



Business Support for the Family and Medical Leave Act

February 2013

Paid leave would address unmet need, financial burden

As the Family and Medical Leave Act (FMLA) celebrates its 20th anniversary, newly released data from the U.S. Department of Labor (DOL) shows that the vast majority of businesses find administering the law easy.¹ The data also point to a pressing need for paid leave programs, like those in California and New Jersey.

The FMLA, which enables workers to take up to 12 weeks of *unpaid* job-protected leave to care for their own serious illness, a sick family member, or to bond with a new baby, has been used by millions of workers since its passage in 1993. But some eligible workers aren't able to take advantage of this leave time because it is unpaid. For many others who do take unpaid leave, the loss of income means significant financial hardship.

Not all workers are eligible for the FMLA. The law applies to workers in firms with 50 or more employees who meet certain criteria (e.g. job tenure and hours threshold). About 40 percent of workers do not meet these criteria.² The DOL survey includes leave data on all workers and on those workers with FMLA protections.

In California and New Jersey, family leave insurance programs have made it possible for employees to take paid family leave, easing the financial burden of caring for oneself and one's family. In these two states, leave is funded by modest employee contributions of less than one-half of one percent of wages. Research shows that businesses in California have found the state's Paid Family Leave (PFL) program to be good for or have little effect on business.³

Businesses see positive effects of administering FMLA, do not experience difficulty

- **Employers see positive or no effects of FMLA on employees' performance.** Asked about FMLA effects on employee productivity, absenteeism, turnover, career advancement, and morale, as well as business profitability, 91 percent of employers said that complying with the law had a positive effect (37 percent) or no noticeable effect (54 percent).⁴
- **Employers do not find FMLA administration burdensome.** According to the DOL survey, 85 percent of employers find it easy or very easy to comply with the FMLA, or did not notice an effect of doing so.⁶

A Small Business Majority poll recently found that 80 percent of small business owners favor the FMLA.⁵

Few workers have access to designated *paid* family and medical leave

- **The FMLA provides for *unpaid* leave – it does not guarantee workers any form of compensation while they take this leave.** Workers lucky enough to have other forms of paid leave, such as vacation and sick days, are sometimes able to draw on these benefits while they are on leave in order to avoid losing income.

- **More than half of all workers who took leave lost income while doing so.** Even when tapping into available leave benefits, such as vacation and sick days, 17 percent of workers lost some income while on leave. More than one-third (34 percent) lost all of their income while on leave.⁷
- **Few workers have benefits that provide pay specifically for family and medical leave.** For employees covered by FMLA who could access some benefits to replace income while on leave, the source was typically Paid Time Off (PTO – a form of consolidated or bundled leave) (68 percent), sick leave (47 percent), personal leave (34 percent) or vacation (17 percent). Only 13 percent of covered workers that received income while on leave listed the source as maternity leave; nine percent listed it as paternity leave.⁷
- **Workers taking longer leaves are much less likely to be able to access any income, from existing benefits or other sources.** For leaves longer than 11 days, 60 percent of employees lost income. For leaves shorter than 11 days, 40 percent lost income.⁹
- **Workers with lower household incomes are much more likely to lose all income during a leave.** More than half (54 percent) of workers earning less than the median family income reported losing **all** income while on leave. 18 percent of those above the median family income lost all income while on leave.¹⁰

Nearly 10 million workers find unpaid leave difficult to afford or unaffordable¹¹

- **More than 6.3 million workers found it difficult to make ends meet while on leave.** These workers were either on unpaid leave or were losing income while on leave, despite drawing on some existing benefits. Close to half of employees would have taken longer leaves if they had received additional or any pay.¹² 50 percent of workers reported that they returned to work following a leave because they could not afford to take more time off.¹³
- **Workers must stretch in order to make up for lost income.** To cover lost wages during leaves without pay or during which workers lost income, workers used savings earmarked for something else (37 percent), borrowed money (30 percent), went on public assistance (15 percent), put off paying bills (36 percent) or cut leave time short (31 percent).¹⁴
- **3.3 million workers did not take leave despite needing it because they could not afford to take unpaid leave.** Half of all workers who needed leave but did not take it, cited affordability as the reason.¹⁵

California employers say Paid Family Leave is not burdensome

- **The vast majority of California employers offer positive feedback on Paid Family Leave (PFL).** According to findings from a forthcoming book on experiences of employers and employees with California's paid family leave program, nine out of ten employers report that the program has either positive effects or no effects on their business operations.¹⁶
- **Productivity and other indicators are positively affected or unaffected.** In the study, 89 percent of all businesses and small businesses (less than 50 employees) reported positive or no effect on productivity. More than 90 percent of both groups reported positive or no effect on profitability/performance, turnover, or morale.¹⁷
- **An HR lobbying group found that PFL led to business as usual for most employers.** The Society for Human Resources Management (SHRM) says, "PFL adds relatively few burdens on employers that did not already exist."¹⁸

Members of the business community voice their support for paid leave

Business leaders that have experience providing their employees with paid leave believe that it is not only the right thing to do, but also makes good business sense. In states where paid family leave insurance programs have been instituted – New Jersey and California – businesses are seeing the benefits already.

“We’ve built our business by trying to treat employees well. For 20 years, the FMLA has offered job protection and unpaid leave for some workers. We go further than the law requires, providing paid leave to our employees. It’s not only the right thing to do, it’s good for business. It gives us a competitive advantage, enabling us to recruit and retain great staff. A paid family and medical leave insurance program would allow more workers to enjoy the benefits of paid leave.”
- David Deal, CEO of [Community IT Innovators](#), Washington D.C.

“Family Leave Insurance...has been a huge positive for Caliper. When you think about the cost of individuals leaving, the cost of seeking new employees, the cost of maybe hiring the wrong person, training them, etc., and you compare that to the pennies that Family Leave costs you - there is just no comparison in terms of the pure balance sheet.”¹⁹
- Herb Greenberg, CEO, Founder, [Caliper](#), New Jersey

“At Blue Bottle Coffee we believe that workers need time to take care of their own health, to care for family members, or when there’s a new baby. I know I want that for my own family; so as an owner, it makes sense that my 225 employees should have this chance to care for their families too. We’re based in Oakland. California has a law that provides workers with some wage replacement when they take a leave. It’s been easy to implement...we do more than the law requires and ‘top up’ with some of our own funds. We have expanded to New York City. There’s no state law there yet, but we provide those employees with paid family leave too. It makes sense to me for a federal law to set a minimum business standard across the states.”

- James Freeman, Owner, [Blue Bottle Coffee](#), Oakland, CA and NYC, NY

“Women business owners get it. They know the value of family and medical leave. 20 years after the passage of the FMLA, it’s time for improvements to this crucial legislation.”

- Margot Dorfman, CEO, [U.S. Women’s Chamber of Commerce](#)

Notes

¹ All DOL data is from Abt Associates Inc. *Family Medical Leave in 2012: Technical Report*. <http://www.dol.gov/asp/evaluation/fmla/FMLATEchnicalReport.pdf>. Specific exhibits indicated in subsequent notes.

² Exhibit 2.2.1

³ Appelbaum, Eileen and Ruth Milkman. *Leaves that Pay: Employer and Worker Experiences with Paid Family Leave in California*. Center for Economic and Policy Research. (2011). <http://www.cepr.net/documents/publications/paid-family-leave-1-2011.pdf>.

⁴ Exhibit 8.5.2

⁵ SBM data is from Small Business Majority. *Small Businesses Overwhelmingly Support Family Medical Leave Act*. (5 February, 2013).

<http://www.smallbusinessmajority.org/small-business-research/downloads/020513-family-medical-leave-report.pdf>.

⁶ Exhibit 3.3.4. These figures are for worksites with 50 or more employees within 75 miles of the worksite and are weighted by worksite. Data is also available weighted by number of employees.

⁷ Exhibit 5.3.4. Figures are for workers who took leave in the last 12 months.

⁸ Exhibit 5.3.9

⁹ Exhibit 5.3.5

¹⁰ Exhibit 5.3.6

¹¹ The 11 million figure is approximate. It is the rounded sum of the 7.5 million workers who struggled to make ends meet while on leave and the 3.3 million who were unable to afford leave, despite needing it. However, the former figure comes from a survey question that asks workers to reflect on leaves taken in the past 12 or 18 months, whereas the latter asks only about the past 12 months. As such, some workers may be double counted.

¹² Exhibit 5.3.14 These figures are for all leave takers, not just those covered by FMLA. We calculate 7.5 million workers based on the size of total workforce in 2011 as reported by the Bureau of Labor Statistics. 60 percent of workers that took unpaid leave or who lost some income while on leave had difficult making ends meet. 51 percent of workers who took leave, took unpaid leave or lost some income while taking leave. *Employment Status of the civilian noninstitutional population by age, sex, and race (Table 3)*. (March 2013). <http://bls.gov/cps/cpsaat03.htm>

¹³ Exhibit 5.5.3 These figures are for all leave takers, not just those covered by FMLA. Figures calculated based on BLS data on size of labor force. See note 12.

¹⁴ Exhibit 5.3.13. These figures are for all leave takers, not just those covered by FMLA.

¹⁵ Exhibit 6.4.2. Figures calculated based on BLS data on size of labor force. See note 12.

¹⁶ Appelbaum and Milkman. *Leaves that Pay: Employer and Worker Experiences with Paid Family Leave in California*.

¹⁷ Ibid.

¹⁸ Redmond, Jennifer and Evgenia Fkiaras. "California's Paid Family Leave Act is Less Onerous than Predicted." Society for Human Resource Management Legal Report. (January, 2010).

¹⁹ Family Values @ Work. "From the Story Bank: Dr. Herb Greenberg's Story." <http://familyvaluesatwork.org/story/dr-herb-greenbergs>