Avoiding Paid Leave Pitfalls

UNDERMINING EXISTING PAID LEAVE BENEFITS

- A majority of workers have paid leave benefits thanks to employer-provided programs, state and city-based programs, and private disability insurance. Businesses are increasingly expanding benefits for workers, including those working part-time.
- A federal program could get in the way of this trend and disrupt existing options.

GOVERNMENT PAID LEAVE PROGRAMS HURT POORER WORKERS AND WOMEN

- Low-income workers are hurt most by payroll taxes taken from earnings to fund paid leave entitlements and are less likely to take benefits.
- They are also more likely to lose job opportunities: As employment costs go up, employers will seek to minimize their costs and exposure by reducing staff.
- One-size-fits-all government programs will discourage the creation of flexible options, such as telecommuting, job sharing, and part-time arrangements.
- Employers may also see women, who are statistically more likely to use paid leave benefits, as less attractive hires, especially for management positions.

THERE ARE BETTER APPROACHES TO EXPAND PAID LEAVE

- Any federal paid leave effort should target support to workers who need help, but not disrupt the employment contract of every working American.
- Workers could put pre-tax earnings, up to a maximum, into Universal Leave Accounts and then those funds could be used to “pay” for their leave time when it’s needed. Employers, charities, and even the government could also contribute to these accounts.
- Existing programs, such as Social Security or Child Tax Credits, could be reformed to offer workers the choice of using benefits to provide paid leave.
- The government could encourage more workers to obtain private disability insurance, rather than creating a government “insurance” or entitlement program.
- At a minimum, any new federal paid leave entitlement program should be voluntary. Workers shouldn’t be forced to pay into a system if they think it is a poor value.

Click here to read the full policy focus and learn more about innovative and more flexible approaches to paid leave.