



How to Talk About: PAID LEAVE

“We will have arrived when every woman can decide for herself how to best find and use her God-given gifts. A woman may choose to have five children and home-school them. She may choose to become a CEO or to become a candidate.”

—Carly Fiorina

We all want every American family to have access to the time they need to balance work and family life.

We can do more to make this a reality.

But every family is different. One-size-fits-all solutions often do more harm than good.

We should understand the tradeoffs of various policy proposals.

Ultimately, the best solution allows families, businesses, and communities to work together to provide maximum opportunity and flexibility.

Read this communications kit to learn the key facts about the debate over paid leave in the U.S. today.

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FIVE KEY POINTS ABOUT PAID LEAVE IN THE U.S. TODAY

1

MOST AMERICAN WORKERS HAVE ACCESS TO PAID TIME OFF.

Most employers provide some form of paid time off to workers. Focusing on one category of leave (such as parental or sick leave) ignores the options currently available to workers including using more than one type of leave.

2

GOVERNMENT-DICTATED BENEFITS REDUCE FLEXIBILITY FOR EMPLOYEES.

Paid-leave mandates and pay-replacement programs leave fewer options available for workers who want to customize their compensation and benefits.

3

GOVERNMENT-MANDATED BENEFITS IMPOSE COSTS ON EMPLOYERS THAT GET PASSED ON TO WORKERS AND CUSTOMERS.

Employers will offset extra costs by increasing prices, reducing worker hours or take-home pay, consolidating jobs, or outsourcing.

4

FEMALE WORKERS SUFFER HARMFUL UNINTENDED CONSEQUENCES FROM MANDATED LEAVE POLICIES.

Women face lower take-home pay, fewer jobs, and fewer leadership opportunities.

5

TO BOOST ACCESS TO PAID LEAVE BENEFITS, WE SHOULD ENCOURAGE PEOPLE TO SAVE, INCREASE FLEXIBILITY IN THE WORKPLACE, GROW THE ECONOMY, AND TARGET GOVERNMENT SUPPORT WHERE IT'S NEEDED.

Help people **SAVE** tax-free through Personal Care Accounts, Increase **FLEXIBLE** work arrangements, **TARGET** government support to low-wage workers who cannot afford to save or may lack access to paid leave benefits, and **GROW** the economy to offer more opportunities that meet the unique circumstances of women.

U.S. PAID LEAVE LAWS TODAY

Employers largely determine their own paid leave policies, but there are laws governing parental, family, and sick leave policies:

FEDERAL LAW

- The **Family and Medical Leave Act (FMLA)**—provides workers with up to 12 weeks of *unpaid*, job-protected parental, family or medical leave.
 - Applies to private employers with 50 or more employees

STATE LAWS

- **California, New Jersey, New York and Rhode Island, Washington**, and the **District of Columbia** have passed paid parental and family leave policies (New York, Washington, and D.C.'s laws have not yet been implemented)
- **Arizona, California, Connecticut, Massachusetts, Oregon, Rhode Island, Vermont, Washington**, and the **District of Columbia** have passed paid sick leave policies (Rhode Island and Washington's measures do not yet take effect)

MULTIPLE MUNICIPAL LAWS

- A number of cities have passed paid leave laws including Austin, Chicago, and New York City, but they only apply to municipal workers.

See Appendix for full list of current paid leave laws.

PAID LEAVE: BY THE NUMBERS

HOW WE'RE DOING:

- Large majorities of full-time workers and some part-time workers have access to paid time off:
 - Nearly **90 percent of full-time workers** (87 percent) have access to paid vacation time, **80 percent of full-time workers** have access to paid sick leave, and half have paid personal leave. ([Bureau of Labor Statistics](#))
 - **One third of part-time workers have access to some paid leave**—35 percent have access to paid vacations and 31 percent have access to paid sick leave ([Bureau of Labor Statistics](#))

- Most companies offer paid time-off:
 - **74 percent of companies** offer paid sick leave
 - **82 percent of companies** offer paid vacation days (survey by the Society of Human Resource Professionals)

- Paid family leave is available to some workers: ([Bureau of Labor Statistics](#))
 - **16 percent of full-time workers and 5 percent of part-time workers** have access to paid family leave
 - 19 percent of state government workers versus 13 percent of private sector workers had access to paid family leave
 - 40 percent of pregnant women used paid maternity leave
 - **56 percent of first-time mothers** had access to paid leave, 42 percent received unpaid leave, 10 percent used disability leave, 19 percent quit their job, while nearly 5 percent reported being let go ([Census](#))

- Working moms in many higher-paying fields have access to paid family leave:
 - 37 percent of workers in the finance and insurance sector, 33 percent in the information industry, and 27 percent of workers in professional, scientific, and technical services have access to paid leave ([Bureau of Labor Statistics](#))

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- Working moms are abundant in our economy
 - The labor force participation rate for women with children under age 18 was **70.5 percent in 2016** ([Bureau of Labor Statistics](#))
 - Just over half of working mothers take time off to have a baby
- Compared to other countries with universal government leave policies, American women:
 - Face a smaller wage gap. ([Pew Research](#))
 - Are more likely to work in male-dominated jobs: **13.9 percent** of American women are in male-dominated jobs versus 12.1 percent of European women ([IZA](#))
 - Are more likely to hold managerial or advanced positions: **14 percent** of American managers are women versus 5.9 percent of European women ([IZA](#))

WHAT WE COULD BE DOING BETTER

- Many working mothers could benefit from additional options to help prepare them from time off
 - **56 percent of working mothers used paid leave**, that means about four in ten did not ([Census](#))
- Part-time workers were more likely to leave their job to have a child
 - **37 percent reported quitting their jobs** compared to 19 percent of full-time workers
- Workers who don't necessarily have traditional work arrangements, such as those in the sharing economy and lower wage workers, have limited paid leave options
- Workers in industries that aren't high-paying are among the lowest for paid leave benefits
 - 5 percent of workers in construction and 6 percent of those in leisure/hospitality have access to paid leave ([Bureau of Labor Statistics](#))

THE WRONG “SOLUTIONS” TO EXPANDING PAID LEAVE

GOVERNMENT-IMPOSED EMPLOYER MANDATES:

■ Create new costs for businesses

- Increased costs of hiring new workers
- Administrative costs for tracking time off (where required)
- Compensation for absent workers at partial or full work rate
- Compensation for temporary workers covering for absent employees

Business will likely make up for new costs by cutting take-home pay for workers or increasing prices.

■ Discourage job creation:

- Benefit mandates make hiring new workers more costly
- Creates incentive to keep their workforce small (particularly when small businesses are exempt from the mandate) and consolidate or outsource jobs.

What people need most are good job opportunities and a growing, flexible job market. Government mandates actually hurt those who need opportunity. In 2012, 74 percent of households with children under the poverty line had no full-time worker (Census).

■ Force government into the employer/employee relationship:

- Government micromanages employment contracts leading to fewer choices for workers
- Workers lose ability to negotiate higher take-home pay in exchange for time off or to trade higher pay for more flexible work arrangements such as part-time work and telecommuting.

Government imposes one-size-fits-all benefits that do not consider the unique needs and circumstances of workers. Workers and employers should be free to negotiate mutually beneficial work arrangements.

■ Harms female workers:

- Workers receive less take-home pay and find fewer new job opportunities
- In Europe, women are mostly working in part-time and lower-paid positions, less likely to be managers or professionals than American women

Women want equal access to opportunity and should not worry that their gender will weigh against them in the workforce.

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GOVERNMENT-PAY REPLACEMENT PROGRAMS:

- Create a costly new entitlement program
 - Increase taxes for workers and employers
 - Adds another line item to growing federal and state debts
 - Social programs have a bad track record for staying on budget

Government benefit programs lack accountability to ensure they don't get abused at the expense of hardworking taxpayers.

- Replace a plethora of more generous, customized arrangements with one-size-fits-all benefit
 - Employers would likely respond by dropping their current offerings
 - Companies and employees would also be less likely to pursue flexible work arrangements such as telecommuting or part-time work during leave
 - Programs only replace partial pay at a standard number of weeks

Employers provide generous leave benefits because it helps them attract and retain higher quality workers, but a federal program would change the expectations and calculations made by employers and alter the options that are available for workers.

- Harms female workers
 - Employers know women—particularly of childbearing age—are more likely to use such programs than men and it may discourage them from hiring young women or considering them for leadership roles
 - Unfairly requires women who do not want or unable to have children to fund time off for those who do

Government programs should not lead to fewer opportunities for women's advancement or pick winners and losers among workers with families and those without.

THE RIGHT SOLUTIONS TO EXPANDING PAID LEAVE

SAVE THROUGH PERSONAL CARE ACCOUNTS

- Allow men and women to save pre-tax dollars for when they need to take time out of the workforce
- Save tax-free up to the equivalent of 12 weeks of pay (capped at a maximum of \$5,000 each year)
- Allow employers, nonprofits, and government to contribute to these accounts
- This solution maximizes FREEDOM and encourages RESPONSIBLE leave taking

INCREASE FLEXIBILITY IN THE WORKPLACE

- Encourage reforms that allow employers to offer work-flexible arrangements to employees who take time off and want to get back to work
- Workflex includes compressed work schedules, biweekly work programs, telecommuting, job-sharing, and flexible and predictable scheduling
- For example, the *Workflex in the 21st Century Act* proposes a federal voluntary leave program in which employers provide employees a minimum level of paid leave combined with workflex options

- This approach maximizes FLEXIBILITY and protects CERTAINTY within leave practices

TARGET AID TO THOSE WHO NEED IT

- Encourage reforms and programs that target aid to those with lower-incomes who need financial assistance, without inadvertently destroying their economic opportunities

GROW THE ECONOMY THROUGH TAX REFORM

- Reform the tax code and cut taxes for small and large businesses to increase economic growth leading to more hiring and better wages
- The slow growth in our economy (about 2 percent) is not enough to produce jobs and lift wages making it difficult to save for time off
- A robust economy will provide women the opportunities and careers that better meet their unique needs and situations

MISPERCEPTIONS V. FACTS ABOUT PAID LEAVE

MISPERCEPTION: *Just one in ten workers in the U.S. has access to paid family leave.*

FACT: Most full-time workers have access to paid time off to take care of health issues and family needs:

- 87 percent have paid vacation
- 80 percent have paid sick leave
- 50 percent have paid personal leave
- 16 percent have paid family leave.

One-third of part-time workers also have access to some form of paid leave.

Workers may use various types of paid leave to subsidize time off. Instead of having separate “family leave” and “sick leave” categories, employers seeking to provide workers with more flexibility may offer “personal leave,” which can be used for a variety of purposes including for time off due to family needs.

MISPERCEPTION: *Government leave mandates will help alleviate poverty.*

FACT: Most people are not living in poverty because of a lack of paid benefits, but because they do not have jobs—particularly full-time, year-round positions.

- 74 percent of households with children in poverty were home to no full-time worker.

- Adding costs to employers—like the costs of paid leave benefits—will only make it harder to add new jobs and create new opportunities.

MISPERCEPTION: *Low-wage workers, in particular, would benefit from expanded paid leave policies and are in greater need of pay during time-off from work for major life events.*

FACT: Low-wage workers—because they are easiest to replace—will face the most harm from government benefit mandates in the form of:

- fewer hours
- reduced take-home pay
- fewer job opportunities.

MISPERCEPTION: *Requiring employers to provide paid leave benefits is good for business as well as good for employees.*

FACT: Businesses will do what’s in their best interest in the absence of government mandates.

- Most businesses report that they are unaffected by paid leave mandates because most already voluntarily provide paid leave benefits for their workers.

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- Mandates can be a significant burden for those businesses that are unable to offer paid leave benefits (or unable to offer the amount of leave required), forcing them to cut or consolidate jobs.
- Government mandates or entitlement programs could encourage some businesses to reduce their leave time, and discourage the use of other, flexible work arrangements, such as part-time and work-from-home options, during periods of leave.

MISPERCEPTION: *The United States is the only high-income nation without a paid family leave policy.*

FACT: *This may be true, but this is not a bad deal for American women.*

- In contrast to other advanced economies, American women are uniquely free to negotiate and customize their own compensation, including salary, leave, and other benefits, such as the ability to work from home.
- We can make these arrangements with our employers *without the heavy hand of government* dictating what our employment contracts will say.

- This policy recognizes that there is no cookie-cutter woman: Some will prefer more take-home pay, others prefer more leave, but that is for individual women to say.

MISPERCEPTION: *Women are better off in European countries than the U.S. because they offer generous family leave packages.*

FACT: EU countries do require much more generous paid leave benefits, but their employees—particularly women—pay a price as a result:

- European women are about half as likely as American women to work in managerial or professional positions.
- A National Bureau of Economic Research (NBER) study found that family leave mandates and other benefits have increased women's labor force participation rate in Europe, but that women were mostly working in part-time and lower paid positions.
- More women in America work in male-dominated industries.
- Many countries with universal paid leave policies also have wider gender wage gaps as well.

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MISPERCEPTION: *Paid leave mandates or a new entitlement program are the only things Washington can do to help workers access more paid time off.*

FACT: This is not true. The government can:

- Allow individuals to save more of what they earn so that they have the resources to provide for themselves during periods of leave. For example, policymakers could allow people to place pre-tax dollars into a Personal Care Account (PCA) (similar to a 401k or health savings account), which could then be drawn upon to replace or supplement income during periods of leave eligible under the Family and Medical Leave Act.
- Defray the costs and challenges of providing leave by creating tax credits for businesses (which could phase out at different employment levels).
- Encourage reforms that allow employers to offer flexible work arrangements to employees.
- Pursue other economic policies like tax reform and health reform that will fuel a stronger, more competitive labor market, which will give employers more resources to offer more benefits.
- Target subsidies and support to vulnerable parents who struggle to make ends meet.

PAID LEAVE GLOSSARY OF TERMS

DISABILITY: *Benefits to workers who are unable to work because of non-work-related illness or injury*

- Short-term (typically a 6-month to 12-month period) or long-term (for an extended length of time)
- Generally, paid as a percentage of pay rate or flat amount

EMPLOYER MANDATE: *Laws requiring that employers provide benefits to workers who take time off for certain types of leave*

- Applies to employers with a certain number of workers
- Employers pay all or some of the cost of the benefit

FAMILY LEAVE: *Time off to care for a new child or seriously ill family member*

- Family members vary but often include spouses, children, and parents
- Includes parental leave
- Usually, paid *only limited percentage* of pay rate

FLEXIBLE WORK ARRANGEMENTS OR WORKFLEX: *Work practices that allow employees to perform tasks outside of core business hours*

- Takes many forms, including telecommuting, compressed workweeks and flexible scheduling

HOLIDAYS: *Time off on days of special religious, cultural, social, or patriotic significance when work and business is closed*

- Generally, paid *100 percent* of pay rate but may be paid at partial rate

MEDICAL LEAVE: *Time off to care for employee's own serious illness or health condition*

- Usually, paid *only limited percentage* of pay rate

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PARENTAL LEAVE: *Time off to care for or bond with a child after birth or adoption*

- Limited to maternity and paternity leave
- Usually paid *only limited percentage* of pay rate

PAY REPLACEMENT: *The amount or percentage of pay that is provided when a worker takes time off*

PERSONAL LEAVE: *General purpose time off for reasons not covered by other forms of leave*

- Generally, paid *100 percent* of pay rate

SICK LEAVE: *Time off for workers to care for their own less severe illness*

- *Most common form of leave*
- Generally, paid *100 percent* of pay rate

VACATION: *Time off from work*

- Provided on an annual basis
- Generally, paid *100 percent* of pay, but may be partial pay or a percentage of worker's earnings

Jurisdiction	Year	Benefits	Wage Replacement Rate	Funding Source
Federal: Family and Medical Leave Act (FMLA)	1993	Up to 12 weeks of job-protected, unpaid leave	None	None
California	2004	6 weeks family leave; 52 weeks personal disability	55 percent of average weekly income up to \$1,173 per week; increases to 70 percent in 2018	Payroll taxes (employee)
New Jersey	2009	6 weeks family leave; 26 weeks personal disability	66 percent of average weekly wage up to \$615 per week	Payroll taxes (employee)
Rhode Island	2014	4 weeks family leave; 30 weeks personal disability	About 60 percent (or 4.62 percent of wages paid during highest quarter of base period) up to \$795 per week	Payroll taxes (employee)
New York	Passed 2016 (<i>takes effect Jan. 2018</i>)	8 weeks of family leave in 2018 rising to 12 weeks by 2021; 26 weeks personal disability	50 percent of worker's average wage in 2018 rising to 67 percent in 2021 up to \$170 per week	Payroll Taxes (employee)
District of Columbia	Passed 2016 (<i>takes effect 2020</i>)	8 weeks parental leave; 6 weeks family leave; 2 weeks personal health condition	90 percent average weekly wage for workers earning 150 percent of less of DC minimum wage and 50 percent for those above threshold up to \$1,000 per week	Payroll Taxes (employee)
Washington	Passed 2017 (<i>takes effect 2020</i>)	12 weeks of parental and family leave; 12 weeks personal medical leave (18 weeks for new mothers with pregnancy-related complications)	50 percent of average weekly wage up to \$1,000 per week	Payroll Taxes (employee/ employer)

Source: National Conference of State Legislatures