WEBINAR

Building the Business Case for State Paid Family Leave: Lessons from Advocacy and Implementation

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prenatal-to-3 policy IMPACT CENTER
RESEARCH FOR ACTION AND OUTCOMES

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Who We Are

We are a nonpartisan research center at Vanderbilt University. We focus on the rigorous evidence connecting brain science with state policies and programs.

What We Do

We inform lawmakers, agencies, advocates, and academics about evidence-based policies to help families thrive– while growing states' health, safety, and prosperity.

Learning Objectives

We hope attendees leave this webinar with a greater understanding of:

1. Business concerns around the adoption of statewide paid family and medical leave programs.

2. The benefits of statewide paid family and medical leave for businesses and employees.

3. Effective messaging strategies to communicate the benefits of paid family and medical leave for businesses.

4. State policy levers to support businesses.

Paid Family and Medical Leave (PFML)

- PFML allows employees to take **paid** time off work for qualifying reasons:
  - Bonding leave: The birth, adoption, or fostering of a child
  - Family leave: Caring for a loved one with a serious medical condition
  - Medical leave: Recovery from one's own serious medical condition, including childbirth
- Access to employer-sponsored PFML is limited
  - Only 27% of employees in the private sector have access to PFML
  - Concentrated among highly paid workers at large companies
- No federal program for PFML exists
  - Unpaid leave protections cover approximately half (56%) of the workforce

Implementation of Statewide Paid Family and Medical Leave
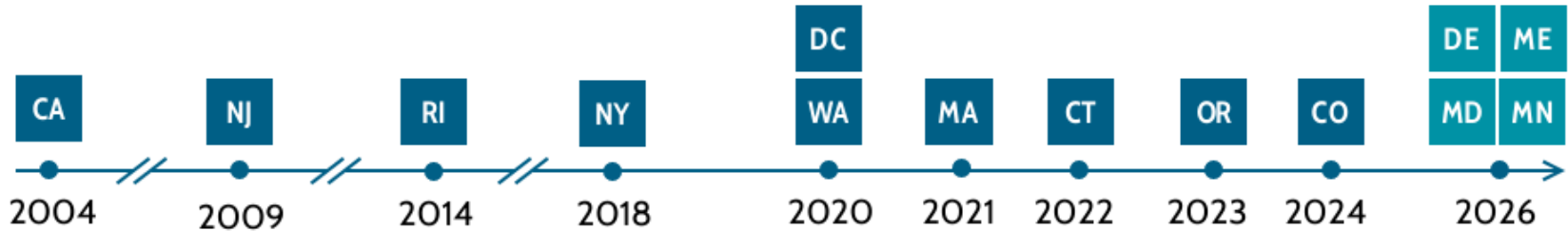
Paid Family and Medical Leave is Pro-Work

Impact of Paid Family and Medical Leave for Families with a New Child

Increased the probability of mothers working 1 year following birth by 18.3 percentage points

Increased the likelihood of mothers returning to their prebirth employer in the year following birth by 13%

Increased mothers' weeks worked, and average weekly hours worked in the child's second year by 7.1 weeks and 2.8 hours, respectively

Reduced the labor force exit rate by approximately 20% per year across the 5 years after giving birth

Annual Impact of a Paid Bonding Leave Program in Pennsylvania

Commonwealth of Pennsylvania
Net Benefit = $808 M

Benefit = $1.202 B ⊕

$1.166 B payroll contributions collected
$12 M state-sponsored health care cost avoided
$6 M decrease in spending on non-parental infant care
$15 M sales tax
$3 M income tax

Cost = $394 M ⊖

$22 M administrative cost of bonding leave program
$372 M benefit payments to families in the program

Pennsylvania Working Families with Infants
Net Benefit = $683 M

Benefit = $726 M ⊕

$23 M lower health care cost
$222 M lower child care cost
$109 M increased employment and household income
$372 M benefit payments from the program

Cost = $43 M ⊖

$25 M payroll contributions
$3 M income tax
$15 M sales tax

Employers Have Concerns, but Largely Support State Paid Family and Medical Leave

- Employers, especially small business employers, have concerns around **administration, cost, and work disruptions**

  ✓ Programs administered by the state, not employers

  ✓ State policy choice: Premiums typically shared between employers and employees or employee-only; costs are small

  ✓ State policy choice: Small business exemptions

  ✓ State policy choice: Supports to ease work disruptions (e.g., small business assistance grants, technical assistance)

- 61% of small business employers support state-administered paid family and medical leave insurance programs funded by both employers and employees

  - Only 56% support programs completely funded by employees

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