



INDEPENDENT WOMEN'S FORUM

## **Get the Facts: Government-mandated Leave**

When President Clinton signed the Family and Medical Leave Act (FMLA) in 1993, he said that it would provide the American family “more flexibility in the workplace.” However, workplace regulations like FMLA make the workplace less flexible by limiting the types of contracts into which employers and employees can enter. These regulations also increase employment costs, create a new administrative burden, and reduce productivity.

### **Problems with Government-mandated Leave:**

Under FMLA guidelines, eligible employees are allowed to take up to 12 weeks of unpaid leave during a twelve-month period for personal illness, family illness, or the birth/adoption of a child. During leave, employers are required to provide health benefits and subsequently allow employees to return to their jobs. That may sound wonderful, but these benefits create new costs for employers. For example, in 2006, Verizon (a company known to pay generous benefits to its employees), estimated that FMLA absences cost them nearly \$300 million. In addition, Verizon had to pay for temporary employees and cover leave administration costs.

In 2005, the Family and Medical Leave Enhancement Act was introduced to increase FMLA's current mandate. If passed, small businesses with 25 to 50 employees would provide workers leave allowing them to attend Parent – Teacher meetings, attend children's extra-curricular activities or take family members to regular doctor's check-ups.

While large companies can adjust manpower and limit the affect of absentee employees on output, small businesses are financially more vulnerable and face higher employment costs and lower productivity. Between 1990 and 2005, small firms created 64% of all new jobs for the United States economy. Enhanced FMLA implementation on these businesses could limit job creation.

High costs aren't the only problem with mandated leave. In surveys by the Society for Human Resource Management, 1/2 of human-resource professionals said they had to approve leave they didn't think was justified, 1/3 received complaints about co-workers' abusing FMLA, and 2/3 reported that they had to keep employees who would have been fired for poor attendance.

Mandates such as FMLA also infringe on the ability of individuals to freely contract with one another in regards to their compensation packages. Some employees might prefer more take home pay to increased benefits, and vice versa, but FMLA mandates a certain level of level benefits, regardless of what the employer or employee wants.

### **Solving the Problem:**

Everyone recognizes the need to take time out of the workforce, particularly to address periods of illness or the birth of a child. Government can make it easier for individuals to prepare for those circumstances by discontinuing anti-savings tax policies and creating tax-advantage schemes similar to retirement and health care investments. This would incentivize individuals to provide for themselves during work absences.

All facts taken from: *Who Pays for My Time Off? The Costs and Consequences of Government-Mandated Leave* by Carrie Lukas, a publication by the Independent Women's Forum, available at [iwf.org](http://iwf.org)