

# SUPPORT LEGISLATION TO ENACT PAID FAMILY & MEDICAL LEAVE (PFML) IN DELAWARE



“FOR MAIN STREET BUSINESSES, HEALTHY FAMILIES ARE PART OF OUR BOTTOM LINE. LET’S LEVEL THE PLAYING FIELD FOR SMALL BUSINESSES, STRENGTHEN ECONOMIC OPPORTUNITIES FOR OUR FAMILIES AND COMMUNITIES, AND PROMOTE GREATER RACIAL AND GENDER EQUITY BY PASSING STRONG PAID FAMILY AND MEDICAL LEAVE LEGISLATION.”

**AMANDA BALLANTYNE**

Executive Director of the Main Street Alliance

We are advocating for a state-wide family and medical leave policy. This policy would offer full-time workers in Delaware up to **12 weeks of paid time-off in a 12 month period.**



The eligibility of paid leave expands the criteria included in the federal Family and Medical Leave Act (FMLA), which qualifies reasons, such as the birth of a child or care for a family member with a serious health condition.

## WHY IS IT IMPORTANT?

The birth of a newborn baby. The adoption of a child. Both are momentous occasions that require considerable time and effort. While many families will experience these joyous events, as it currently stands, **there is no policy that allows many Delawareans to take paid family and medical leave.**

The United States is one of the only industrialized democracies that does not guarantee paid family and medical leave for workers. As [Governor Carney himself says](#), “For Delaware’s economy to thrive, we need a strong and stable workforce. To that end, it’s important to recognize how Delaware workers—and their needs—are changing... Among many things, that includes giving employees the ability to provide and care for their growing families.” **The COVID-19 pandemic has only exacerbated the need for paid family and medical leave, as women in particular struggle to stay in the workforce in the face of disruptions to schooling and childcare services.**

## THE PROBLEM

The federal [Family and Medical Leave Act \(FMLA\)](#) guarantees **eligible** employees up to 12 weeks of job security and the continuation of their health benefits for time-off. **However, this time is unpaid.**

This means that: while some Delawareans can take advantage of the job security provided by FMLA while caring for their families, **they are not being compensated financially during this time.**



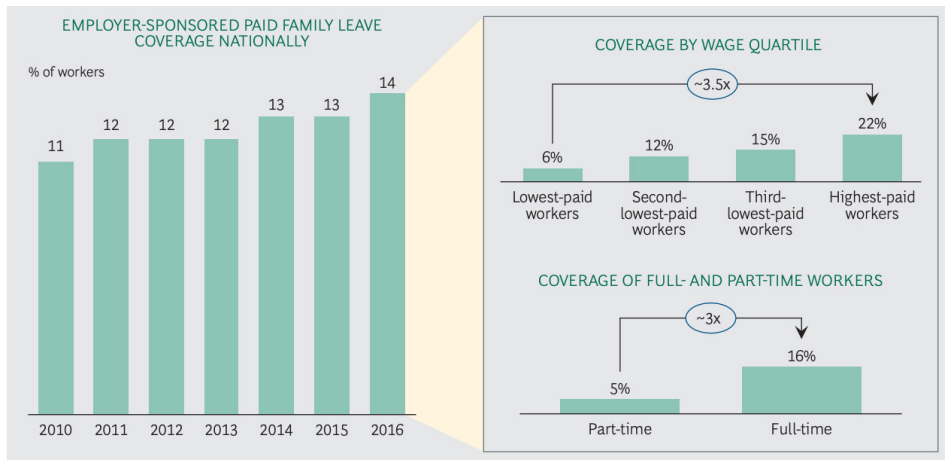
**54%**

of [workers](#) in Delaware do not have access to this unpaid leave

## THE PROBLEM (CONT.)

This is not only an issue about providing basic rights to hard-working individuals and families, but also an economic issue. For example, [studies show](#) that paid leave is an important factor in both retention and recruitment. The state of Delaware currently offers up to 12-weeks of paid Family Leave for state employees. It is time that this benefit was expanded to be more inclusive of the state of Delaware's workforce.

## FIGURE 1: PAID FAMILY LEAVE COVERAGE IN THE US



**Source:** US Bureau of Labor Statistics, National Compensation Surveys, 2010 through 2016.

**Note:** Includes workers in the private nonfarm economy (excluding private households) and public-sector workers (excluding the federal government).

## FIGURE 2: FIVE BENEFITS OF PAID FAMILY LEAVE



**Source:** BCG Interviews and analysis.

# POLICY SOLUTIONS

## OVERVIEW

The state of Delaware should enact a state-wide Paid Family & Medical Leave (PFML) policy. Delaware's PFML program would provide Delawareans with up to 12 weeks of paid time-off in a 12 month period due to any of the following reasons, incorporating and extending criteria from the Family and Medical Leave Act:

1. The birth of a child and to care for the newborn child within one year of birth;
2. The placement with the employee of a child for adoption or foster care and to care for the newly placed child within one year of placement;
3. To care for a family member with a serious health condition or the worker's own serious health condition;
4. To assist family members when a spouse, parent, or child is on active duty military leave;
5. To handle matters relating to domestic violence.

### ELIGIBILITY REQUIREMENTS

1. Have worked for an employer for at least 12 months prior to the start of leave;
2. Have earned at least \$2,500 in the preceding 12 months prior to leave.

### BENEFITS FORMULA

1. 80 percent of base period pay (employee's average weekly pay);
2. \$900 cap per week.

## COST AND FINANCING

Many states that have implemented paid family leave policies, such as New York, New Jersey, and Rhode Island, finance these programs via [employee payroll deductions](#). Washington state created a Family and Medical insurance account housed within the state's treasurer's office, and New Jersey hosts its family leave program within the [New Jersey Department of Labor](#). This brief recommends that the state of Delaware follow in the footsteps of states like New Jersey by creating an insurance trust fund within the Delaware Department of Labor.

State policies differ in regards to employer and employee contributions. For example in Rhode Island, Washington D.C., and Connecticut, programs are funded by employer contribution only. In states such as New York, Oregon, and Colorado, programs are funded jointly by the employer and employee. This brief advocates for a small payroll contribution that will be split evenly-- 50/50-- between the employer and employee. This policy would stipulate that employers with fewer than 20 employees would not be required to pay a contribution for their employees. This is an innovative and cost-effective way to provide paid family and medical leave to thousands of Delaware's hard-working employees while also providing considerable benefits to employers.

## PROGRESSIVE WAGE REPLACEMENT

This brief also recommends that the Delaware General Assembly implement **an 80 percent wage replacement policy, with a \$900 per weekly cap**, for paid-leave payments. This innovative approach allows low-wage workers to continue to earn a high proportion of their typical income while simultaneously limiting the overall payments employees can qualify for through an income cap. This approach is similar to states like Washington state, which takes a progressive approach to ensure that low-income earners are able to take advantage of paid family & medical leave policies while ensuring state budgets are not

overburdened by sizable payments to high-income earners. Overall, this policy makes it more [accessible and affordable](#) to low-wage workers who may be living paycheck to paycheck.

## THE EFFECT OF PAID FAMILY & MEDICAL LEAVE ON BUSINESSES

While one potential concern of PFML programs are its effects on small businesses, research on paid family leave policies across the country has proved that state programs are a model that works well for businesses of all sizes, particularly small businesses. For instance according to the [Main Street Alliance](#), state paid family leave programs “make the benefit affordable, reduce business costs, increase their competitiveness and can allow small business owners themselves to take paid leave when the need arises.” This [resource](#) also features small business owners and why they support paid family and medical leave policies.

### PFML benefits to businesses also include:

1. Boosts businesses’ [bottom lines](#).
2. Paid leave results in [positive effects](#) in worker’s productivity, retention, recruitment, and overall performance.
3. Despite fears that family leave policies will impose financial costs on small businesses, [studies show](#) that in states that have implemented paid family leave policies, the vast majority of businesses have reported either positive or neutral effects on costs.
4. PFML offers small businesses the opportunity to extend paid leave to their employees, which they may have wanted to do in the past but were unable to afford the option.

## ADDITIONAL BENEFITS OF PAID FAMILY & MEDICAL LEAVE POLICIES

1. Public health benefits: research has shown that providing parents with paid leave for the birth of a child resulted in improvement of [on-time vaccination rates](#), reduction in [infant hospital visits](#), reduction in the probability of children developing ADHD, and many more health benefits.
2. Improvement in [employee morale and a decrease in costly turnover](#).
3. Increased economic security and management of family responsibilities, such as [reducing the likelihood that new mothers fall into poverty](#).
4. Addresses long standing disparities in the workforce, such as the [gender pay gap](#).

## RESOURCES FOR MORE INFORMATION

### ADDITIONAL RESOURCES

- In the state of Delaware alone, 60+ organizations have joined the [Delaware Cares Coalition](#) to support passing paid family and medical leave in Delaware.
- [Overview](#) of paid family leave policies enacted in other U.S. states.
- The [effectiveness](#) of paid family leave policies.
- [Access and use](#) of family leave.

### MODEL LEGISLATION

Nine states, in addition to Washington D.C., have enacted paid family leave policies, including: New Jersey, New York, Washington, California, Connecticut, Oregon, Rhode Island and Colorado. [This guide](#) provides examples of how employers can inform employees about their rights under a state-wide paid family leave policy.