

Why Paid Family and Medical Leave is Good for Workers, Good for Business, and Good for NC's Economy

At some point, nearly everyone needs time to recover from a serious illness or care for a sick loved one or new child. But the majority of working people in the United States cannot take the leave they need without risking their jobs or economic security. **Only 12 percent of the U.S. workers have access to paid family leave through their employers, and less than 40 percent have personal medical leave through an employer-provided temporary disability program.**¹ The Family and Medical Leave Act—the only federal law designed to help working people meet the dual demands of job and family—**leaves out 40 percent of the workforce and guarantees only unpaid leave, which millions cannot afford to take.**

That means millions of workers who develop serious health conditions, have seriously ill family members or become parents are **forced to choose between what is best for their families and income they need to cover basic expenses.**

Paid family and medical leave is good for workers, good for businesses, and good for the economy. It's time to provide leave for workers and their families.

Why is paid family and medical leave needed?

- **No one should have to choose between earning a paycheck and recovering from illness, welcoming a newborn, or caring for a sick family member.** Unfortunately, too many people in North Carolina face this terrible choice. Although the Family Medical Leave Act allows many employees to take up to 90 days unpaid leave away from work to care for themselves or their families in times of childbirth and illness, the United States is one of only two countries in the world that does not provide paid family and medical leave.
- **Paid family medical insurance (FMLI) allows workers to receive income when they have to take time off from work to care for a newborn, a sick family member, or even themselves, when they experience qualifying medical issues.** With an FMLI program, working people pay a nominal insurance premium of a few dollars every month into a fund that then provides everyone who qualifies with a specific percentage of their pre-leave income when they need to take FMLA-eligible time off.

Paid family and medical leave strengthens economic security for working families:

- **Paid leave enables families to maintain economic stability during a family health crisis or following the birth or adoption of a baby.** A birth is the most expensive health event for families during childbearing years. Paid leave helps keep families on track to meet new expenses. In the year following a birth, new mothers who take paid leave are more likely than those who take no paid leave to stay in the workforce and 54 percent more likely to report wage increases.²
- **Parents who took leave report lower levels of public assistance in the year following their child's birth, when compared to those without paid leave.**³

NC Paid Leave
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*Paid Family Medical
Leave Fact Sheet*

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the issue and sign
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Paid family and medical leave makes good sense for businesses:

- **Paid family and medical leave creates more customers for local businesses and boosts the overall economy.** Replacement income provided by family medical leave insurance goes right back into the local economy, boosting businesses, as workers spend it to help cover the basics. So paid medical leave creates an immediate antidote to what business owners have repeatedly cited as the biggest problem for their business and the economy—weak sales.⁴
- **Paid family leave reduces—rather than raises—costs for businesses.** Nearly two-thirds of employers say that complying with the FMLA is very easy or somewhat easy. And a 2013 study found that 87% of California employers said their state’s paid family leave program saved them money rather than increased their costs.⁵
- **Expanding family and medical leave would provide significant savings in reduced turnover.** California employers report that their state-level program has had a neutral or positive effect on employee productivity, profitability, and turnover, and most employers coordinate their own benefits with the state’s paid family leave program.⁶ Another study found that mothers who gave birth after the passage of the FMLA were more likely to return to the same employer and took less time away from paid employment than those who gave birth before the FMLA.⁷
- **Replacing an employee permanently, rather than providing leave, can cost as much as five times the employee’s yearly wages,**⁸ with additional losses in productivity and employee morale. The costs of losing an employee (advertising for, interviewing and training a replacement) is often far greater than the cost of providing short-term leave to retain existing employees. In a recent cost-benefit analysis of the recent federal paid leave proposals, reduced turnover accounted for the majority of the expected savings. Family medical leave reduces these costs by helping businesses hold onto their workers when they need medical leave.

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¹ U.S. Bureau of Labor Statistics. (2014, September). Employee Benefits in the United States National Compensation Survey: Employee Benefits in the United States, March 2014 (Tables 16 and 32).

² Houser, L., & Vartanian, T. (2012, January). Pay Matters: The Positive Economic Impact of Paid Family Leave for Families, Businesses and the Public. Center for Women and Work at Rutgers, the State University of New Jersey Publication.

³ Ibid.

⁴ Sustainable Business Council. (2012). Opinion Survey: Small Business Owners’ Opinions on Regulations and Job Creation. http://asbcouncil.org/sites/default/files/files/Regulations_Poll_Report_FINAL.pdf

⁵ Bartel et al. (2014, June). California’s Paid Family Leave Law: Lessons from the First Decade. U.S. Department of Labor Publication

⁶ Milkman & Appelbaum. (2013.) Unfinished Business: Paid Family Leave in California and the Future of U.S. Work-Family Policy

⁷ [The Effects of Paid Family and Medical Leave on Employment Stability and Economic Security](#), Center for American Progress, April 2012.

⁸ [Pay Matters: The Positive Economic Impacts of Paid Family Leave for Families Businesses and the Public](#), Rutgers Center for Women and Work, Jan 2011.