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The Cost of Paid Parental Leave for Federal Workers: Revising a CBO Cost Estimate to Reflect H.R. 5781's Proposed Four-Week Policy

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The Congressional Budget Office (CBO) has estimated the five-year cost of a proposed paid parental leave program for federal workers.[1] The estimate for H.R. 5781 makes a problematic assumption about administration of the Federal Employees Paid Parental Leave Act (FEPPLA) by the Office of Personnel Management (OPM). The CBO estimates a 50 percent probability that OPM will use the authority granted in the bill to increase the amount of paid leave available to eligible employees to eight weeks (from four weeks) in the second fiscal year of the program.

FEPPLA gives OPM the authority to increase the maximum amount of leave available under the Act from four weeks at the program's inception to as much as eight weeks. (This action may be taken at any time after the program is implemented.) The CBO estimate provides no rationale for its assessment that there is a 50 percent chance of OPM increasing the maximum allowed after the first six months of the policy. In fact, at a Congressional hearing on the FEPPLA in May 2008, OPM's Associate Director for Strategic Human Resources Policy indicated that OPM believes its current leave provisions are adequate without adoption of a new paid parental leave program.[2] It seems premature to assume that the leave length will be increased soon after enactment of the program.

The Institute for Women's Policy Research (IWPR) has estimated the cost of FEPPLA over its first five fiscal years, assuming that the maximum leave length remains four weeks, but adopting all other assumptions used in the CBO estimate. In this model, the program would cost 33 percent less than the CBO projected in fiscal years 2010 through 2013, resulting in a total budgetary impact of $587 million rather than the CBO's $850 million (Table 1).

Table 1. Comparison of CBO Estimate with an Estimate for a Four-Week Program

	By Fiscal Year, in Millions of Dollars					Total Over 5 Years
	2009	2010	2011	2012	2013	
	Changes in Spending Subject to Appropriation					
CBO Estimated Authorization Level	60[a]	190	195	200	205	850
IWPR Estimated Authorization Level	**60[a]**	**127**	**130**	**133**	**137**	**587**

Source: CBO estimate,[1] Institute for Women's Policy Research analysis.
[a] The CBO scenario is for adoption of the policy October 1, 2008, with an April 1, 2009, effective date and a 2.5 percent annual inflation factor.

[1] Congressional Budget Office, *Congressional Budget Office Cost Estimate – H.R. 5781: Federal Employees Paid Parental Leave Act of 2008*, (Washington, 2008). http://www.cbo.gov/ftpdocs/91xx/doc9198/HR5781.pdf (accessed August 19, 2008).
[2] U.S. House of Representatives Committee on Oversight and Government Reform, *Statement of Nancy H. Kichak on Paid Parental Leave for Federal Employees*, 110th Congress, 2nd sess., (Washington, March 6, 2008). https://www.opm.gov/news_events/congress/testimony/110thCongress/03_06_2008.asp (accessed August 19, 2008).