



North Carolina
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Brief

FROM THE NORTH CAROLINA JUSTICE CENTER

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FAMILY AND MEDICAL LEAVE INSURANCE:

A Crucial Investment in North Carolina's Families and Economy

KEY FINDINGS:

- **Most of North Carolina's caregivers are engaging in both care work and paid work, yet current workplace policies do not recognize these dual responsibilities.**
 - **Although the Family Medical Leave Act (FMLA) provides unpaid leave to eligible employees, eligibility rules keep the FMLA out reach for many workers. Even for workers who are eligible, the lack of paid leave can keep leave time inaccessible.**
 - **Family and Medical Leave Insurance programs have been implemented in other states to fill the need for paid leave, and have been shown to create benefits for workers, businesses, and the economy.**
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ALMOST ALL WOMEN AND MEN HAVE CAREGIVING RESPONSIBILITIES at some point during their working years. Whether welcoming a new child into the family or providing care for a disabled relative or aging parent, most of North Carolina's families are headed by women and men engaged in care work and paid work.

A State of Working Caregivers

The last 30 years have seen an overall increase in women's labor-force participation in the state, from 55.3 percent in 1980 to 57.4 percent in 2010.¹ As of 2010, seven out of ten North Carolina families with children have both parents—or the only parent—in the labor force.²

But caregiving is not just about families with children. Almost 900,000 North Carolina households include a person aged 65 years or older.³ National data show that nearly 20 percent of those over the age of 65 need help with basic daily activities.⁴ There are also an increasing number of individuals in North Carolina living with cases of chronic illness.⁵ Almost 1.2 million North Carolinians are caregivers for adult family members, partners or friends suffering from chronic illness, and national data show that the majority of caregivers are employed while providing unpaid care.⁶ Additionally, North Carolina workers must take time to take care of themselves. Workers in North Carolina facing illnesses, disabilities, or personal medical emergencies require time off from work for medical appointments or recovery.

Unfortunately, current workplace policies are out of step with the caregiving responsibilities many of North Carolina's workers face. Family and Medical Leave Insurance is a policy that allows workers to meet both work and family responsibilities, creates cost-saving solutions for employers, and saves valuable public resources.

Family and Medical Leave Insurance: A Solution

While the Family Medical Leave Act (FMLA) of 1993 was landmark legislation written to address the reality of work and family responsibilities, it provides access to job-protected leave only to workers at companies with 50 or more employees who worked at least 1,250 hours each in the preceding year.⁷ These eligibility rules mean that many of North Carolina's workers, especially low-income workers who may have multiple part-time jobs, cannot access the FMLA.⁸ In addition, the FMLA's definition of "family" excludes domestic partners and other family members such as parents-in-law and grandparents, further limiting its scope.⁹

Most importantly, even for those who are eligible under the FMLA, leave time is unpaid. Research has shown that many families simply cannot afford for a working adult to take unpaid time off, and even workers who can afford unpaid leave tend to take less leave time than what is offered, effectively limiting the impact of leave policies that do exist.¹⁰

Access to paid family and medical leave to deal with long-term illness or the arrival of a new child is rare in the United States, which as a nation provides less access to job-protected paid leave than almost every other industrialized country.¹¹ Similar to the nation as a whole, in the South Atlantic region only 11 percent of private-sector workers have access to paid family leave.¹²

In order to fill the need for job-protected paid leave, several states have created family leave insurance programs. In 2004, California became the first state to enact a Paid Family Leave (PFL) program, funded by an employee payroll tax. Structured as an insurance benefit, the program imposes no direct costs to employers. In 2009, New Jersey implemented a similar program.

The Economic Benefits of Family and Medical Leave Insurance

Instituting a state-level family and medical leave insurance system can create benefits for workers, businesses, and the economy of North Carolina.

The health benefits of paid leave are straightforward. For instance, without job-protected paid leave, workers who experience serious illness, injury or temporary disability may return to work before they are medically ready, possibly resulting in relapses or even putting the workers or their co-workers in danger.¹³ Paid leave also allows new mothers to choose an appropriate length of time to recover from childbirth, especially from Cesarean sections.¹⁴

A growing body of research shows that paid leave policies have significant positive impacts on labor-force attachment and earnings. The lack of meaningful job-protected leave can have serious implications for labor-force attachment and can lead to forced "quits" or even getting fired because of needing time off work. Especially in this economy, with almost four unemployed people for every job opening, finding another job can be a daunting task.¹⁵ Gaps of time out of the labor market, consequently, can lower lifetime employment and earnings.¹⁶ In a recent Rutgers University study, women who were able to take paid leave after giving birth reported stronger labor-force attachment as well as an increase in wages.¹⁷

Stronger labor-force attachment in turn means less turnover, which saves employers money. One study estimated replacement costs for full-time workers who leave the workplace due to caregiving responsibilities to be more than \$6.5 billion per year.¹⁸

Finally, in a time when North Carolina is faced with budget constraints, providing paid leave can save valuable public resources. The Rutgers study found that compared to parents who took no post-birth leave and simply continued working, both men and women who returned to work after taking paid leave reported a significantly lower likelihood of receiving food stamps and public assistance.¹⁹

Conclusion

Almost three years after the official end of the Great Recession, many of North Carolina's families are still struggling. With unemployment high and good jobs scarce, job retention strategies are as crucial as job creation. Paid family and medical leave enables workers to keep their jobs when life events arise. Family and medical leave insurance is a policy that helps promote economic security and a healthy workforce.

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- 1 Economic Policy Institute analysis of Current Population Survey data, 1980 and 2010.
 - 2 U.S. Census Bureau, American Community Survey, 2010. Selected Economic Characteristics in the United States, North Carolina.
 - 3 U.S. Census Bureau, American Community Survey, 2010, Selected Social Characteristics in the United States, North Carolina.
 - 4 Boushey, Heather and Sarah Jane Glynn, April 2012. "The Effects of Paid Family and Medical Leave on Employment Stability and Economic Security," Center for American Progress citing Kenneth G. Manton and XiLiang Gu, 2001. "Changes in the prevalence of chronic disability in the United States black and nonblack population above age 65 from 1982 to 1999," *Proceedings of the National Academy of Sciences* 98, 6354-6359.
 - 5 See State Center for Health Statistics, 2011. "Health Profile of North Carolinians: 2011 Update."
 - 6 Feinberg, Lynn, Susan C. Reinhard, Ari Houser, and Rita Choula. July 2011. "Valuing the Invaluable: 2011 Update – The Growing Contributions and Costs of Family Caregiving," AARP Public Policy Institute.
 - 7 29 U.S.C. Section 2601. Several states have taken the initiative to broaden the reach of FMLA protections under their own state statutes.
 - 8 For a discussion of the FMLA's history and its limitations, see Taubman, Phoebe, December 2009. "Free Riding on Families: Why the American Workplace Needs to Change and How to Do It," American Constitution Society for Law and Policy.
 - 9 In 2008, the FMLA was expanded to allow military families to use leave during a family member's deployment. In 2010, the US Department of Labor issued a broad interpretation of the definition of "son and daughter" to include employees who assume the role of caring for a child regardless of legal or biological relationship.
 - 10 Houser, Linda and Thomas P. Vartanian, 2012. "Pay Matters: The Positive Economic Impacts of Paid Family Leave for Families, Businesses, and the Public, Rutgers Center for Women and Work citing Han, W-J and Waldfogel, J, 2003. "Parental Leave: The Impact of Recent Legislation on Parents' Leave Taking," *Demography*, 40, 191-200.
 - 11 Institute for Women's Policy Research, May 2011. "Maternity, Paternity, and Adoption Leave in the United States."
 - 12 U.S. Department of Labor, Bureau of Labor Statistics, March 2011. National Compensation Survey: Employee Benefits in Private Industry in the United States. Rates of access are even lower for low-income workers and vary by demographics. Nationally, only five percent of those in the bottom 25 percent of wage earners reported having access to paid leave. A recent Census Bureau report on paid leave among first-time mothers found that women of color and women with less education have lower rates of usage. U.S. Bureau of the Census, October 2011. "Maternity Leave and Employment Patterns of First-Time Mothers: 1961 – 2008."
 - 13 See note 4 above.
 - 14 See, for instance, Redmond, Jennifer and Evgenia Fkairas. 2010. "California's Paid Family Leave is Less Onerous than Predicted," Society for Human Resource Management.
 - 15 Shierholz, Heidi, February 2012. "Job-seekers ratio improves but has been above the highest rate of early 2000s downturn for more than three years,": Economic Policy Institute.
 - 16 See note 4 above.
 - 17 See note 10 above. Women taking paid leave were more likely to be working 9 to 12 months after giving birth than those not taking leave and women taking 30 or more days of paid leave were 54 percent more likely to report an increase in wages the year after giving birth than those not taking leave.
 - 18 Metlife Mature Market Institute, July 2006. "The MetLife Caregiving Cost Study: Productivity Losses to U.S. Businesses."
 - 19 See note 10 above.