



the work and family legal center

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## Busting the Myths on Paid Family Leave

Here are some of the most common myths about paid family leave—and the real truth.

### **Myth #1: Employers will have to pay for paid family leave benefits.**

**Fact:** Paid family leave benefits will be 100% paid for by small *employee* contributions, with *zero* out-of-pocket contribution by employers to pay for benefits. And because employers aren't paying the employee on leave's wages, employers can use that money, if necessary, to pay for any temporary replacement costs or overtime.

### **Myth #2: Paid family will hurt businesses' bottom line.**

**Fact:** The experiences of employers in states that already have similar laws show that paid family leave does not hurt businesses and can even help. In California, 92.8% of employers reported that paid family leave had a positive or neutral effect on employee turnover,<sup>1</sup> saving employers the costly step of replacing an existing employee.<sup>2</sup> A majority of California employers also reported positive or neutral effects on productivity (88.5%), profitability/performance (91.0%), and employee morale (98.6%).<sup>3</sup>

### **Myth #3: Paid family leave is a burden on small businesses.**

**Fact:** Small businesses that cannot afford to offer the same generous family leave benefits as larger companies are at a competitive disadvantage in hiring.<sup>4</sup> Providing paid family leave through an employee-paid program levels the playing field for small businesses. One year after Rhode Island's paid family leave law went into effect, a majority of small employers reported they were in favor of the program.<sup>5</sup>

### **Myth #4: Employees will abuse paid family leave.**

**Fact:** Employees will be required to provide proof of the need for family leave. Studies in California<sup>6</sup> and New Jersey<sup>7</sup> do not reflect abuse in those programs. Moreover, data from California<sup>8</sup> and New Jersey<sup>9</sup> show that on average workers take less than the maximum amount of time allowed by law, making clear that employees take only the time they truly need.

### **Myth #5: Most employees already receive paid family leave from their employers.**

**Fact:** 6.4 million New York workers, or almost 9 in 10 private sector non-farm workers, do not have paid family leave.<sup>10</sup> The need is especially great in some of New York's largest industries: 94% of retail workers and 97% of accommodation and food service workers lack paid family leave.<sup>11</sup> Many employers would love to provide paid family leave but cannot afford to do so without the benefit of an employee-funded insurance system like the one currently being proposed.

### **Myth #6: Paid family leave will impose substantial new administrative requirements.**

**Fact:** There are no substantial new administrative or compliance requirements for employers. Rather, the program builds on existing disability insurance infrastructure the State created in the 1950s.

**Prepared by A Better Balance.**

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## Citations

- <sup>1</sup> Eileen Appelbaum and Ruth Milkman, *Leaves That Pay: Employer and Worker Experience with Paid Family Leave in California* (2011), Center for Economic and Policy Research, p. 8, available at <https://cepr.net/documents/publications/paid-family-leave-1-2011.pdf>.
- <sup>2</sup> Replacing an employee costs 50-75% of an hourly employee's annual pay and up to 150% of a salaried employee's annual pay. Jodie Levin-Epstein, *Getting Punched: The Job and Family Clock* (2006), Center for Law and Social Policy, p. 9, available at <http://www.clasp.org/resources-and-publications/files/0303.pdf>.
- <sup>3</sup> Appelbaum and Milkman, *Leaves That Pay*, p. 8.
- <sup>4</sup> Eileen Appelbaum and Ruth Milkman, *Achieving a Workable Balance*, Rutgers Center for Women and Work (2006), p. 23, available at <http://cww.rutgers.edu/sites/cww.rutgers.edu/files/images/workingfamilies/achieving%20a%20workable%20balance%202006%20Appelbaum.pdf>.
- <sup>5</sup> 56% of employers with 10-19 employees and 59% of employers with 20-49 employees were in favor of the program. Ann Bartel, Maya Rossin-Slate, Christopher Ruhm, and Jane Waldfogel, *Assessing Rhode Island's Temporary Caregive Insurance Act: Insights from a Survey of Employers* (2016), p. 7, available at [http://www.dol.gov/asp/evaluation/completed-studies/AssessingRhodeIslandTemporaryCaregiverInsuranceAct\\_InsightsFromSurveyOfEmployers.pdf](http://www.dol.gov/asp/evaluation/completed-studies/AssessingRhodeIslandTemporaryCaregiverInsuranceAct_InsightsFromSurveyOfEmployers.pdf).
- <sup>6</sup> Appelbaum and Milkman, *Leaves That Pay*, p. 8.
- <sup>7</sup> Sharon Lerner and Eileen Appelbaum, *Business As Usual: New Jersey Employers' Experiences with Family Leave Insurance* (2014), Center for Economic and Policy Research, p. 23, available at <http://cepr.net/documents/nj-fli-2014-06.pdf>.
- <sup>8</sup> *State Disability Insurance (SDI) Statistical Information*, California Employment Development Department, available at [http://www.edd.ca.gov/Disability/pdf/qspfl\\_PFL\\_Program\\_Statistics.pdf](http://www.edd.ca.gov/Disability/pdf/qspfl_PFL_Program_Statistics.pdf).
- <sup>9</sup> *Family Leave Insurance Workload in 2014* (2015), New Jersey Department of Labor and Workforce Development, p. 1, available at [http://lwd.dol.state.nj.us/labor/forms\\_pdfs/tdi/FLI%20Summary%20Report%20for%202014.pdf](http://lwd.dol.state.nj.us/labor/forms_pdfs/tdi/FLI%20Summary%20Report%20for%202014.pdf).
- <sup>10</sup> Amy Traub and Robert Hiltonsmith, *Lagging on Leave* (2016), Demos, p. 1, available at <http://www.demos.org/sites/default/files/publications/Paid%20Family%20Leave%20in%20NY.pdf>.
- <sup>11</sup> Traub and Hiltonsmith, p. 3.