



Is Family Leave Good for Business?

"When I could help [my co-workers] deal with the challenges that they faced in their lives, not only did I feel good, the business prospered. Productivity was up, turnover was lower, and our customers had a more positive experience,"
Paul Orfalea, Kinko's founder and Chairperson Emeritus¹

The research says family-friendly policies help businesses prosper:

Studies have found that when workers have paid family leave, businesses profit from lower turnover and training costs, reduced absenteeism, and higher productivity, loyalty, and morale.²

- Economists from the University of California and University of Chicago estimate that employers in California will save \$89 million a year in turnover costs when family leave insurance is implemented.³
- Business consultant Leigh Branham estimates that hiring and training a new employee costs several thousand dollars for a low skilled employee and tens of thousands for higher level workers.⁴
- Last-minute no-shows are hard on businesses. Policies that allow workers to schedule time off in advance enable the employer to plan for those absences.⁵
- Studies confirm that customers are happier and more likely to continue patronizing a business when served by knowledgeable, satisfied employees.⁶
- Profits go up when workers have paid time off to care for sick family members.⁷

Experience confirms that businesses prosper with Family Leave laws in place:

Family and Medical Leave Act – Passage of the FMLA in 1993 was followed by 8 years of strong economic growth.

- The FMLA provides up to 12 weeks of unpaid family and medical leave for 60% of the work force.
- 2/3 of employers find FMLA easy to administer, and 90% say it hasn't hurt profits.⁸

State Laws – At least 26 states have passed more extensive family leave laws, including:

- Extending FMLA protections to more workers (Hawaii, Maine, Oregon, Vermont)
- Expanded leave for new parents (Connecticut, Iowa, Kansas, Louisiana, Maryland, Missouri, Minnesota, Montana, New Hampshire, Oregon, Tennessee, Vermont)
- Use of sick leave for family care (13 states)

Temporary Disability Insurance – California, Hawaii, New Jersey, New York, Rhode Island, and Puerto Rico have had universal temporary disability insurance programs in place for all workers for decades, providing:

- paid leave for a worker's own illness or disability for up to 52 weeks
- 6-12 weeks of paid leave for new birth mothers

Family Leave Insurance – In 2004 California becomes the first state with family leave insurance for all workers.

Sources:

¹ Paul Orfalea, "Paid Leave: \$2 a month; Happy Workers: Priceless," *Santa Barbara News Press*, July 24, 2002.

² Jane Waldfogel, "The Impact of the Family Medical Leave Act," *Journal of Policy Analysis and Management*, vol. 18, Spring 1999; Families and Work Institute, *Business Work-Life Study*, 1998, <http://www.familiesandwork.org/summary/worklife.pdf>; Children's Defense Fund-Minnesota, "Parental Leave in Minnesota: A Survey of Employers," Winter 2000, <http://www.cdf-mn.org/PDF/Publications/ParentalLeave.pdf>; *Chicago Tribune*, "Limits of Family Leave: Top 100 Companies," May 4, 1999; James S. Boles, et al, "An Investigation into the Inter-Relationships of Work-Family Conflict, Family-Work Conflict, and Work Satisfaction," *Journal of Managerial Issues*, vol. XIII, No. 1, Fall 2001.

³ Arindrajit Dube and Ethan Kaplan, "Paid Family Leave in California: An Analysis of Costs and Benefits," June 19, 2002, p. 5.

⁴ F. Leigh Branham, "Six Truths about Employee Turnover," American Management Association, http://www.amanet.org/books/catalog/0814405975_s.htm.

⁵ SmartPros, "Absenteeism Costs Companies More than Ever, Survey Reveals," October 21, 2002, <http://hr.smartpros.com/x35672.xml>.

⁶ Thomas E. Casey and Karen Warlin, "Retention and Customer Satisfaction," *Compensation & Benefits Review*, May/June 2001, p. 27-30.

⁷ Christine Siegwarth Meyer, et al, "Work-Family Benefits: Which Ones Maximize Profits?" *Journal of Managerial Issues*, vol. XIII, No. 1, Spring 2001: 28-44.

⁸ U.S. Department of Labor, "Balancing the Needs of Families and Employers: Family and Medical Leave Surveys," January 2001, Table 6.5.