H.R. 626 AND THE BUDGET

The House's PAYGO rule requires that legislation affecting direct spending or revenues must not increase the deficit (or reduce the surplus) over a six year period, including the current year, the upcoming fiscal year, and the four following fiscal years, as well as an 11-year period (the previously cited period and the ensuing five fiscal years). **H.R. 626 is PAYGO neutral**, and CBO has stated that "enacting H.R. 626 would not affect direct spending or receipts."

To be clear, **there are no PAYGO implications for H.R. 626**. Whether or not an employee takes paid leave, the pay for that employee has already been included in the salary budget for that agency. CBO estimates the value of the 4 weeks of paid leave taken by employees at $140 million in the first year of the bill's implementation. This would increase to $209 million only if the Office of Personnel Management chooses to increase the amount of paid leave to 8 weeks. These figures represent the amount that agencies currently save when employee who have a new child take the unpaid leave they are entitled to under FMLA.

Federal agencies will have to decide how they will adjust to this new policy, and whether or not they will ask for additional appropriations. However, this need not be a major challenge for federal agencies. **Over the next few years, paid parental leave can save money.** This benefit can reduce turnover, producing significant savings. It costs 20% of an employee's salary to hire and train their replacement, compared to just 8% to provide a long-standing and experienced employee with four weeks of paid parental leave.

Paid parental leave can also increase productivity and reduce absenteeism. In testimony in support of this bill, Daniel Beard, Chief Administrative Officer of the U.S. House of Representatives supported these facts with his statement that "…this approach saves money. Employee morale is always greater when an employer treats employees with dignity, especially in times of crisis."

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