



FACT SHEET: WORKERS, BUSINESSES, AND NC'S ECONOMY

Why Paid Family and Medical Leave is Good for Workers, Good for Business, and Good for NC's Economy

At some point, nearly everyone needs time to recover from a serious illness or care for a sick loved one or new child. But the majority of working people in North Carolina cannot take the leave they need without risking their jobs or economic security. **Only about 21 % of N.C. workers have access to paid family leave through their employers, leaving out about four million workers.**¹ The Family and Medical Leave Act—the only federal law designed to help working people meet the dual demands of job and family—**leaves out 44 percent of the workforce and guarantees only unpaid leave, which millions cannot afford to take.**²

That means millions of workers who develop serious health conditions, have seriously ill family members or become parents are **forced to choose between what is best for their families and income they need to cover basic expenses.**

Paid family and medical leave is good for workers, good for businesses, and good for the economy. It's time to provide leave for workers and their families.

Why is paid family and medical leave needed?

- **No one should have to choose between earning a paycheck and recovering from illness, welcoming a newborn, or caring for a sick family member.** Unfortunately, too many people in North Carolina face this terrible choice. Although the Family Medical leave Act allows many employees to take up to 90 days unpaid leave away from work to care for themselves or their families in times of childbirth and illness, the United States is one of only two countries in the world that does not provide paid family and medical leave.
- **Paid family medical insurance (FMLI) allows workers to receive income when they have to take time off from work to care for a newborn, a sick family member, or even themselves, when they experience qualifying medical issues.** With an FMLI program, working people pay a nominal insurance premium of a few dollars every month into a fund that then provides everyone who qualifies with a specific percentage of their pre-leave income when they need to take FMLA-eligible time off.
- **North Carolina's caregiving needs are growing.** Nearly one-quarter of the state's workers are 55 and older,³ and the number of North Carolinians over age 65 will grow by 678,000 over the next 25 years.⁴ Paid leave helps family caregivers maintain income and employment while managing their health and care needs.

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Paid family and medical leave strengthens economic security for working families:

- **Parents who took leave report lower levels of public assistance in the year following their child's birth, when compared to those without paid leave.**⁵
- **Paid leave enables families to maintain economic stability during a family health crisis or following the birth or adoption of a baby.** A birth is the most expensive health event for families during childbearing years. Paid leave helps keep families on track to meet new expenses. In the year following a birth, new mothers who take paid leave are more likely than those who take no paid leave to stay in the workforce and 54 percent more likely to report wage increases.⁶

Paid family and medical leave makes good sense for businesses:

- **Small business owners support paid leave.** A 2024 study found that 82% of small business owners in North Carolina would support a national paid leave program.⁷
- **Paid family and medical leave creates more customers for local businesses and boosts the overall economy.** Replacement income provided by family medical leave insurance goes right back into the local economy, boosting businesses, as workers spend it to help cover the basics. So paid medical leave creates an immediate antidote to what business owners have repeatedly cited as the biggest problem for their business and the economy—weak sales.⁸
- **Paid family leave reduces—rather than raises—costs for businesses.** Nearly two-thirds of employers say that complying with the FMLA is very easy or somewhat easy. And a 2013 study found that 87% of California employers said their state's paid family leave program saved them money rather than increased their costs.⁹
- **Expanding family and medical leave would provide significant savings in reduced turnover.** California employers report that their state-level program has had a neutral or positive effect on employee productivity, profitability, and turnover.¹⁰
- **Replacing an employee permanently, rather than providing leave, can cost as much as five times the employee's yearly wages,**¹¹ with additional losses in productivity and employee morale. The costs of losing an employee (advertising for, interviewing and training a replacement) is often far greater than the cost of providing short-term leave to retain existing employees. In a recent cost-benefit analysis of the recent federal paid leave proposals, reduced turnover accounted for the majority of the expected savings. Family medical leave reduces these costs by helping businesses hold onto their workers when they need medical leave.

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¹ U.S. Bureau of Labor Statistics, "National Compensation Survey: Employee Benefits in the United States, March 2023," September 2023, available at <https://www.bls.gov/ebs/publications/employee-benefits-in-the-united-states-march-2023.htm>.

² Employee and Worksite Perspectives of the FMLA – Who is Eligible?
https://www.dol.gov/sties/dolgov/files/OASP/evaluation/pdf/WHDFMLA2018B1WholsEligible_StudyBrief_Aug2020.pdf

³ U.S. Bureau of Labor Statistics. (2024). *Local Area Unemployment Statistics, Expanded State Employment Status Demographic Data (2023 Annual Averages)*. Retrieved 3 December 2024, from <https://www.bls.gov/lau/ex14tables.htm>; This analysis extends earlier Department of Labor analyses on differences in women's labor force participation. See Glynn, S. J. (2023, November). *The Cost of Doing Nothing, 2023 Update: The Price We STILL Pay without Policies to Support Working Families*. Women's Bureau of the U.S. Department of Labor Publication. Retrieved 3 December 2024, from: <https://www.dol.gov/sites/dolgov/files/WB/paid-leave/CostofDoingNothing2023.pdf>

⁴ See note 3, U.S. Bureau of Labor Statistics; University of Virginia Demographics Research Group. (2024). *National Population Projections: Projections for the 50 States and D.C. (Age and Sex)*. Retrieved 3 December 2024, from <https://www.coopercenter.org/national-population-projections> (Unpublished calculation based on projected rate of growth of older adult population from 2023 to 2050)

⁵ Ibid.

⁶ Houser, L., & Vartanian, T. (2012, January). *Pay Matters: The Positive Economic Impact of Paid Family Leave for Families, Businesses and the Public*. Center for Women and Work at Rutgers, the State University of New Jersey Publication.

⁷ Nationally representative survey of 1,005 small business owners, with an oversample of 100 North Carolina small business owners, conducted by Lake Research Partners August 13-21, 2024. Small Business Majority and National Partnership for Women & Families. (2024, October). *Small Businesses Support a National Paid Family and Medical Leave Program*. Retrieved 3 December 2024, from <https://nationalpartnership.org/report/small-businesses-support-national-paid-family-medical-leave-program/>

⁸ Sustainable Business Council. (2012). *Opinion Survey: Small Business Owners' Opinions on Regulations and Job Creation*. http://asbcouncil.org/sites/default/files/files/Regulations_Poll_Report_FINAL.pdf

⁹ Bartel et al. (2014, June). *California's Paid Family Leave Law: Lessons from the First Decade*. U.S. Department of Labor Publication

¹⁰ Milkman & Appelbaum. (2013.) *Unfinished Business: Paid Family Leave in California and the Future of U.S. Work-Family Policy*

¹¹ *Pay Matters: The Positive Economic Impacts of Paid Family Leave for Families Businesses and the Public*, Rutgers Center for Women and Work, Jan 2011.