

PAID LEAVE BENEFITS

KEY CONSIDERATIONS

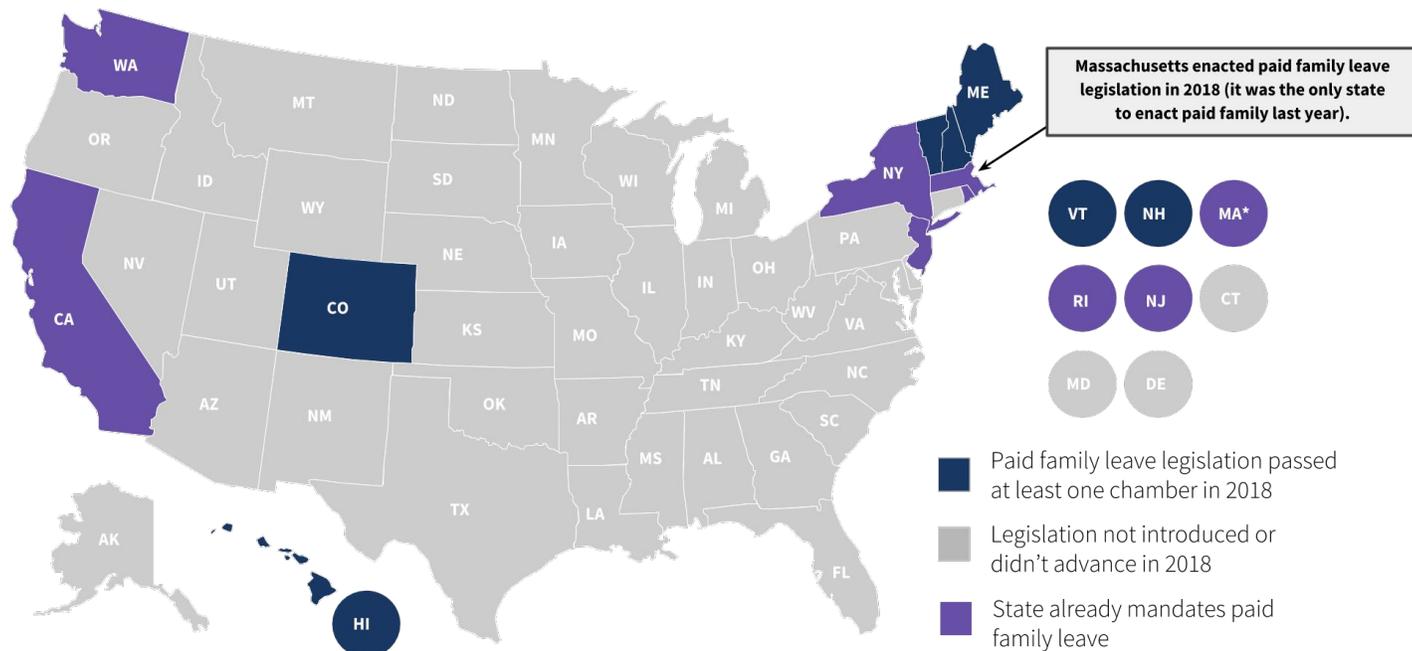
- Providing paid leave is generally a good business practice, especially when employers are competing for highly skilled and educated workers, as is the case with professional services. Paid leave improves employee retention, assists in attracting talent, and improves engagement, morale, and productivity. It also reinforces company values to the employees. Professional services businesses offer generous leave policies because it makes good business sense and fosters an improved work-life balance.
- Mandating paid leave creates an unworkable one-size-fits-all system that businesses would be forced to comply with, even employers that offer policies that exceed mandates. Employers in high-wage industries, such as professional services like finance and accounting, have been first movers in offering generous and flexible paid leave policies. When mandates are implemented, employees may actually experience a reduction in benefits because policies without any flexibility may restrict an employer's ability to offer leave policies that exceed the government mandate. Any legislation considered should allow for policies that exceed the mandates, allowing employers to offer paid leave benefits that are equivalent to or better than the mandate—essentially acting as a “floor.” It is also important that mandates are reasonable. For example, the definition of “family” should be limited to immediate family and dependents.
- Any legislation considered should exempt small businesses. Guaranteed leave, whether paid or unpaid, is an expensive constraint for many employers. Some smaller and newer businesses can't afford a costly new mandated benefit. As a result, they will either reduce pay or cut jobs.

ADDITIONAL RESOURCES

- [“Affordable and Targeted: How Paid Parental Leave in the US Could Work,”](#) report by the American Enterprise Institute (March 2017).
- [“Why Paid Family Leave Is Good Business,”](#) report by Boston Consulting Group (February 2017).
- [“What's the Universal Paid Leave Act of 2015?”](#) talking points from the District of Columbia Chamber of Commerce (December 2016).
- [“Americans Widely Support Paid Family and Medical Leave, but Differ Over Specific Policies,”](#) polling analysis by The Pew Charitable Trusts (March 2017).
- [“Paid family leave: Balancing benefits and costs,”](#) analysis by the Brookings Institution (January 2017).
- [“State Paid Family Leave Insurance Laws,”](#) table prepared by National Partnership for Women and Families (February 2017).

2018 LEGISLATIVE STATE OF PLAY

Legislation addressing paid sick leave was introduced in 13 states in 2018, while legislation addressing paid family leave was introduced in 17 states. Paid leave bills in four states were enacted last year (paid sick leave in Maryland, Michigan, and New Jersey, and paid family leave in Massachusetts). **The map below shows legislative state of play for paid family leave only.**



BACKGROUND

The federal [Family Medical Leave Act of 1993](#) (FMLA) applies to employers with 50 or more employees and provides up to 12 weeks of unpaid leave during a 12-month period to care for a family member or to attend to employee's own serious medical health condition. States and localities have begun to expand this law to mandate guaranteed paid leave for employees to address family or medical issues. Currently, six states (California, Massachusetts, New Jersey, New York, Rhode Island, & Washington) and two localities ([San Francisco](#) and [Washington, DC](#)) mandate paid family and medical leave, offering between four and twelve weeks of paid leave to qualifying employees per year at varying levels of wage replacement.

In the six states with paid family and medical leave, programs are funded through either employee or employer contributions. In California, for example, the program is funded by a 1 percent payroll tax on employees. Qualified workers collect benefits from the state's disability insurance program and can take six weeks off and receive approximately half of their normal salary (up to a maximum of \$1,100 per week).

One implementation hurdle in enacting paid family and medical leave programs is that only five states (California, Hawaii, New Jersey, New York, and Rhode Island) have existing disability insurance programs, and therefore an existing, simple way to fund a paid leave program. In 2007, Washington state lawmakers passed a paid leave mandate, but because the state had no disability program, state officials had to decide on a new way to fund the mandate. Without any obvious solutions, Washington's governor was forced to suspend the program in 2008. Nearly ten years later, legislators in Washington enacted a new paid family and medical leave program and employee and employer deductions began in 2019.