employers must pay a federal unemployment tax of 0.8 percent on the first $7,000 of each workers' wages. That money goes, in part, to a bailout fund that makes loans to states when their own accounts prove insufficient.

The $7.4 billion federal account has no loans outstanding. But

Draft Outline of Dodd Bill on
FIRST Insurance Demonstration Program

Title: FIRST (Family Income to Respond to Significant Transitions) Insurance Demonstration Project

Findings:

* 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.

* Although some Americans already receive wage replacement during periods of family or medical leave, the benefit is not shared equally in the workforce. Employees with lower education and income are less likely to be paid than higher educated and salaried employees. Furthermore, women, minority group members, and younger workers are slightly less likely to receive wage replacement than male, White, and older workers respectively.

* 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, 25% borrowed money, and 9% obtained public assistance.

* Taking a leave often drives low-wage earners into poverty, with 21% of low-income leave-takers without full wage replacement resorting to welfare.

* Many studies have documented shortages in the current supply of infant care, and this situation is expected to deteriorate as welfare reform is implemented. For example, the GAO estimates that by the time the 50% welfare-to-work participation goal is reached in 2002, 88 percent of infants needing child care in the Chicago area will not be able to find it.

Program: Authorize $200 million for a demonstration program of FIRST Insurance. The program would be jointly run by the Department of Labor and the Department of Health and Human Services and would fund demonstration projects in a number of states or local communities to experiment with different mechanisms of providing parents with wage replacement after the birth or adoption of a child.

Encourage the DOL and HHS to fund projects utilizing different approaches, including expansion of state or private Temporary Disability Insurance plans and expansion of state Unemployment Insurance Compensation programs to provide partial or full wage replacement to those taking time off to care for a new child.

States, substates or local governments would be eligible to apply for funding. Applications would be required to show:

1) planning that involved the employer and employee communities;
2) estimates of costs and benefits;
3) extent of coverage, and;
4) how the proposal builds on existing state and private systems.

Applicants would need to show how they would assist working Americans taking time to care for a new child. But they would not be limited to just this group. States could choose to expand this group 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 babies.

Evaluation: Require that projects be thoroughly evaluated, particularly on the costs and benefits of the insurance. In addition, a small portion of the funding would be set aside for national research, evaluation and coordination, including research comparing the different mechanisms of providing insurance and the experiences of the different demonstration projects, and analyzing the overall need for insurance.

Today's debate: Worker benefits

Flexibility key to family leave

OUR VIEW: State mandates forcing firms to fund leave are not the answer.

When President Clinton signed the Family and Medical Leave Act barely a month after taking office in 1993, he promised that "people will no longer have to choose between their jobs and their families."

Many businesses, though, didn't see it that way. They predicted the new benefit would end up increasing their personnel costs.

Six years later, unpaid family leave is meeting most people's needs well, without costing businesses too much.

Employees aren't exploiting the system, with fewer than 4% of the workforce annually taking unpaid leave for a birth, adoption or serious family or personal illness as the act allows. And most take off less than two weeks, not the 12 permitted by the law. Another 16% simply use other paid leave for their needs.

But because 3% who want to use family leave each year say they can't afford to, a movement is building to make businesses partially replace the pay of those taking leave.

Proposals in several states, including Massachusetts, Vermont, Maryland and Washington, would use employer-financed unemployment-insurance funds to provide family-leave pay averaging $200 a week. Last month, Clinton gave the efforts a boost by directing the Labor Department to write rules so states can use their programs to fund leaves following childbirth or adoption.

The aim is worthwhile. Guaranteeing a worker time off to deal with a family crisis doesn't do much good if it's unaffordable. But government mandates that force companies to fund paid family leave are an overly bureaucratic solution to the problem.

Backers of the Massachusetts plan make partially paid family leave sound cheap, at about $65 a worker annually. Still, that equals what businesses now pay in federal unemployment taxes. And because the programs would be administered like unemployment benefits, workers would face paperwork hassles to verify they weren't abusing the system.

There are easier ways to promote paid family leave programs. Many employers have already shown a willingness to help workers maintain paychecks when their families need them at home. A 1999 survey by the Society for Human Resource Management found 49% of its members, which employ 100 million, provide paid maternity leave; 20%, paternity leave; and 76%, short-term disability.

Government could encourage more paid-leave arrangements by easing tax rules so more smaller businesses could set up the cafeteria-style benefit plans now available at nearly half of all large firms. Then workers could trade other benefits for even fully paid family leave. Or government could direct aid to those who truly need help rather than to all workers through means-tested grants or tax credits.That's the kind of flexibility that is needed to ensure the Family Leave Act fulfills its promise for more families, without raising Cain with business.

Mandate would aid all workers

OPPOSING VIEW: Paid leave would ease hardship, boost 'family values.'

By Linda Johnson

President Clinton recently announced that he was instructing the U.S. Department of Labor to develop regulations that would allow states to use their unemployment insurance programs to cover workers on temporary leaves following childbirth or adoption.

This is a significant victory for Massachusetts and the three other states that have been awaiting approval from DOL to use unemployment insurance for family and medical leave. However, this limited expansion simply does not go far enough.

There is no doubt that parents ought to be compensated for wages lost following childbirth. But Massachusetts workers want and need an equitable family and medical leave policy that protects all workers.

The Massachusetts Family Leave Coalition supports two bills pending in our state legislature that will do just that. One proposes using unemployment insurance benefits to provide wage replacements to workers who must take temporary family or medical leave. The other would create a more comprehensive temporary-disability and family-leave insurance program that would cover all working families.

Mandated family and medical leave insurance is critical to protecting the health and well-being of working families in Massachusetts. Nearly 40% of our workforce is excluded from federal family leave coverage due to the size of their employers. Low- and moderate-income workers simply cannot take unpaid leaves, for any reason. And in view of our state's insistence on maintaining a strict 24-month time limit on welfare benefits, single mothers and their children are at grave risk of being left with absolutely no safety net.

We hear a lot of rhetoric from politicians about "family values," but see shamefully little in terms of concrete action. Despite years of urging and cajoling, few employers voluntarily provide these basic benefits. Mandating a meaningful family and medical leave policy is the only way to ensure equitable coverage for all working families.

Paid family and medical leave will not solve all of the problems that families face in trying to balance family and work, but it is a worthwhile, important first step.

Linda Johnson is executive director of the Women's Statewide Legislative Network in Boston.

USA TODAY · WEDNESDAY, JUNE 9, 1999

Section 825.113 of the Family and Medical Leave Act (FMLA) defines a spouse as follows:

"Spouse means a husband or wife as defined or recognized under State law for purposes of marriage in the State where the employee resides, including common law marriage in States where it is recognized."

This definition, worked out on the House floor, excludes same-sex couples from coverage under the FMLA, unless a state chooses to expand the definition of husband or wife to a same-sex union.

Below is our policy for the new directives for each agency:

<u>DOL Directive</u>
As you know, the details of this policy are only now being worked out. However, if we design the model legislation and regulations after the FMLA, the only way to expand the definition of spouse would be to amend the FMLA. Indeed, it might be awkward to mirror every portion of the FMLA in our model legislation for UI, except the definition of spouse.

<u>OPM Directive</u>
Beyond the 13 days already set aside for sick leave, OPM does not have the regulatory authority to expand the definition of spouse beyond the language of the FMLA, and such a change would require legislation. However, OPM does allow for care of a same-sex partner – the definition used is a person with "close, personal affinity" -- under the 13 days of sick leave.

400 : 16-18

Nicole -

Prep for 4:15 mtg w/

Hum. Rts Campgn

-Ruby

Plan to Let Unemployment Insurance Pay Workers on Leave Raises Concerns

By Fowler W. Martin
Dow Jones Newswires

WASHINGTON — Controversy is brewing over a Clinton administration initiative that could lead to fundamental changes in the nation's unemployment-insurance system and a relatively new program that allows workers to take extended leaves from their jobs.

President Clinton last month directed the Labor Department to allow state governments to use unemployment-insurance funds to pay individuals on leave from their companies — under provisions of the 1993 Family and Medical Leave Act — to care for newborn or newly adopted children.

At present, such leave is unpaid unless employers voluntarily offer compensation. Legislation providing for paid FMLA leave is under consideration in four states: Massachusetts, Vermont, Washington and Maryland. Under the rules Mr. Clinton has ordered to be changed, implementation of such legislation would be blocked.

The proposed changes, framed by Mr. Clinton as an initiative aimed at strengthening families in the wake of shootings at Columbine High School in Colorado, are backed by key Democratic constituencies, such as organized labor and women's groups, but strongly opposed by the business community.

The president acted in part at the urging of Sen. Edward Kennedy (D., Mass.), who has been exploring the idea with the Labor Department. In a May 20 memo to the president, Mr. Kennedy noted that while department rules prohibit states from using unemployment-insurance funds for family-leave purposes, there is a "strong argument" that the federal law is sufficiently flexible to allow for change.

But others question both Labor's authority to act and the wisdom of such a move. Moreover, while the Treasury wouldn't be directly affected, the change wouldn't be cost free. "I think there is serious doubt that the department has the authority to act by way of regulation," said Eric Oxfeld, an attorney who serves as president of UWC — Strategic Services on Unemployment and Workers Compensation. The group lobbies on labor issues for the business community.

Mr. Oxfeld said the proposed change is contrary to the longstanding Federal Unemployment Tax Act and the more recent FMLA, and comes at a time when the unemployment-insurance program is experiencing severe administrative problems.

Last year, the Labor Department said the trust funds that finance such payments may be insufficient to weather a recession. Current projections show that overall funding levels won't recover anytime soon, in part because many states are cutting the taxes used to fund such reserves.

The Labor Department also said traditional unemployment benefits have eroded and need to be substantially improved, a consideration that favors even higher fund balances. The costs of the new initiative would be born almost entirely by taxes on business.

Mr. Clinton, in a May 26 memorandum, directed the Labor Department to rewrite the federal regulations and develop model legislation that states could use to take advantage of the proposed change.

Grace Kilbane, the Labor Department's director of unemployment-insurance matters, said she hopes to have a draft regulation out for public comment in August and to finalize the proposed rules around the end of the year.

THE WALL STREET JOURNAL
TUESDAY, JUNE 8, 1999

Parental Leave
Question & Answer
June 8, 1999

Q. How do you respond to the WSJ article suggesting that the Department of Labor does not have the authority to propose regulations to enable states to use their unemployment insurance systems to support parents taking leave to care for a newborn or adopted child?

A. The Department of Labor has the authority to interpret federal law to determine how states can structure, and for what purposes they can use, their Unemployment Insurance programs. In fact, previous Administrations have interpreted federal law to allow for new categories of benefit recipients. For instance, the Department of Labor has allowed states to provide UI benefits to workers who were participating in job-training programs. Also, the Department of Labor has allowed states to provide UI benefits to workers on jury duty. The President's proposal is not a mandate to the states; rather, the President directed the Department of Labor to propose new regulations that allow states that wish to use Unemployment Insurance to assist new parents to do so.

May 22, 1999

GRAMBLING STATE UNIVERSITY COMMENCEMENT SPEECH

DATE:	May 23, 1999
LOCATION:	Eddie Robinson Stadium Grambling State University
EVENT TIME:	9:15am – 10:30am
FROM:	Bruce Reed

I. PURPOSE

To make remarks on the challenges facing families in the new economy. You will announce two new proposals to make leave more affordable for American workers, and release a new report that examines the "time crunch" that parents increasingly feel as they struggle to balance their responsibilities at home and at work.

II. BACKGROUND

You will be addressing an audience of over 20,000 students, faculty, graduates and their families, and community members. Grambling State University has a student population of 5,770, and approximately 500 are graduating this year. The student body is 83% African-American, and 58% of students are between the ages of 20-25. Approximately 95% of students receive financial aid, with 66% receiving PELL grants in 1998. The university is ranked 5th among all American colleges and universities in conferring baccalaureate degrees in all disciplines to African-Americans, and 1st in conferring bachelor or science degrees to African-Americans in the field of Computer and Information Science.

Grambling State University is a public, coeducational, historically black university, and was founded in 1901 as a relief school for black farmers. At the request of the Farmers' Relief Association of Ruston, LA, Dr. Booker T. Washington sent Charles P. Adams from Tuskegee Institute to establish the Colored Industrial and Agricultural School of Lincoln Parish in 1901. In 1905 the school moved to its current location, and was renamed the North Louisiana Agricultural and Industrial Institute. The school expanded over the years, and was ultimately granted university status in 1974, at which time it adopted its present name. The Grambling State University motto is "The Place Where Everyone is Somebody".

In April the Board of Supervisors of the University of Louisiana System approved a request to confer upon you the honorary degree, *Doctor of Laws*. This honorary degree will be presented to you during the commencement ceremony.

At today's commencement you will make the following announcements:

Working to Make Parental Leave More Affordable. A 1996 study by the Commission on Family and Medical Leave found that loss of wages was the most significant barrier to parents taking advantage of unpaid leave following the birth or adoption of a child. Today, you will direct the Secretary of Labor to propose new regulations and model state legislation to enable states to develop innovative ways of using the Unemployment Insurance (UI) system to support parents taking leave to care for a newborn or adopted child. Several states recently have asked the Administration whether they could use the UI system for this purpose consistent with federal law. The new regulations will authorize this expansion of the UI system, thereby allowing states that wish to use unemployment insurance to assist new parents to put their plans into effect.

Enabling Federal Workers to Take Paid Leave to Care for Sick Family Members. In an effort to set an example for all employers, you will also direct the Office of Personnel Management (OPM) to revise its government-wide regulations to allow federal employees to use up to 12 weeks of accrued sick leave each year to care for a spouse, son, daughter, or parent with a "serious health condition," as that term is defined for the purpose of applying the Family and Medical Leave Act. Currently, the amount of sick leave that can be used to care for a family member who is ill is limited to 13 days each year for most federal employees. By enabling federal workers to use the sick leave they have earned, according to conditions established by the FMLA, this measure will remove a significant barrier to caring for a family member with a serious health condition. You will also direct the OPM to establish an Interagency Family Friendly Workplace Working Group to develop, promote, and evaluate federal family friendly workplace initiatives. You have previously taken other actions to ensure that the federal government is a model employer, including: allowing federal employees to donate annual leave to other employees; expanding flexible family-friendly work arrangements, such as job sharing, career part-time employment, alternative work schedules, telecommuting, and satellite work locations; and directing improvements in the quality of federally sponsored child care.

A New Study on the Amount of Time Available for Families. You will release a report by your Council of Economic Advisers (CEA) today that details the factors that have led to decreased amounts of time available for parents to spend with their children. The report, *Families and the Labor Market, 1969-1999: Analyzing the "Time Crunch,"* demonstrates that the increase in hours mothers spend in paid work, combined with the shift toward single-parent families, has resulted in families experiencing an average decrease of 22 hours a week (14 percent) in time that parents spend with their children. The report concludes that the increased time at work among parents requires policy-makers to seek new ways to promote strong families, including greater flexibility in paid work hours, more affordable child care, better support for families with low-wage earning parents, and methods for encouraging two-parent families to form and stay together.

Advancing An Agenda To Help Parents Balance Their Responsibilities At Home And At Work. In your balanced budget request, you put forward a bold agenda to provide families with greater tools to meet their responsibilities at home and at work. This agenda includes: an historic initiative to make child care better, safer, and more affordable for working families; a tripling of our investment in after-school programs through the 21st Century Community Learning Center program; a new tax credit to help Americans struggling with long-term care costs; and proposals to expand the Family and Medical Leave law to cover more workers and allow leave for more parental activities, including parent-teacher conferences and routine doctor's visits.

III. PARTICIPANTS

Stage Participants:
Secretary Rodney Slater
Senator Mary Landrieu (D-LA)
Representative William Jefferson (D-LA)
State Senator Randy Ewing
State Representative Pinkie Wilkerson
E. Joseph Sovoie, Louisiana Commissioner of Higher Education
Dr. Eddie Robinson, Sr., Retired GSU Football Coach
Doug Williams, GSU Head Football Coach and Super Bowl MVP
Members of the University of LA Board of Supervisors, Board of Regents, and Southern University Board of Supervisors
Grambling State University Administrators
Grambling State University "Golden Reunion Graduates" (27)

Program Participants:
Mayor John Williams
Reverend E. Edward Jones, President, National Baptist Convention of America
Bobby Jindal, Acting President, University of Louisiana System
Dr. Steve Favors, President, Grambling State University
This is Dr. Favors' first year as president, and this is his first commencement at the university. He served previously as vice president of student affairs and athletic director at Howard University.
Tony Eason, Jr., President, Grambling State University Student Government
Martha Fondel, Miss Grambling State University

IV. PRESS PLAN

Open Press.

V. SEQUENCE OF EVENTS

- **YOU** will meet approximately 12 Grambling State University faculty and students.
- **YOU** will be announced onto the stage, accompanied by President Steve Favors.
- The National Anthem will be performed.
- Reverend E. Edward Jones will deliver the invocation.
- Mayor John Williams will deliver a greeting.
- Bobby Jindal will make brief remarks.
- Tony Eason, Jr. will make brief remarks.
- Martha Fondel will make brief remarks.
-The Grambling State University Marching Band will perform a musical selection.
- President Steve Favors will make brief remarks and present **YOU** with an Honorary Doctor of Law.
- **YOU** will make remarks and depart.

VI. REMARKS

To be provided by speechwriting.

VI. ATTACHMENT

- Council of Economic Advisers' Report *Families and the Labor Market, 1969-1999: Analyzing the "Time Crunch"* Executive Summary

May 24, 1999

MEMORANDUM FOR HILLARY RODHAM CLINTON

FROM: NICOLE RABNER

CC: MELANNE VERVEER
SHIRLEY SAGAWA

SUBJECT: PAID LEAVE UPDATE

Following our discussion about pushing internally to address pending state proposals to use the unemployment insurance system to provide benefits to workers on some form of FMLA-covered leave, I oversaw a policy process that culminated in the President making significant policy announcements in his commencement speech yesterday at Grambling State University. The speech focused on the need to provide working families with greater tools to balance their responsibilities at home and at work. The announcements were:

(1) **Working to Make Parental Leave More Affordable.** A 1996 study by the Commission on Family and Medical Leave found that loss of wages was the most significant barrier to parents taking advantage of unpaid leave following the birth or adoption of a child. President Clinton directed the Secretary of Labor to propose new regulations and model state legislation to enable states to develop innovative ways of using the Unemployment Insurance (UI) system to support parents taking leave to care for a newborn or adopted child. Several States recently have asked the Administration whether they could use the UI system for this purpose consistent with federal law. The new regulations will authorize this expansion of the UI system, thereby allowing states that wish to use unemployment insurance to assist new parents to put their plans into effect.

(2) **Enabling Federal Workers to Take Paid Leave to Care for Sick Family Members.** In an effort to set an example for all employers, President Clinton also directed the Office of Personnel Management (OPM) to propose government-wide regulations to allow federal employees to use up to 12 weeks of accrued sick leave each year to care for a spouse, son, daughter, or parent with a "serious health condition," as that term is defined for the purpose of applying the Family and Medical Leave Act. Currently, the amount of sick leave that can be used to care for a family member who is ill is limited to 13 days each year for most federal employees. By enabling federal workers to use more of the sick leave they have earned, according to conditions established by the FMLA, this measure will remove a significant barrier to caring for an ill family member. The President also directed the OPM to establish an Interagency Family Friendly Workplace Working Group to develop, promote, and evaluate federal family-friendly workplace initiatives.

(3) **A New Study on the Amount of Time Available for Families.** The President released a report by his Council of Economic Advisers (CEA) today that details the factors that have led to decreased amounts of time available for parents to spend with their children. The report, *Families and the Labor Market, 1969-1999: Analyzing the "Time Crunch,"* demonstrates that the increase in hours mothers spend in paid work, combined with the shift toward single-parent families, has resulted in families experiencing an average decrease of 22 hours a week (14 percent) in time that parents spend with their children. The report concludes that the increased time at work among parents requires policy-makers to seek new ways to promote strong families, including greater flexibility in paid work hours, more affordable child care, better support for families with low-wage earning parents, and methods for encouraging two-parent families to form and stay together.

Attached please find the President's commencement address, the press clips on the announcements, and the final CEA report.

FINAL

GRAMBLING COMMENCEMENT SPEECH
INTERNAL Q&A
May 23, 1999

DOL DIRECTIVE

Q. **What is this Directive to the Department of Labor?**

A. Today, President Clinton directed the Secretary of Labor to propose new regulations and model state legislation to enable states to develop innovative ways of using the Unemployment Insurance (UI) system to support parents taking leave to care for a newborn or adopted child. States today have significant flexibility in designing their own UI systems. Four states this year have introduced legislation to provide UI benefits to workers on some form of leave, and others have done so in prior years. These states have asked the Administration whether they could use the UI system for this purpose consistent with Federal law. The new regulations that DOL will propose will authorize the expansion of the UI system to assist new parents, thereby allowing states that wish to use unemployment insurance in this way to do so.

Q. Why are you issuing this directive?

A. The President believes that we all must think of creative ways to enable parents to meet their responsibilities at home and at work – and to enable parents to take leave when they need to. Making leave more affordable for workers is a critical step toward that goal. The President's FY 2000 balanced budget includes a new $10 million research and evaluation fund to look at ways to make leave more affordable for workers and to work with states that are interested in pursuing that goal. This proposal provides states with one way to break down the cost barrier to new parents taking leave. We know from the Commission on Family and Medical Leave study that loss of wages was the most significant barrier to parents taking advantage of unpaid leave following the birth or adoption of a child.

Q. Isn't this new benefit unfair to employers who are taxed to pay for this system of Unemployment Insurance? Why should employers have to pay for paid parental leave?

A. States may believe that using the UI system to provide benefits to workers following birth or adoption is a logical application of the unemployment insurance program and a good way to enable working parents to meet all their responsibilities. It is worth noting that today all states provide benefits to workers who are laid off but whom the employer expects to recall. Providing benefits to workers who need to take time off following birth or adoption but want and intend to go back to work is in many respects analogous.

Q. Is this an unfunded mandate to the states?

A. No. Participation in this program will be wholly voluntary by the states. The new regulation will simply allow states that wish to use Unemployment Insurance to assist new parents to implement their plans to do so.

Q. **What's your authority for advancing this proposal? Doesn't it require legislation?**

A. The Department of Labor (DOL) has the authority to determine how states can structure, and for what purposes they can use, their Unemployment Insurance programs. Four states have asked for DOL guidance in this area, and DOL will work with them in the rulemaking process.

Q. **When will individuals be able to receive benefits?**

A. That is difficult to predict. The Department must first issue regulations and model state legislation, and states must then change their own laws.

Q. **Who would qualify for the new benefits?**

A. The President has directed the Secretary to enable states to provide these benefits to parents of newborns and newly-adopted children, who also meet State unemployment insurance law requirements.

Q. **Will this effort cover the same people as the Family Medical Leave Act (FMLA)?**

A. In the process of rulemaking, DOL will address this issue.

Q. **If this new benefit were available to workers not covered by the FMLA, could they get fired for taking leave?**

A. This is a hypothetical case, since the DOL has not issued its regulation. However, if the benefit were available to workers not covered by the FMLA, they would not be guaranteed job-protected leave.

Q. **Why is the proposal limited only to parents of newborn or newly-adopted children rather than extending, for example, to individuals attending ill family members?**

A. In a 1996 study conducted by the Commission on Family and Medical Leave, lost wages was the most significant barrier to parents taking advantage of unpaid leave after the birth or adoption of a child. Also, maternity leave tends to be unpaid or partially paid, while all other types of leave are significantly more likely to be fully paid.

Q. **How long can these new benefits be collected?**

A. In the process of rulemaking, DOL will address this issue. The duration is not expected to exceed 12 weeks, which is the length of leave protected under the FMLA.

Q. **How many states can participate in the program?**

Any states that wish to will be able to take advantage of the President's directive.

Q. **Why are we doing the rule at this time?**

A. Interest has been shown this year in four State legislatures – Maryland, Massachusetts, Washington, and Vermont – as well as many others during the last two years. This rule will allow us to accommodate known interest and to encourage other states to consider similar proposals.

Q. **Four states have introduced legislation that would pay all or some of these individuals. How does the proposal affect them?**

A. The Department of Labor will work with these states in the course of issuing its regulation so that the states will be in a position to implement, at the first possible opportunity, appropriately structured plans to use UI to assist new parents.

Q. **Will this proposal be "experience-rated," meaning that employers pay into the system based on their workers' use of it?**

A. The Department of Labor will address this issue more fully in its rulemaking process. We expect that the proposal will spread costs broadly throughout the system, rather than on the particular industries or companies whose employees must use this benefit.

Q. **Who is covered by the unemployment insurance system?**

A. Specific qualifying rules vary from State to State, but individuals must generally show a certain attachment to the workforce in both length of employment and amount of earnings.

Q. **How does the unemployment insurance program work?**

A. The unemployment insurance program provides partial wage replacement to workers who are unemployed. It is authorized under the Social Security Act and the Federal Unemployment Tax Act but operates under laws specific to each state. These state laws determine how workers qualify for benefits within federal guidelines. States would need to amend their laws to participate in the program proposed by the President.

Q. **Why use the unemployment insurance program for this purpose?**

A. States interested in paying unemployment insurance to parents on leave following birth or adoption believe this is a logical application of the unemployment insurance program. All states already pay unemployment insurance to workers who are laid off but whom the employer expects to recall. Providing paid leave for employees who have just become parents and need to take some time away from the job is analogous to this and other current uses of the program.

Q. **How many people will benefit from this proposal?**

A. That is difficult to estimate. The number of people who benefit, of course, depends on how many states elect to participate in this program. Across the country, we know that there were over 3.3 million women with children under 1 in 1998; 57.9 percent of these mothers were in the workforce [1.9 m]. Depending on the design of the programs, if all 50 states passed such legislation, as many as 6 million parents a year could be eligible for assistance.

Q. **What will be the average benefit for a parent?**

A. The Department of Labor will address this issue in its rulemaking process. Today, a typical unemployed worker receiving benefits gets $200 a week.

Q. **What will be the cost of providing this new benefit?**

A. It is premature to estimate, as the Department of Labor has not designed the parameters of the program. Since participation in this program by the states will be wholly voluntary, the cost will depend on the number of states that participate.

Q. **Is cost really an obstacle for parents who want to take leave following a birth or adoption?**

A. According to the Family and Medical Leave Commission, 65% of those who needed but did not take leave to care for their newborn or newly adopted or foster child said they did not take leave because they could not afford to. Cost was, by far, the biggest reason that they did not take leave.

OPM DIRECTIVE

Q. **How is the new sick leave policy for federal employees different from the current policy on using sick leave for family care purposes?**

A. Currently, most Federal employees may use a total of up to 13 days of sick leave for family care purposes, and then must use either annual leave, donated annual leave, or leave without pay, even when they still have sick leave available. The revised regulations will permit employees caring for a spouse, son, daughter, or parent with a serious health condition to use a total of up to 12 weeks of sick leave for this purpose – the amount of unpaid leave allotted for these purposes under the Family and Medical Leave Act (FMLA).

Q. **Won't this proposal encourage the use of sick leave and therefore result in increased costs to the Government?**

A. The cost of this program will be very small (about $60 million annually, across all the agencies). This is primarily because only a small percentage of the Federal workforce will need to use large amounts of sick leave for family care purposes; we anticipate that only 0.5 percent of the Federal workforce will use the maximum amount of sick leave. Also, Federal workers only will be able to use the sick leave they have accrued over time for this purpose.

Q. **Doesn't this policy invite abuse of the leave system?**

A. No. Under the new sick leave policy, the requirements for using paid sick leave to care for a spouse, son, daughter, or parent with a serious health condition will be the same as the requirements for using unpaid leave for this purpose under the FMLA. Generally, an employee must give 30 days advance notice of his or her intent to use FMLA leave, if practicable. In addition, an agency may require an employee to provide medical certification for a serious health condition. If necessary, a second or third opinion from a health care provider may be requested.

Q. **What other actions has this Administration taken to improve the quality of workplace arrangements and family life for Federal employees?**

A. Today's action builds on a variety of initiatives the Administration has undertaken to make the workplace more family-friendly. This Administration has lead the way in introducing new work and family initiatives for the Federal workforce.

- In February 1993, the President signed the Family and Medical Leave Act providing Federal employees with 12 weeks of job-protected unpaid leave each year weeks to care for a newborn or adopted child, to attend to their own health needs or to care for a seriously ill parent, child or spouse.

- On October 8, the President signed the Federal Employees Leave Sharing Act, which allows Federal employees to donate annual leave to other employees who have personal or family medical emergencies and who have exhausted their own leave.

- On July 11, 1994, the President issued a directive to Heads of Executive Departments and Agencies, calling for expanded use of "flexible family-friendly work arrangements, including job sharing; career part-time employment; alternative work schedules; telecommuting and satellite work locations."

- In February 1995, the President issued Executive Order 12953, calling upon the Federal government to become a model employer in promoting and facilitating the establishment and enforcement of child support.

- On June 16, 1995, President Clinton directed Heads of Executive Departments and Agencies to review all of their programs, policies, and initiatives pertaining to families to ensure that they are father-friendly.

- On June 21, 1996, President Clinton reaffirmed his commitment to creating a family-friendly workplace by issuing a second memorandum to Heads of Executive Departments and Agencies to expand their programs and report back to him.

- On March 10, 1998, President Clinton issued a memorandum to Heads of Executive Departments and Agencies, "Steps to Improve Federally Sponsored Child Care" which directed the General Services Administration, Department of Defense, and OPM to take improved the quality and affordability of Federally sponsored child care centers.

CEA REPORT

Q. What does the Report say?

A. The President released a report by his Council of Economic Advisers that details the factors that have led to decreased amounts of time available for parents to spend with their children. The Report demonstrates that the increase in hours mothers spend in paid work, combined with the shift toward single-parent families, has resulted in families experiencing an average decrease of 22 hours a week (14 percent) in time that parents can spend with their children since 1969. The Report concludes that the increased time at work among parents requires policy-makers to seek new ways to promote strong families, including greater flexibility in paid work hours, more affordable child care, better support for families with low-wage earning parents, and methods for encouraging two-parent families to form and stay together.

Q. What about the burden on women?

A. Virtually all of the increase in total hours families spend on paid work has come from increases in women's hours. While annual hours of paid work by all wives increased greatly – by 576 hours, or 93 percent – husbands' hours of paid work decreased slightly from 1969 to 1996. Employed women now spend over one third less time on child care and household tasks than women without paid jobs, but still have 25 to 30 percent less free time.

Q. Do single parents have a different experience?

A. The Report shows that the share of families with a single parent has expanded greatly since 1969. Single parents have half as much total time as two parents have and typically have less than half as much potential income. The rising number of single parents has increased the proportion of families that are "cash-strapped" and "time-poor."

Q. What does the Report say about changes in the amount of time available for children?

A. Although the evidence on time use within families is limited and needs further study, the Report shows that an increase in work from 1969 to 1996 has produced a reduction in the time available for parents to spend with children. The increase in hours mothers spend in paid work, combined with the shift toward single-parent families, resulted in families on average experiencing a decrease of 22 hours a week (14 percent) in time available outside of paid work that parents could spend with their children.

Q. What does the Report recommend?

A. The Report suggests that policy-makers must seek to promote policies that help families in this challenging environment. These policies include flexibility in paid work hours, available and affordable child care, ways to support the earnings of families with low-wage earning parents, and proposals to encourage two-parent families to form and stay together.