

GAO

Testimony

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**FEDERAL
EMPLOYMENT**

**H. R. 4361, Federal Employees
Family Friendly Leave Act**

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H.R. 4361, FEDERAL EMPLOYEES FAMILY FRIENDLY LEAVE ACT

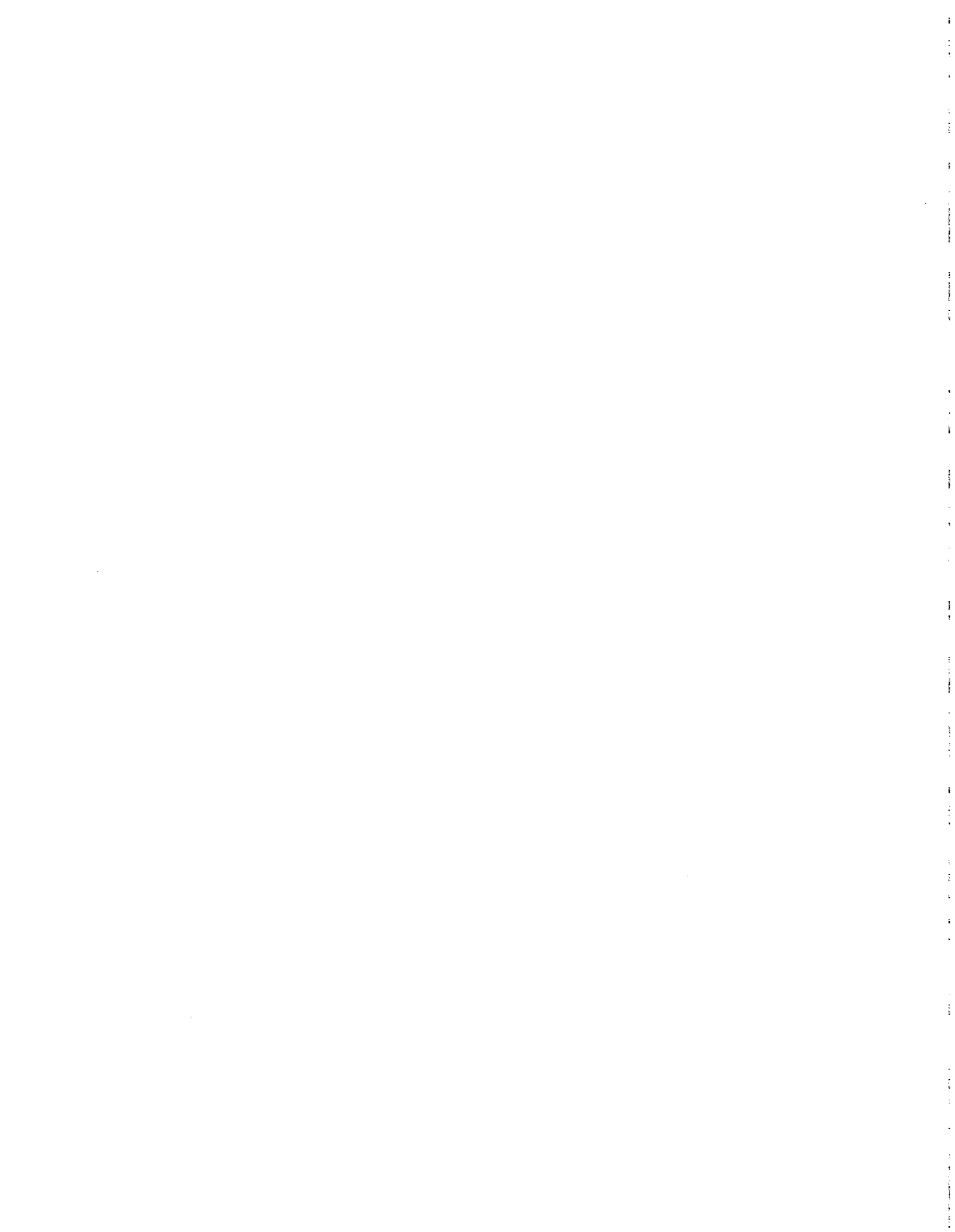
Summary of Statement by
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The proposed legislation would establish a 3-year experiment allowing federal employees to (1) share annual leave with family members who are also federal employees and (2) use sick leave to attend to family members' medical needs. GAO believes experimentation with these changes is appropriate. By allowing employees more options for managing their leave, the bill would help make the government a more "family friendly" employer. Programs that help employees balance their working lives with their personal and family needs can be cost effective and beneficial to both employers and employees.

The proposal for sharing annual leave among family members would not change the overall amount of annual leave available to federal employees. However, by making annual leave a resource to be shared among family members, it would provide flexibility in how leave can be used. A GAO survey showed considerable interest in annual leave sharing among federal employees who have family members working for the government. Over half of these employees told GAO they were "somewhat" to "very" likely to participate in a family leave sharing program, and about 25 percent said the availability of such a program would make it more likely they would continue with their federal careers.

The proposal to allow federal employees to use sick leave to attend to family members' medical needs is consistent with GAO's findings that nonfederal employers often give their employees paid time off for this purpose. Like the annual leave proposal, this change would give employees greater options for using their leave without increasing the total amount of leave available to federal employees.

Until the proposed changes are actually tried in the government, their associated costs, or savings, cannot be reliably predicted. However, GAO sees no reason to believe the changes will be costly. The cost issue should be examined carefully during the 3-year experiment.



Madam Chair and Members of the Subcommittee:

I am pleased to appear here today to provide GAO's views on H.R. 4361, the "Federal Employees Family Friendly Leave Act."

The bill calls for a 3-year experiment involving two changes to the leave program for federal employees. One change would allow family members who are federal employees to share annual leave. The other would allow employees to use their sick leave to attend to family members' medical needs. In our opinion, experimentation with both of these changes is appropriate as they will help make the government a more "family friendly" employer.

Our work has shown that the federal government is behind leading nonfederal employers in helping employees balance their working lives with their personal and family needs.¹ Significant demographic changes in the country's workforce, such as the large increase in the number of working women and two-earner households, have prompted many employers to redesign their human resource policies and programs. These employers find that family friendly programs can be beneficial to the company as well as to the employee because of the savings resulting from productivity gains and the enhanced recruitment and retention of quality workers.

ANNUAL LEAVE SHARING AMONG FAMILY MEMBERS

The Federal Employees Leave Sharing Act of 1988, as amended, permits federal employees to donate annual leave to other employees who are facing unpaid absences caused by personal or family medical emergencies. As we reported in our May 1993 appearance before this subcommittee, the leave sharing program has proved to be quite successful and is widely supported by federal agencies and employees alike.

Under the current leave sharing program, family members, like other employees, can donate annual leave to each other only in cases where (1) the donated leave is needed to meet a medical emergency and (2) the leave recipient has exhausted all of his or her available leave. H.R. 4361 would change the program to allow family members to share annual leave without either of these conditions being present. In effect, this change would make annual leave a resource to be shared by family members as they see fit.

We believe the proposed change is worth trying in the government. It could be of great benefit by permitting a family member with little or no annual leave to take time off from work by using leave from another family member with a higher leave balance.

¹See The Changing Workforce: Comparison of Federal and Nonfederal Work/Family Programs and Approaches (GAO/GGD-92-84, April 23, 1992)

For example, we are aware of situations in which one spouse of a federal employee couple has used so much of his/her annual leave attending to their children's needs that family vacations are difficult to arrange. Or, one spouse may have worked longer for the government than the other spouse and accumulated more annual leave. In such cases, one spouse has ample leave, but the other doesn't. Allowing the spouses to share leave in such cases could be beneficial to the family, and it would not change the combined amount of leave the spouses could use during the year. Also, nothing in the bill changes the prerogative agencies now have to approve or deny employee requests to use annual leave.

The results of a federal employee survey we published in 1992² showed considerable interest in the idea of allowing family members to share annual leave. The survey revealed that about 30 percent of all respondents had spouses and/or parents, siblings, and children who also worked for the government. While this is a large number, it would undoubtedly be even larger if the survey had used the broader definition of family member included in the bill.³ Fifty-two percent of these respondents said it was "somewhat" to "very" likely that they would share annual leave with their spouses or other family members in the following year if the law allowed it. Twenty-five percent said such an option would make them more likely to stay in federal employment.

While it is not possible to predict the amount of annual leave family members would share, the proposed change should result in little, if any, additional payroll costs. The bill contains a number of controls to prevent employees from accumulating donated leave they don't really plan to use and cashing it in upon separation. For example, it precludes leave donations if they would cause a recipient's leave balance to exceed 240 hours. This would mean that any member of the Senior Executive Service who has an annual leave balance of 240 hours or more would be ineligible to receive leave donations. The Senior Executive Service is not subject to the 240-hour leave carryover limitation imposed by law on other employees. Further, the bill provides that lump-sum payments for unused annual leave made to separating employees cannot include payments for any leave donations they received during their last year of employment. These provisions are in addition to the requirement already existing in the leave

²Federal Employment: How Federal Employees View the Government as a Place to Work (GAO/GGD-92-91, June 18, 1992)

³The bill includes as family members the employee's spouse and the spouse's parents, children (including adopted children and children of a spouse), parents, brothers and sisters (and their spouses), and any individual related by blood or affinity whose close association with the employee is the equivalent of a family relationship.

sharing program that employees generally cannot donate leave they otherwise could not use and would forfeit at the end of the leave year.

The only circumstances in which we could envision extra salary outlays being incurred would be cases where the leave recipients would be on leave-without-pay if leave donations were not made. To the extent that the program results in paid leave being substituted for unpaid leave, added salary outlays would result. On the other hand, to the extent that employees who make leave donations receive smaller lump-sum payments when they separate, savings would result. Moreover, based on other employers' experiences, productivity gains and other advantages that might be realized from making the government a more family friendly employer could more than offset any potential cost increases the program might cause.

Until an annual leave sharing program is actually tried in the government, its associated costs, or savings, cannot be reliably predicted. The cost issue should be closely examined during the 3-year test of the proposed program.

USING SICK LEAVE TO CARE FOR ILL FAMILY MEMBERS

In general, federal employees are allowed to use sick leave only when they are ill or for medical and dental appointments. Sick leave may not be used when a family member is ill unless the family member has a contagious disease. H.R. 4361 would eliminate this restriction and allow employees to use sick leave when family members have conditions that would justify sick leave if they were employees. We believe experimentation with this change is appropriate in the interest of helping federal employees cope with their work and family responsibilities.

Our work has shown that the practice of giving employees paid time off to care for ill family members is becoming quite common among leading nonfederal employers. In our report comparing federal and nonfederal work/family programs, we found that most of the nonfederal organizations we visited permitted employees to use all or a portion of their paid sick leave to care for family members who were ill. Other approaches to this issue some employers used included providing separate "family emergency" leave allowances and combining vacation and sick time into one account to give employees the flexibility to take time off for any reason.

A December 1993 report by the Bureau of National Affairs⁴ on a survey of 155 employers of varying sizes and industries confirmed our findings that many organizations allow employees to use sick leave for family members' illnesses. According to the report, 45 percent of the employers allowed salaried employees to use sick leave to care for a sick child; 32 percent allowed sick leave for care of an elderly relative; and 39 percent allowed sick leave for care of other family members.

Expanding the circumstances in which employees may use sick leave can increase their absences from work. Also, if employees substitute sick leave for annual leave they now may be taking to care for ill family members, their lump-sum payments for unused annual leave could be larger when they separate from federal service. Like annual leave sharing, the proposed sick leave amendment could also increase federal salary outlays in cases where employees would have otherwise used unpaid leave to care for ill family members.

Any costs resulting from an increase in the use of paid sick leave could be eventually offset, in part, by reduced retirement system costs. Retiring employees covered by the Civil Service Retirement System may count unused sick leave as service credits in the calculation of their retirement benefits. To the extent that greater amounts of sick leave are used to tend to family members' medical needs, fewer service credits would be available in the retirement benefit calculations. Employees retiring under the Federal Employees Retirement System do not receive service credits for unused sick leave.

As with the annual leave sharing proposal, the effect of the sick leave change on government costs should be examined during the 3-year experiment.

CONCLUSION

Within the overall context of federal employment policies, the changes proposed by H.R. 4361 are, perhaps, relatively minor. They do not, for example, change the amount of annual and sick leave employees accrue each year. Yet, by allowing employees more options for using their leave, this legislation should go a long way toward helping many employees better manage their work, personal, and family responsibilities.

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That concludes my prepared statement, Madam Chair. I would be pleased to answer any questions you may have.

⁴Bureau of National Affairs, Paid Leave for Illness and Personal Circumstances, Personnel Policies Forum Survey No. 151. Washington D.C.: Bureau of National Affairs, Inc., 1993.

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