

PAID FAMILY AND MEDICAL LEAVE

An Essential Investment in
Pennsylvania Business and their
Employees

September 2023

children
FIRST
THE ADVOCATE FOR KIDS

EVERY YEAR, MORE STATES MAKE SURE EMPLOYEES HAVE ACCESS TO PAID LEAVE

Fourteen existing paid leave programs (13 states & DC)

Guarantees nearly all workers a portion of their weekly earnings for a limited period of time off to bond with a newborn, recover from a serious illness, or care for a seriously ill loved one

LIMITATIONS ON LEAVE PROTECT EMPLOYERS

**Bonding Benefits
Range from 6-12
weeks***

**Family Illness Leave
Benefits range from
12-52 weeks**

**The majority of states offer 12 weeks of bonding.*

THE BENEFITS ARE PAID FOR BY A PREMIUM ON TAXABLE WAGES

- In most states, the premium cost is shared between employers and employees
- Some states have employees cover the full cost
- In other states, employers cover the cost
- State program premiums on taxable earnings range from .45% of taxable earnings to 1.10%

VAST MAJORITY OF EMPLOYEES IN PA CANNOT TAKE PAID LEAVE

3.5 million employees w/o paid leave

66% of all employees w/o paid leave



SMALL BUSINESSES ARE FAR LESS LIKELY TO OFFER PAID LEAVE BENEFITS

71% of all private companies in PA are not offering any paid family and medical leave benefits

✓ 50% of employers with 5,000+ employees are likely to offer some benefit

✓ 36% of employers with 500-4999 are likely to offer some benefit

✓ 24% of employers with less than 500 employees are likely to offer some benefit

PAID LEAVE BOOSTS PRODUCTIVITY

Businesses in California, New Jersey, and Rhode Island saw statistically *significant* *increases in productivity* compared to their neighbors without paid leave laws



PAID LEAVE HELPS BUSINESSES RECRUIT THE BEST EMPLOYEES



Small business owners who already offer paid leave reported that they saw it as a *business imperative necessary to attract quality employees*, while those who do not offer paid leave have found it harder to hire.

PAID IMPROVES RETENTION AND REDUCES COSTLY TURNOVER

Boston Consulting Group (BCG) found “talent retention is one of the primary reasons cited by employers to provide paid family leave”—including that “paid leave . . . makes it more likely that women will return to work for the same employer.”

BUSINESS SATISFACTION IS STRONG

One year after New York's paid family leave benefit began, analysis of employer ratings of employee performance found no evidence of adverse effects on attendance, commitment, cooperation, productivity, or teamwork.

BUSINESS SATISFACTION IS STRONG

The New Jersey Business and Industry Association found that “regardless of business size, based on survey results, New Jersey businesses have had little trouble adjusting to requirements of the Paid Family Leave law.”

BUSINESS SATISFACTION IS STRONG

In California, the vast majority of employers reported *no negative effects from the state's paid family leave law*; small businesses were even less likely to report negative effects.

BUSINESS SATISFACTION IS STRONG

In Rhode Island, one year after the state's paid family leave law went into place, 61% of employers, including most surveyed smaller employers, reported supporting the law.

OTHER STATE PAID LEAVE PROGRAMS GIVE THEIR EMPLOYERS A COMPETITIVE EDGE

In the first year of New York's paid family leave program, employers reported that handling employee absences was easier than the prior year, a result that was statistically significant as compared to the non-paid leave control state, Pennsylvania.

PA'S TALENT ATTRACTION CHALLENGE

Four of six neighboring states offer robust paid leave programs



STATE PAID LEAVE PROGRAMS EXPAND THE INSURANCE SECTOR

A universal paid leave program with a private plan component is a unique opportunity for insurers, potentially creating an overnight expansion in interest and demand for both new and existing products

PAID LEAVE PROGRAMS GIVE EMPLOYERS FLEXIBILITY

**Twelve of the fourteen existing state paid leave laws
permit employers to choose to rely on the state or
private options.**

PAID LEAVE KEEPS EMPLOYERS IN THE DRIVER SEAT

- ✓ Employers can select from commercial insurance carriers (all certified by the state) to find competitive pricing, convenience, or flexibility that is best for their business.
- ✓ Employers can self-insure, which may appeal to larger employers that would prefer to maintain more control.
- ✓ Employers can choose the state fund.
- ✓ *Employers who want to can always decide to offer more generous benefits to keep their competitive edge.*

A WIN FOR EMPLOYERS, EMPLOYEES AND THE COMMONWEALTH

**Without paid leave, Pennsylvania
employers – and Pennsylvania's
economy – are getting left behind.**

PAID LEAVE ENJOYS BIPARTISAN SUPPORT IN HARRISBURG

PA House Lead (HB181)

Rep. Dan Miller (D)-Allegheny

Rep. KC Tomlinson (R)-Bucks

PA Senate Lead

Sen. Devlin Robinson (R)-Allegheny

Sen. Maria Collett (D)-Montgomery



THE FAMILY CARE ACT

Family Care Act allows:

- new parents to be there for the critical period following the birth or adoption of a child
- family members to provide critical care and rehab services to elderly loved ones at home
- parents the ability to care for their child who is recovering from a serious illness
- workers to care for themselves following a major surgery

Qualifying events:

- maternity
- bonding
- caring for family members with serious health conditions
- treating an own serious health condition
- military exigencies



THE FAMILY CARE ACT

Benefit Period:

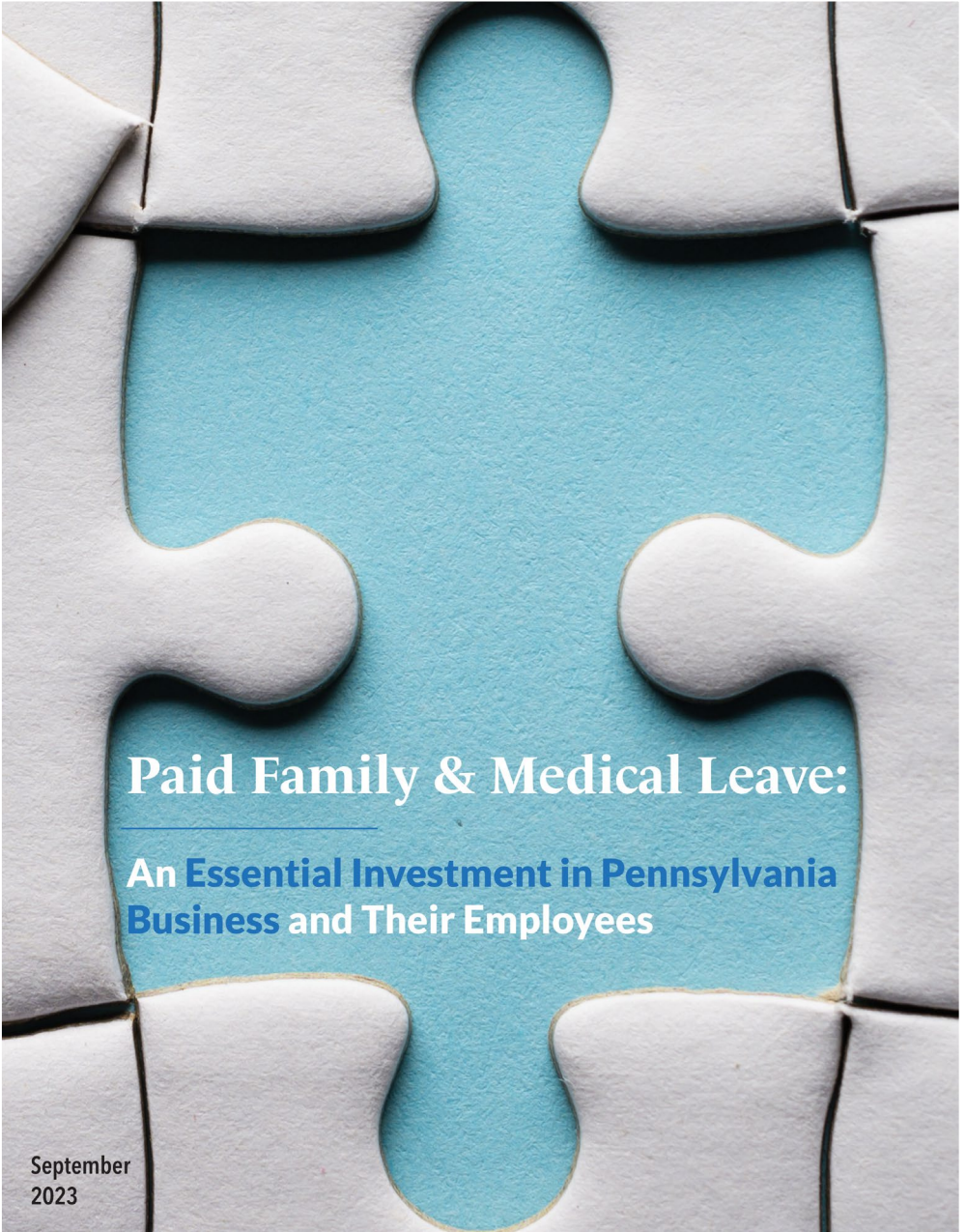
- 20 weeks: maternity, bonding, and treating an own serious health condition
- 12 weeks: family care and military exigencies
- Combined limit of 20 weeks

Contribution:

- Employee contribution only (Annual actuarial process will determine a percentage of income that will make the program solvent, not to exceed 1%)

Work Requirements:

- Worked at least 18 weeks during the 12-month period prior to submitting a claim.
- Earned at least \$2,718 in income during the 12-month period prior to submitting a claim.



Paid Family & Medical Leave:

An Essential Investment in Pennsylvania
Business and Their Employees

September
2023

A PDF of this report
can be downloaded from:
childrenfirstpa.org/paidleaverreport2023

For more
information, visit
childrenfirstpa.org

children
FIRST
THE ADVOCATE FOR KIDS
childrenfirstPA.org