



May 25, 2021

WHAT YOU NEED TO KNOW ABOUT Paid Leave

PRO POINTS

- **The U.S. is the last wealthy nation without a national requirement that companies provide paid leave to their workers for medical reasons and to deal with other personal issues.**
- **The issue was thrust into relief when Covid hit: Having a national paid leave program could have saved the U.S. as much as \$1 trillion, a former adviser for then-President Donald Trump said.**
- **In the absence of a federal regulation, many state and local governments have issued their own rules.**
- **President Joe Biden, who campaigned on extending paid leave to all workers, has proposed a permanent plan to provide 12 weeks of paid family and medical leave as part of his infrastructure plan.**
- **Opponents of requiring businesses to offer mandatory paid leave say employers require more flexibility in providing the benefit, which could be provided by tax credits.**

HOW WE GOT HERE

Around the same time many other nations were enacting national paid leave, the U.S. instead enacted the Family and Medical Leave Act of 1993, which provided qualifying workers with 12 weeks of unpaid family and medical leave. Subsequently, women's labor force participation in the U. S. declined, while it increased in other countries.

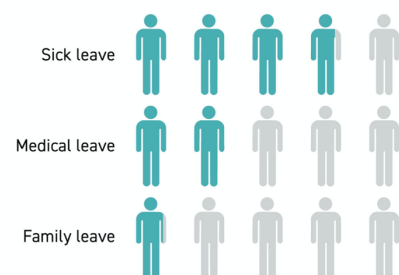
Today, restrictions on who can access FMLA make about 4 in 10 workers ineligible even for that. And the changing labor market means that that number covered is likely shrinking every day, economists say, as more and more workers turn to independent contracting and other nontraditional careers.

Right now, 1 in 4 workers lack access to paid sick leave; about half lack access to paid medical leave; and 4 in 5 lack access to paid family leave. The number without those benefits ramps dramatically when narrowed to workers with lower income and less education. For example, about half of workers in the food and accommodation sector lack access to paid sick leave.

With no federal law in place, many states and cities have taken matters into their own hands. A dozen states and the District of Columbia have implemented their own versions of paid sick leave; nine states and D.C. have rolled out a form of paid family and medical leave.

Majority of workers lack access to paid medical, family leave

AMERICANS WHO HAVE ACCESS TO PAID LEAVE



Sources: Pew Research Center, Congressional Research Service, National Partnership for Women & Families

A number of Democratic lawmakers have been pushing for a national paid leave policy for years. But the Covid pandemic created a new sense of urgency. Having a federal program in place pre-pandemic could have saved the government as much as \$1 trillion, one former adviser for then- President Donald Trump said.

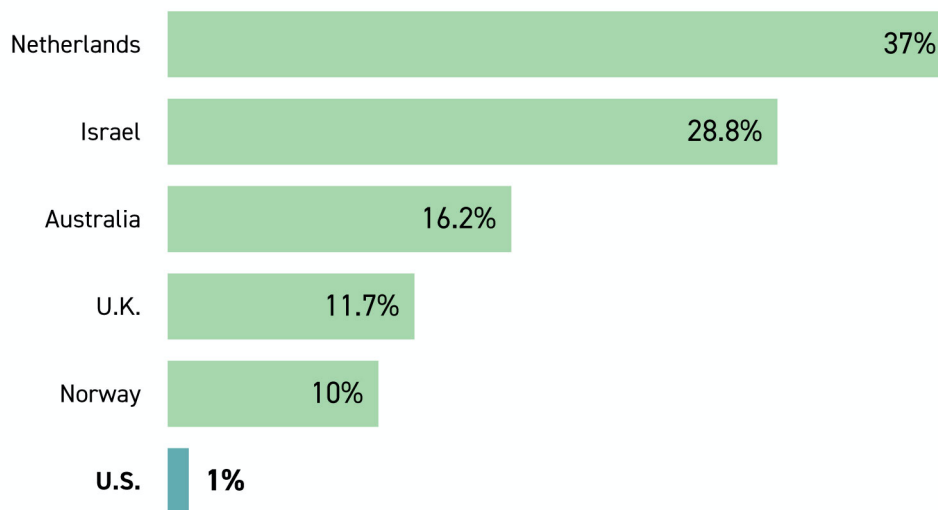


Congress decided to act when it passed the Families First relief package, which included Covid-related emergency paid leave for selected workers, funded by tax credits for employers. But those provisions were allowed to lapse in December, when lawmakers extended the tax credit and not the mandate.

Now, Biden is pushing for 12 weeks of paid family and medical leave for all workers as part of his American Families Plan, the second phase of his infrastructure proposal. The language is closely aligned with a plan pushed out by House Ways and Means Chair Richard Neal (D-Mass.), which was built on Democrats' long-advocated-for FAMILY Act.

How U.S. women's labor force participation compares to nations with a national paid leave policy

PERCENT INCREASE IN FEMALE LABOR FORCE PARTICIPATION, FROM 1990 TO 2019



Source: World Bank Group

WHAT'S NEXT

The Biden administration is in talks with congressional Republicans in an attempt to reach some sort of compromise that could pull them on board with the infrastructure packages and allow the measures to pass via regular order. But so far, those conversations are going nowhere fast — and liberals are amping up pressure on the White House to just walk away.

Though GOP lawmakers take issue with many aspects of Biden's infrastructure plan, they are particularly unenthusiastic with the paid leave provisions. Sen. Richard Burr of North Carolina, the top Republican on the HELP Committee, shied away from a federal paid leave program at a hearing Tuesday, saying that Congress should focus instead on things like tax credits that make sure businesses have the "flexibility" to "help employers make paid leave work."

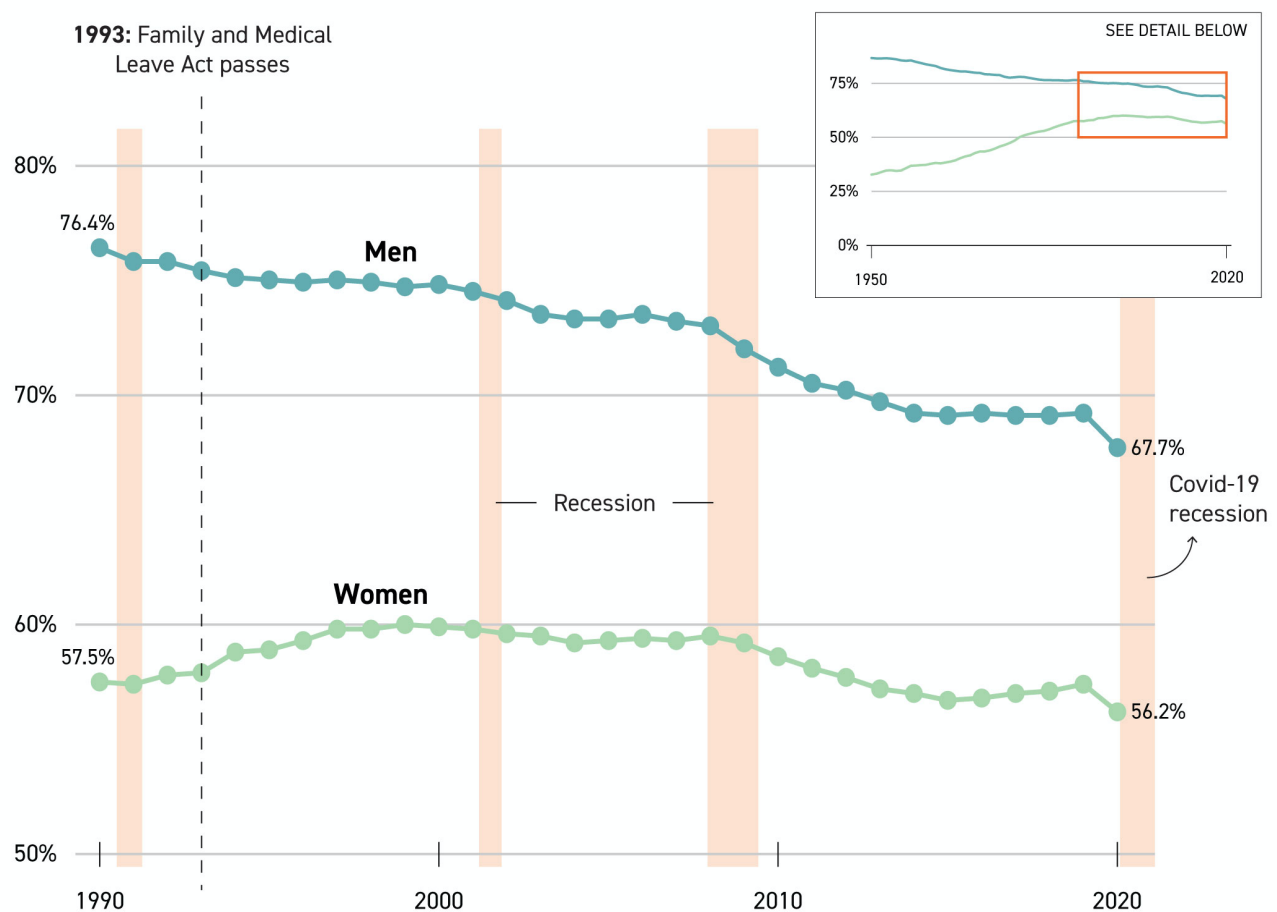


Business groups, for their part, say they want a national policy that would preempt state and local regulations, making it so employers only have to comply with one standard versus a patchwork.

If Democrats can't get Republicans on board, they may be able to enact the packages, and the paid leave, using budget reconciliation, the wonky Senate procedure that allows spending-related legislation to advance by a simple majority and thus, without GOP votes. But doing so could prevent the inclusion of important safeguards, like a guarantee that workers who take the leave will get their jobs back.

U.S. women's labor force participation rate continues to fall below men's

PERCENT OF U.S. MEN AND WOMEN ACTIVELY ENGAGING IN LABOR MARKET



Source: Federal Reserve Bank of St. Louis



POWER PLAYERS

- ✿ **Sen. Patty Murray (D-Wash.):** The chair of the Senate HELP Committee, Murray is a longtime advocate of paid leave and will be a significant influence in deciding how the policy advances out of the upper chamber.
- ✿ **Rep. Rosa DeLauro (D-Conn.):** The chair of the House Appropriations Committee, DeLauro is the House sponsor of the FAMILY Act, which Biden's proposal is based on. Like Murray, she has been pushing for paid leave for years.
- ✿ **Sen. Kirsten Gillibrand (D-N.Y.):** Gillibrand is the Senate sponsor of the FAMILY Act. With DeLauro, she has spent much of her career in Congress making the case for paid leave.
- ✿ **Rep. Richard Neal (D-Mass.):** The chair of the House Ways and Means Committee, Neal is responsible for the blueprint, based on the FAMILY Act, that Biden's plan is built on.
- ✿ **Sen. Richard Burr (R-N.C.):** As the top Republican on the Senate HELP Committee, Burr is a loud voice in opposition to a national paid leave policy, saying at a hearing that lawmakers would be better off focusing on the extension of tax credits and other options that provide employers flexibility.