FEDERAL EMPLOYEES PAID PARENTAL LEAVE ACT OF 2009

MAY 18, 2009.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. Towns, from the Committee on Oversight and Government Reform, submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany H.R. 626]

[Including cost estimate of the Congressional Budget Office]

The Committee on Oversight and Government Reform, to whom was referred the bill (H.R. 626) to provide that 4 of the 12 weeks of parental leave made available to a Federal employee shall be paid leave, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

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PURPOSE AND SUMMARY

H.R. 626, the Federal Employees Paid Parental Leave Act of 2009, was introduced by Congresswoman Carolyn Maloney (D-NY) on January 22, 2009. The Federal Employees Paid Parental Leave Act (FEPPLA) would amend section 6382 of title 5, U.S.C., the Congressional Accountability Act (CAA) and the Family and Medical Leave Act (FMLA) to provide four weeks of paid parental leave to federal and congressional employees for the birth, adoption, or placement of a child, out of the twelve weeks of unpaid leave that are currently available to employees under the Family and Medical Leave Act.

Background and Need for Legislation

Under existing law, most federal and congressional employees are entitled to a total of twelve workweeks of unpaid leave during any 12-month period because of the birth or adoption of a child. Federal employees must use accrued annual leave if they want to receive pay for any of the time that they are out on leave. Under some circumstances, accrued sick leave may be used to care for the new child, but only if the child is ill or if there were complications with the pregnancy or birth. Many employees cannot afford to take unpaid leave, and are forced to choose between spending more time with their new child and maintaining an income to support their family.

H.R. 626 will help families by providing four weeks of paid parental leave to federal and congressional employees. In addition to the four weeks, employees will also be allowed to use accrued annual or sick leave for parental leave. Unlike current law, employees using their sick leave for parental leave will not need to demonstrate a medical need for the leave. Enactment of this measure will ensure that the federal government, as an employer, is providing the type of benefits offered to government workers in other industrialized countries. This family friendly measure will also have a positive impact on our ability to attract and retain a highly qualified federal workforce.

LEGISLATIVE HISTORY

Earlier versions of H.R. 626 (H.R. 3158, H.R. 3799, H.R. 5718 and H.R. 5781) were introduced in previous Congresses. H.R. 5781 was introduced and passed in the House of Representatives in 2008. H.R. 626 was introduced on January 22, 2009, and referred to the Committee on Oversight and Government Reform, and the Committee on House Administration.

The Subcommittee on the Federal Workforce, Postal Service, and the District of Columbia of the Oversight and Government Reform Committee held a markup on March 25, 2009, where the bill was forwarded to the Full Committee by voice vote. The Oversight and Government Reform Committee then held a markup of the bill on May 6, 2009. The Committee ordered the bill to be reported by voice vote.

SECTION-BY-SECTION

Sec.1. Short title

The short title of the bill is the Federal Employees Paid Parental Leave Act of 2009.

Sec.2. Paid parental leave under Title 5

This section would amend section 6382 of title 5, U.S.C., to pro-

vide paid parental leave to most federal employees.

Under this section, covered employees would be permitted to substitute up to four workweeks of paid parental leave for any of the unpaid leave currently provided for the birth or placement of a child. The Office of Personnel Management would be allowed to promulgate regulations to increase the amount of paid parental leave to 8 administrative workweeks. OPM would have to analyze the benefits and costs to the federal government and trends in the private sector before doing so.

Sec.3. Paid parental leave for Congressional employees

Section 3 would amend section 202 of the Congressional Accountability Act to provide paid parental leave to congressional employ-

Sec. 4. Conforming amendment to Family and Medical Leave Act for GAO and Library of Congress employees

This section amends the FMLA to make paid parental leave benefits available to Government Accountability Office (GAO) and Library of Congress employees, who are not otherwise covered by 5 U.S.C. 6382 and section 202 of the CAA.

EXPLANATION OF AMENDMENTS

No amendments to H.R. 626 were offered or adopted in Committee.

COMMITTEE CONSIDERATION

On Wednesday, May 6, 2009, the Committee met in open session and favorably ordered H.R. 626 to be reported to the House by a voice vote.

ROLLCALL VOTES

No rollcall votes were taken.

Application of Law to the Legislative Branch

Section 102(b)(3) of Public Law 104–1 requires a description of the application of this bill to the legislative branch where the bill relates to terms and conditions of employment or access to public services and accommodations.

Sections 3 and 4 of H.R. 626 would apply to congressional and legislative branch employees by providing paid parental leave to the aforementioned employees.

STATEMENT OF OVERSIGHT FINDINGS AND RECOMMENDATIONS OF THE COMMITTEE

In compliance with clause 3(c)(1) of Rule XIII and clause (2)(b)(1) of Rule X of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in the descriptive portions of this report, including the need to provide federal and congressional employees with paid parental leave for the birth or adoption of a child.

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

In accordance with clause 3(c)(4) of Rule XIII of the Rules of the House of Representatives, the Committee's performance goals and objectives are reflected in the descriptive portions of this report, including the requirement that executive and legislative branch agencies and congressional offices provide employees with paid parental leave for the birth or adoption of a child.

CONSTITUTIONAL AUTHORITY STATEMENT

Under clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee must include a statement citing the specific powers granted to Congress to enact the law proposed by H.R. 626. Article I, Section 8, Clause 18 of the Constitution of the United States grants the Congress the power to enact this law.

FEDERAL ADVISORY COMMITTEE ACT

The Committee finds that the legislation does not establish or authorize the establishment of an advisory committee within the definition of 5 U.S.C. App., Section 5(b).

Unfunded Mandates Statement

Section 423 of the Congressional Budget and Impoundment Control Act (as amended by Section 101(a)(2) of the Unfunded Mandates Reform Act, P.L. 104–4) requires a statement on whether the provisions of the report include unfunded mandates. In compliance with this requirement the Committee has received a letter from the Congressional Budget Office included herein.

EARMARK IDENTIFICATION

H.R. 626 does not include any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(d), 9(e), or 9(f) of rule XXI.

COMMITTEE ESTIMATE

Clause 3(d)(2) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs that would be incurred in carrying out H.R. 626. However, clause 3(d)(3)(B) of that rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act.

BUDGET AUTHORITY AND CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

With respect to the requirements of clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974 and with respect to requirements of clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for H.R. 626 from the Director of the Congressional Budget Office:

U.S. Congress, Congressional Budget Office, Washington, DC, May 11, 2009.

Hon. Edolphus Towns, Chairman, Committee on Oversight and Government Reform, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 626, the Federal Employees Paid Parental Leave Act of 2009.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Barry Blom.

Sincerely,

DOUGLAS W. ELMENDORF.

Enclosure.

H.R. 626—Federal Employees Paid Parental Leave Act of 2009

Summary: H.R. 626 would amend title 5 of the United States Code, the Congressional Accountability Act, and the Family and Medical Leave Act of 1993 (FMLA) by creating a new category of leave under FMLA. This new category would provide four weeks of paid leave to federal employees following the birth, adoption, or fostering of a child. In addition, the legislation permits the Office of Personnel Management (OPM) to increase the amount of paid leave provided to a total of eight weeks based on the consideration of several factors such as the cost to the federal government and enhanced recruitment and retention of employees.

Under current law, federal employees who have completed at least 12 months of service are entitled to up to 12 weeks of leave without pay after the birth, adoption, or fostering of a child. Upon return from FMLA leave, an employee must be returned to the same position or to an "equivalent position with equivalent benefits, pay, status, and other terms and conditions of employment." Employees may get paid during that 12-week period by using any annual or sick leave that they have accrued. The leave provided by this bill would be available only within the 12-week FMLA leave period.

CBO estimates that implementing H.R. 626 would cost \$67 million in 2010 and a total of \$938 million over the 2010–2014 period, subject to appropriation of the necessary funds. Enacting H.R. 626 would not affect direct spending or receipts.

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 626 is shown in the following table. The costs of this legislation would fall in all budget functions (except functions 900 and 950).

	By fiscal year, in millions of dollars—							
	2010	2011	2012	2013	2014	2010- 2014		
CHANGES IN SPENDING SUBJECT TO APPROPRIATION								
Estimated Authorization Level Estimated Outlays	69 67	215 209	219 218	221 221	224 223	947 938		

Basis of estimate: For this estimate, CBO assumes that H.R. 626 will be enacted by October 1, 2009, and that the necessary amounts for implementing it will be appropriated each year. Under the legislation, the new category of leave would become available six months after enactment (that is, around April 2010). As a result, the cost of the legislation in 2010 reflects implementation for only half of the year. After 2010, CBO has included in its estimate a 50 percent probability that OPM will use its authority to increase the amount of paid leave available from four weeks to eight weeks. Costs in future years are projected to grow with inflation.

CBO assumes that the potential users of the new leave would be primarily the roughly 700,000 civilian employees who are between the ages of 20 and 44 and have been employed at least 12 months. (This figure excludes employees of the Postal Service because H.R. 626 amends title 5 of the United States Code, which does not apply to them.)

Estimating an adoption rate based on data from the Department of Health and Human Services and applying birth rate information for the relevant age cohorts from the National Center on Health Statistics to the roughly 313,000 women eligible for the new leave yields about 17,800 women who might give birth or adopt in a given year. Based on average salary information from OPM, CBO estimates that four weeks of paid leave—the maximum amount guaranteed by the bill—for female employees would cost between \$2,800 (for those in the youngest age cohort) and \$5,400 (for those in the 40–44 age cohort). Assuming that nearly all of those women took the maximum amount of leave, CBO estimates the cost of the leave to be \$77 million this year (if it were available for the entire 12-month period).

Applying those same calculations to the 390,000 men in the affected age groups, CBO estimates that roughly 24,000 men would be eligible for the four weeks of paid leave, at an average cost of between \$3,100 and \$6,000 per male employee. Assuming that eligible men would take the leave at about one-half the rate of women, CBO estimates that men would use another \$54 million worth of leave this year (if it were available for the entire 12—month period), bringing the total to \$130 million.

Since CBO assumes that the new leave would not be available until half-way through fiscal year 2010, there would be no costs for 2009 and the 2010 costs would represent only six months of the year, totaling \$67 million. Beyond 2010, CBO assumes a full year of availability and has included a 50 percent probability that OPM would increase the amount of paid leave available to employees. As a result, anticipated costs increase to \$209 million in 2011. (The

2011 costs would be about \$140 billion if the benefit were kept at a maximum of four weeks.)

The effects of this bill on the budget derive from the provision of a new form of paid leave. To the extent that such a new benefit enables people to take advantage of paid leave rather than taking leave without pay, the costs are clear. However, employees who would currently use annual or sick leave upon the birth, adoption, or fostering of a child may choose to use this new form of paid leave and save their accrued leave for a later date. CBO has no basis for estimating the magnitude of such substitution, but the deferral of annual and sick leave also represents a cost either in terms of increased availability of paid leave or cash payments upon separation.

In addition, providing a more generous benefit to employees may enhance the federal government's ability to retain employees after the birth or adoption of a child and thereby lower recruitment and training costs. CBO estimates that such potential savings are likely to be relatively small over the next five years.

Intergovernmental and private-sector impact: H.R. 626 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal

governments.

Estimate prepared by: Federal Costs: Barry Blom; Impact on State, Local, and Tribal Governments: Elizabeth Cove Delisle; Impact on the Private Sector: Paige Piper/Bach.

Estimate approved by: Theresa Gullo, Deputy Assistant Director for Budget Analysis.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

§6382. Leave requirement

(a) * * *

[(d)] (1) An employee may elect to substitute for leave under [subparagraph (A), (B), (C), or] subparagraph (C) or (D) of subsection (a)(1) any of the employee's accrued or accumulated annual or sick leave under subchapter I for any part of the 12-week period of leave under such subsection, except that nothing in this subchapter shall require an employing agency to provide paid sick leave in any situation in which such employing agency would not normally provide any such paid leave. An employee may elect to substitute for leave under subsection (a)(3) any of the employee's accrued or accumulated annual or sick leave under subchapter I for any part of the 26-week period of leave under such subsection.

(2) An employee may elect to substitute for any leave without pay under subparagraph (A) or (B) of subsection (a)(1) any paid leave

which is available to such employee for that purpose.

(3) The paid leave that is available to an employee for purposes

of paragraph (2) is-

(A) subject to paragraph (6), 4 administrative workweeks of paid parental leave under this subparagraph in connection with the birth or placement involved; and

(B) any annual or sick leave accrued or accumulated by such

employee under subchapter I.

(4) Nothing in this subsection shall be considered to require that an employee first use all or any portion of the leave described in subparagraph (B) of paragraph (3) before being allowed to use the paid parental leave described in subparagraph (A) of paragraph (3). (5) Paid parental leave under paragraph (3)(A)-

(A) shall be payable from any appropriation or fund available for salaries or expenses for positions within the employing agen-

cy;

(B) shall not be considered to be annual or vacation leave for purposes of section 5551 or 5552 or for any other purpose; and

(C) if not used by the employee before the end of the 12-month period (as referred to in subsection (a)(1)) to which it relates, shall not accumulate for any subsequent use.

(6) The Director of the Office of Personnel Management—

(A) may promulgate regulations to increase the amount of paid parental leave available to an employee under paragraph (3)(A), to a total of not more than 8 administrative workweeks, based on the consideration of-

(i) the benefits provided to the Federal Government of offering increased paid parental leave, including enhanced

recruitment and retention of employees;

(ii) the cost to the Federal Government of increasing the amount of paid parental leave that is available to employ-

(iii) trends in the private sector and in State and local governments with respect to offering paid parental leave;

(iv) the Federal Government's role as a model employer;

(v) such other factors as the Director considers necessary; and

(B) shall prescribe any regulations necessary to carry out this subsection, including, subject to paragraph (4), the manner in which an employee may designate any day or other period as to which such employee wishes to use paid parental leave described in paragraph (3)(A).

SECTION 202 OF THE CONGRESSIONAL **ACCOUNTABILITY ACT OF 1995**

SEC. 202. RIGHTS AND PROTECTIONS UNDER THE FAMILY AND MED-ICAL LEAVE ACT OF 1993.

- (a) Family and Medical Leave Rights and Protections Pro-VIDED.
 - (1) IN GENERAL.—The rights and protections established by sections 101 through 105 of the Family and Medical Leave Act of 1993 (29 U.S.C. 2611 through 2615) shall apply to covered employees. In applying section 102(a)(1)(A) and (B) of such Act to covered employees, subsection (d) shall apply.

(d) Special Rule for Paid Parental Leave for Congres-SIONAL EMPLOYEES.-

(1) Substitution of paid leave.—A covered employee taking leave without pay under subparagraph (A) or (B) of section 102(a)(1) of the Family and Medical Leave Act of 1993 (29 U.S.C. 2612(a)(1)) may elect to substitute for any such leave any paid leave which is available to such employee for that purpose.

(2) Amount of paid leave that is available

to a covered employee for purposes of paragraph (1) is—

(A) the number of weeks of paid parental leave in connection with the birth or placement involved that correspond to the number of administrative workweeks of paid parental leave available to Federal employees under section 6382(d)(3)(A) of title 5, United States Code; and

(B) any additional paid vacation or sick leave provided

by the employing office to such employee.

(3) Limitation.—Nothing in this subsection shall be considered to require that an employee first use all or any portion of the leave described in subparagraph (B) of paragraph (2) before being allowed to use the paid parental leave described in subparagraph (A) of paragraph (2).

(4) Additional rules.—Paid parental leave under para-

graph(2)(A)-

(A) shall be payable from any appropriation or fund available for salaries or expenses for positions within the

employing office; and

(B) if not used by the covered employee before the end of the 12-month period (as referred to in section 102(a)(1) of the Family and Medical Leave Act of 1993 (29 U.S.C. 2612(a)(1)) to which it relates, shall not accumulate for any subsequent use.

[(d)] (e) REGULATIONS.—

(e) (f) Effective Date. (1)

SECTION 102 OF THE FAMILY AND MEDICAL LEAVE ACT **OF 1993**

SEC. 102. LEAVE REQUIREMENT.

(a) * * *

(d) Relationship to Paid Leave.-(1) *

(3) Special rule for gao and library of congress em-PLOYEES.

(A) Substitution of paid leave.—An employee of an employer described in section 101(4)(A)(iv) taking leave under subparagraph (A) or (B) of subsection (a)(1) may elect to substitute for any such leave any paid leave which is available to such employee for that purpose.

(B) Amount of paid leave that is available to an employee of an employer described in section 101(4)(A)(iv) for purposes of subparagraph (A) is—

(i) the number of weeks of paid parental leave in connection with the birth or placement involved that correspond to the number of administrative workweeks of paid parental leave available to Federal employees under section 6382(d)(3)(A) of title 5, United States Code; and

(ii) any additional paid vacation or sick leave pro-

vided by such employer.

(C) LIMITATION.—Nothing in this paragraph shall be considered to require that an employee first use all or any portion of the leave described in clause (ii) of subparagraph (B) before being allowed to use the paid parental leave described in clause (i) of such subparagraph.

(D) ADDITIONAL RULES.—Paid parental leave under sub-

paragraph(B)(i)—

(i) shall be payable from any appropriation or fund available for salaries or expenses for positions with the employer described in section 101(4)(A)(iv); and

(ii) if not used by the employee of such employer before the end of the 12-month period (as referred to in subsection (a)(1)) to which it relates, shall not accumu-

late for any subsequent use.

ADDITIONAL VIEWS

The Congressional Budget Office estimates that implementing H.R. 626, the Federal Employees Paid Parental Leave Act of 2009, will cost taxpayers \$938 million over the next five years. H.R. 626 sends the wrong message at the wrong time to working American taxpayers and families that are struggling in a difficult economy.

I fully recognize and appreciate that, like their private sector counterparts, most federal employees work hard and deserve competitive compensation and benefits packages. But in these perilous economic times, it is inappropriate for us to heap even more generous benefits on federal employees, at further taxpayer expense,

while their private sector counterparts are struggling.

Americans in the private sector are losing their jobs at a rate unseen since the Great Depression. The Bureau of Labor Statistics just reported that Metropolitan unemployment rates were higher in March 2009 than March 2008 in every Metropolitan area across the nation. Eighteen Metropolitan areas recorded jobless rates of at least 15%. The national unemployment rate is currently at 9%, a 5.2% percent increase over 2008.

Private sector workers arrive at work every morning scared that they might be losing their job completely, if they haven't already. If not facing job loss, they are certainly facing the real possibility of slashed benefits. At the same time, federal employees enjoy one of the highest levels of job security of any sector in the nation along

with generous benefits packages.

According to the Bureau of Labor statistics, the rate of layoffs and discharges (turnover) in the federal workforce was a decade low of 3.9%. The private sector workforce has not been so lucky, with a 2008 turnover rate of 20.2%. In fact, since June 2008 the private sector has shed roughly 4.4 million jobs while the federal government workforce has grown by 37,000 employees during the same period.

Moreover, the Office of Personnel Management has determined that federal and private sector leave policies compare favorably and the additional benefits of this bill would not be a major factor in

enhancing recruitment and retention.

Currently, federal government leave policies and programs already provide employees with paid parental leave through the sick and annual leave system. Federal employees enjoy a benefits package that includes: annual leave, sick leave that has unlimited accrual, paid holidays, a guaranteed government pension and a matching 401K style retirement account.

Federal employees with 3–15 years of service accrue four weeks of annual leave per year, those with more than 20 years of service accrue five weeks of annual leave, and all full time employees accrue 13 days of sick leave per year. Furthermore, federal employees also enjoy 11 paid holidays, which means federal employees gen-

erally enjoy seven or eight weeks off of work while those in the private sector get significantly fewer.

Federal employees also receive generous retirement benefits. Retiring federal employees take advantage of one of the only remaining retirement plans that include a guaranteed pension. In addition to the pension, the federal government pays into an employee's 401K style account. This is all in addition to job security that is second to none.

When it comes to the issue of parental leave, the birth mother may use accrued sick leave (which has no accrual limit) for medical appointments and/or hospitalization and the period of incapacitation following delivery. The birth father may use up to 12 weeks accrued sick leave each year to accompany the mother to prenatal appointments, to be with her during the period of hospitalization, and/or care for her during her approximate six week recovery period. Beyond that, if the mother and father exhaust their sick leave they are free to use their accrued annual leave (30 days may be accrued by federal employees stationed within the United States and 90 days may be accrued by members of the senior executive service, senior-level, scientific and professional employees) for any purpose, including pregnancy and child birth. Additionally, if the mother or father is a new employee the agency may advance mother and father up to 30 days of annual and/or sick leave for purposes related to childbirth. After the mother and/or father have exhausted their sick and annual leave they may receive donated annual leave from the employing agency's leave bank program. Finally, each parent is entitled to 12 weeks of leave without pay

This bill is being considered during a time when the federal government should be acting with greater fiscal responsibility. In fact, President Obama has made concerted efforts to emphasize fiscal discipline. According to the New York Times, the President has said that the government must act "the same way any responsible family does in setting its budget . . ." He has challenged his entire cabinet to cut \$100 million from their federal budgets, which, according to the CBO, is approximately 1/10th of the \$938 million

cost of this one piece of legislation.

This legislation is the forerunner to H.R. 1723, the Family Leave Insurance Act of 2009, which has been introduced in the 111th Congress and has been referred to the Ways and Means Committee. This companion legislation will create yet another burden on the nation's struggling private sector, and will hit small businesses especially hard. H.R. 1723 creates a Family Medical Leave Insurance Fund that will provide up to 12 weeks of paid medical leave for all employees through an insurance fund administered by the federal government. This fund would be "self-financing" and be created by premiums paid by employer and employee. Thus, during this time of economic hardship for the private sector, through these two bills, Congress is both gold-plating already generous federal employee benefits and creating yet another financial burden for the private sector.

Taxpayers are reaching the breaking point when it comes to subsidizing higher federal spending at their expense. Responsible American families are cutting costs and dealing with job loss and the destruction of their savings and retirement accounts. It is simply not the right time to ask taxpayers to pay for a new benefit for federal employees.

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