DC’s Paid Family Leave: The Universal Paid Leave Act Works Best for Workers, Employers, and the Economy

Most residents, old and new, will have access to paid leave under the Universal Paid Leave Act.

As the cost of rent continues to increase, more and more low-income families, disproportionately black and Latino, are being forced out of the District. By covering everyone who works in DC, the Universal Paid Leave Act expands the insurance pool and drives down cost, making this already economically sound program even more affordable.

UPLA will protect those who are at risk for being pushed out by allowing a new parent to take leave when a child is born and protect those facing medical emergencies. Events like these, with access to paid leave, can be highly disruptive, that’s why it’s so critical we make sure UPLA is set up and fully funded.

All eight wards will benefit from the Universal Paid Leave Act, and it will promote racial equity.

According to the DC Fiscal Policy Institute, “black DC residents are nearly four times more likely, and Latino residents are one and a half times more likely, to live below the poverty line compared to white DC residents.” That is why it is so important that we have a truly universal paid family leave program that includes progressive wage replacement to ensure families struggling to make ends meet receive the support they need when they access this program.

The Universal Paid Leave Act will provide residents from Wards 7 and 8 with the highest rate of wage replacement compared to elsewhere in the District:

<table>
<thead>
<tr>
<th>Ward</th>
<th>Median wage of residents</th>
<th>Which means a weekly benefit of</th>
<th>And a wage replacement rate of</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ward 1</td>
<td>$911</td>
<td>$731</td>
<td>80%</td>
</tr>
<tr>
<td>Ward 2</td>
<td>$1,188</td>
<td>$870</td>
<td>73%</td>
</tr>
<tr>
<td>Ward 3</td>
<td>$1,245</td>
<td>$899</td>
<td>72%</td>
</tr>
<tr>
<td>Ward 4</td>
<td>$799</td>
<td>$675</td>
<td>85%</td>
</tr>
<tr>
<td>Ward 5</td>
<td>$710</td>
<td>$631</td>
<td>89%</td>
</tr>
<tr>
<td>Ward 6</td>
<td>$1,159</td>
<td>$856</td>
<td>74%</td>
</tr>
<tr>
<td>Ward 7</td>
<td>$615</td>
<td>$553</td>
<td>90%</td>
</tr>
<tr>
<td>Ward 8</td>
<td>$529</td>
<td>$476</td>
<td>90%</td>
</tr>
</tbody>
</table>

Paid Family Leave should be a universal benefit, not one for those who win the “boss lottery.”

Under UPLA, employees file their benefit claims with a neutral government agency. Under an employer mandate, employees must request paid leave from their own employer. This is problematic because the employer will have incentives to deny the claim. Think of the way for profit private health insurance coverage works—in which it can be quite common for workers’ benefits to be denied—versus the way that Social Security benefits are administered, in which retirees rarely have a problem receiving their payments. In addition:

- A mandate can increase the likelihood of discrimination for certain workers. There is evidence that employers in countries that have an employer mandate discriminate against workers they think would be most likely to take leave, especially women of child-bearing age.

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• Employers who self-insure have a profit incentive to discourage employees from taking leave—or from taking the full amount of leave to which they are entitled—since they must pay the full cost of the benefit out of pocket any time an employee takes leave.

• Employees in low-wage occupations are likely to be especially vulnerable to intimidation and pressure to not to take leave. These workers often experience retaliation in the form of reduced hours, worse schedules, or even termination, and often do not even ask for benefits to which they are currently entitled, such as paid sick days.

Employees shouldn’t have to worry about winning the boss lottery to access paid family leave, everyone who works in DC and pays into the program should have universal access to it.

An employer mandate or hybrid model can be onerous for business.

The model proposed by Councilmember Cheh would exclude microbusinesses and startups (0-4 employees), provide social insurance for small businesses (5-49) and mandate large employers pay into the social insurance pool and provide the benefit out of pocket. This proposal could:

- Make microbusinesses and startups less competitive, because they wouldn’t be able to offer any benefit at all.
- Stunt small business growth, because they might hesitate to expand if they know they must start paying the benefit out of pocket if they go from 49 to 51 employees.

The Universal Paid Leave Act will be good for the economy.

The independent Council Budget Office found that UPLA is “unlikely to alter the current upward trajectory of the District’s economy.” Establishing a universal program that all businesses, large and small, can offer will minimize cost, increase employee morale, reduce turnover and attract the best talent.

Universal insurance programs like UPLA are more affordable than employer mandates.

The Universal Paid Leave Act is cheaper and easier for employers and employees to access than a mandate. If a worker making $500 a week takes eight weeks of leave, the employer would have to pay $4,000 under a mandate program. Under UPLA, the employer would pay $161 a year because they would be paying into a social insurance pool.

Also, a hybrid or employer mandate program would create an enforcement nightmare, because they would require very strong education and enforcement mechanisms to ensure that workers know about their rights. Also, employees could be fearful of asking for time off if they know their employer has to pay all the benefits out of pocket. A universal social insurance program like UPLA eliminates this program. Employees shouldn’t have to worry about winning the boss lottery to access paid family leave, everyone who works in DC and pays into the program should have universal access to it.

There is overwhelming support from District residents for the Universal Paid Leave Act.

Over 200 community organizations and small businesses joined the effort to help pass it. ANCs from all eight wards passed resolutions in favor of UPLA and residents collected. Together, they helped collect 5,000 signatures, made 1,500 phone calls, sent hundreds of e-mails and delivered 500 handmade cards and letters to their elected officials urging them to pass the bill.

CONCLUSION: The proposed alternatives would weaken paid family leave.

The universal social insurance model created under UPLA is the structure that makes the most sense for vulnerable workers, small business, and the broader DC economy.