

INTRODUCTION: *Americans all want people to be able to take time off from work when they need it, whether it is because of their own illness or to take care of a loved one. We also want people to have ample job opportunities and rising wages. Some suggest that the best way to ensure that workers have the benefits they need is for the government to get involved.*

To start this conversation, [take the quiz](#) to see what you know about leave policies in the United States.

1: Currently, under the Family and Medical Leave Act (FMLA), all employers with 50 or more employees must offer 12 weeks of unpaid leave for specified reasons, including illness and the birth of a baby. However, unlike essentially all other developed countries, the United States does not require businesses to provide paid time off, nor does the government directly provide compensation to workers who must take leave. What percentage of full-time workers has some form of paid leave anyway?

- A. More than 90 percent
- B. 75 percent
- C. 50 percent
- D. 25 percent

ANSWER: A – The [Department of Labor’s Bureau of Labor Statistics](#) (see Table 6) reports that 91 percent of private-sector, full-time workers has paid vacation, and 90 percent have paid holidays. The Bureau of Labor Statistics also shows that 98 percent of state and local workers have paid sick leave benefits.

2: What about sick leave: What share of full-time workers has paid time off in the event of an illness?

- A. 78 percent
- B. 50 percent
- C. 30 percent
- D. 20 percent

ANSWER: A – The [Department of Labor’s Bureau of Labor Statistics](#) (see Table 6) reports that 78 percent of civilian (private-sector or state and local government) full-time workers have paid sick leave. 25 percent of part-time civilian workers have paid sick leave benefits.

3: What about maternity leave: The United States doesn't require that any employers provide paid leave to employees and small businesses aren't required to provide any leave at all. What typically happens to female workers after they have a baby?

- A. 56 percent of full-time working women use paid leave
- B. 42 percent of full-time working women used unpaid leave
- C. 20 percent of part-time workers used paid leave, while 46 percent used unpaid leave
- D. 19 percent of full-time workers quit their jobs; 37 percent of part-time workers quit
- E. All of the above

ANSWER: E – All of the above. The [Census Bureau](#) reports that after giving birth 56 percent of full-time working women used paid leave, 42 percent used unpaid leave, 10 percent used disability leave, 19 percent quit their job, and nearly 5 percent reported being let go (this adds up to more than 100 percent because some women used more than one category of leave). Part-time workers were more likely to quit (37 percent reported quitting their jobs) and had less access to benefits: 20 percent used paid leave, 46 percent used unpaid leave, and just 2 percent had disability leave. ([Census Bureau](#)) Certainly this data doesn't suggest that all workers enjoy generous leave packages, but it does indicate that most businesses recognize the need for time off and believe it makes good business sense to provide such benefits, even absent a legal requirement. .

4: Proponents of government-mandated paid leave benefits often describe them as an important tool for helping families with children living in poverty. What percentage of families living below the poverty line had no workers?

- A. 10 percent
- B. 20 percent
- C. 30 percent
- D. More than 40 percent

ANSWER: D – According to the Census Bureau, 42 percent of families below the poverty line had no workers at all during the course of the year. Just 20 percent had a full-time, year-round worker. That means that programs like the FAMILY Act—which require that one must have worked for pay within the past year to be eligible for the new Federal Paid Leave Entitlement—would do little to help this population. Moreover, any government initiative that raises the cost of employment (and therefore makes it less likely that people will find job opportunities) is counterproductive for these families.

5: Proponents of paid leave mandates often cite other Western, developed countries as models for the United States for their family friendly leave policies. In the United States,

14 percent of American women workers are managers compared to 15 percent of men workers. In ten OECD (Organization for Economic Co-operation and Development) countries, an average of 12.2 percent of men are managers. What percentage of these women are managers?

- A. 14 percent
- B. 12.2 percent
- C. 510 percent
- D. 5.9 percent

ANSWER: D – American women are far more likely than their European peers to be breaking glass ceilings. According to the New York Times, fourteen percent of American women workers are managers (compared to 15 percent of American men); while an average of just 5.9 percent of women workers from ten OECD countries are (compared to 12.2 percent of men). Undoubtedly, one reason why is that European business leaders know that women in their childbearing years are likely to disappear for months, even years, at a time, and therefore don't consider them for leadership positions. That's hardly a culture encouraging women to "lean in."

6: What do economists agree happens to take-home pay when employers are required to spend more on benefits?

- A. Take-home pay rises
- B. Take-home pay is unchanged
- C. Take-home pay decreases

ANSWER: C – Economists generally agree that employers consider the cost of an employee in total, including what they must pay in taxes and benefits, and the remainder goes to take-home pay. Therefore, if businesses have to spend more resources on paid leave benefits, they will have less for take home pay. Part-time workers are therefore most likely to be impacted by a paid-leave benefit, since they are less likely to currently receive paid leave. The cost of employing a part-time worker would increase, and employers would be likely to respond by either lowering take-home pay or hiring fewer, more highly skilled, full-time workers to reduce their exposure to the costs of leave benefits. That's bad news for workers—particularly women—who prefer part-time or flexible work schedules, or anyone who would rather have higher pay than more generous benefits. For more information, see this discussion of the accepted economics of benefit costs by the Congressional Research Service.

How Did You Do?

Check your answers and give yourself one point for each question you got right.

Did you get fewer than 4 points? That's okay! This information isn't well known, and in fact, most of the discussion you hear about this topic in the media ignores this information. Take a look at our suggested readings and learn more about the real tradeoffs with mandatory leave benefits.

Did you get 4 points or more? If so, congratulations! You know your stuff about the state of the American workplace and the tradeoffs of paid leave policies. You should speak up when you hear discussion about this topic since so many people haven't heard this information!

Real World Examples

Here are a few examples of how real people might be affected by a mandatory paid leave law.

Margaret

Margaret has three children and is married to a man who works in sales. They aren't rich, but are solidly middle class. Margaret wants to go back to work part-time, both to add to the household income but also since she'd like to resume her career as her children get older. She doesn't need benefits like paid time off or health care, and would much prefer more money in her pocket. Mandating benefits for paid sick time and leave time, particularly for part-time workers, will eat into her take-home pay and make it less likely that positions are available for someone like her. After all, employers can reduce their exposure to the potential costs of mandatory leave benefits by having fewer employees. That's bad news for Margaret..

Adrianna

Adrianna has big goals: She worked hard to get a scholarship to a top university, and then graduated in three years with top honors. She joined a financial firm right out of college and is already earning well over six figures and has been promoted twice. Adrianna married young to someone who is equally a go getter, and the couple doesn't plan to have children—both are focused on their careers and making it to the top. Adrianna doesn't mind the dollars lost due to leave benefits that she'll never use, but she does resent how the expectation that she will eventually have children and disappear from the company for months at a time impact the expectations of those around her. She hears a lot from their colleges overseas about how it's a mistake to hire women for leadership positions

because they are so often gone for months at a time. Adrianna doesn't think it's fair that government helps create these expectations about women.

Carolyn

Carolyn had always wanted a big family, and hoped to work from home once she had children. She focused her early career on building skills that would make that possible, and selected an employer that valued flexibility. After having her first child, she took a few weeks off and then began performing some tasks from home. She approached her supervisor about resuming her duties from home and her employer agreed. Since then she has worked at home full-time and had several more children. However, if there was a one-size-fits-all paid leave benefit, such as the FAMILY Act, in place her employer would have been reluctant to discuss these tradeoffs and Carolyn would have had no financial incentive to return to working at all before three months were up. She wouldn't be in a leadership position in the organization, and the organization wouldn't have her contributions.

Discussion Questions

- We all know that Americans aren't just hard workers. They are also people with commitments outside of the workplace. We are mothers and fathers who need to take care of our kids, whether that's when they are sick or struggling in school. We are daughters and sons, who want to be there as our parents grow older and face life-threatening illnesses. Each and every one of us has someone we love and want to be there to take care of. And we want to work in an economy and for a business that recognizes and respects that we will need time off when we get sick or to care for a love one.
- Does that mean that government should mandate that all businesses provide paid leave time?
- Why do you think that businesses overwhelmingly do provide paid leave benefits already, even though there is no legal requirement forcing them to?
- Why might businesses not offer paid leave benefits?
- Do you know of someone who would prefer more take home pay to more benefits? Do you think they should have the ability to negotiate a contract that maximizes pay and minimizes benefits?
- Do you think that expectations about leave time impact expectations about female workers? Do you think a government mandated leave program would make that better or worse?

- Do you think that if government mandates a one-size-fits-all leave policy that companies will be more or less likely to hire female workers? Do you think that they will be as open to work-from home and flexible arrangements?
- Do you think that government mandates usually work as intended? For example, we heard during the lead up to health care reform, that “if you like you insurance you’d be able to keep it” and that wasn’t true. Do you think that if government created a federal paid leave entitlement program that we’d be able to keep our existing compensation packages if we like them? Or would this change the employment contracts of all 140 million American workers?

Articles to Read

IWF Policy Focus: The FAMILY Act <http://www.iwf.org/publications/2792913/Policy-Focus:-The-FAMILY-Act>

IWF Policy Brief: FMLA Benefits for Part-Time Workers Would Hurt Those They Are Supposed to Help <http://www.iwf.org/news/2432950/Policy-Brief->

Carrie Lukas: Why Obama’s Promise that Americans Could Keep Their Insurance Was So Important <http://www.iwf.org/news/2792908/Why-Obama’s-Promise-That-Americans-Could-Keep-Their-Insurance-Was-So-Important>

Action Items

- Ask your friends and family if they have leave benefits and if they would accept lower take-home pay for more benefits. Ask if they think that government should dictate how all employers compensate all employees.
- Ask your friends if you think that a new program giving workers up to three months of paid leave off will impact how employers think about female employees. Ask if they think women will be more likely to use this leave time and if so, if they’d be less likely to hire them if they were in charge. Explain the tradeoffs that come with benefit mandates and how a new mandate might backfire on those it’s supposed to help.
- Write a letter to the editor of your local paper the next time you read a discussion of the need for government mandated paid leave. Explain the very real tradeoffs between more compensation and more benefits, and how government interference could lead to less economic opportunity for women.