

Paid family leave allows working families to care for a new child without risking their financial security. Because Tennessee state employees do not have dedicated paid family leave, those who are expecting a child must choose between using paid vacation time, sick days, or taking unpaid leave.

Implementing paid family leave for state employees will not only help Tennessee's working families -- most of whom cannot afford to take extended leave without pay -- but will also help state agencies recruit and retain workers. In today's highly competitive labor market, this is more important than ever.

Impossible Choices: The Impact of Working Without Paid Leave

"Sally" gave birth to her first child in early 2020.* Because state workers do not receive dedicated paid family leave, she had to use up her accrued paid time off. She returned to work with no remaining paid sick days.

Unfortunately, she and her then-six-month-old baby later became seriously ill, and she found herself in a difficult situation because she had no remaining sick days. Sally's story reflects the impossible choice that many state employees are forced to make between their family's well-being and their finances.

**Name changed to protect confidentiality*



Paid family leave makes sense for both families and employers.

▶ Paid family leave policies benefit employers through improved retention and reduced turnover rates.

The cost of replacing an employee can range from one-half to two-times the employee's annual salary.(i) Paid family leave policies increase employee retention and decrease turnover, lowering costs for employers.(ii)

▶ Paid family leave helps to improve families' health and economic security.

Parental leave of eight to 12 weeks allows mothers more time to meet their basic needs -- physical effects of childbirth can persist well after six weeks.(iii) Mothers' mental health has also been shown to significantly improve.(iv) Paid family leave also sets children up for success, reducing high school dropout rates and leading to higher wages in adulthood.(v)

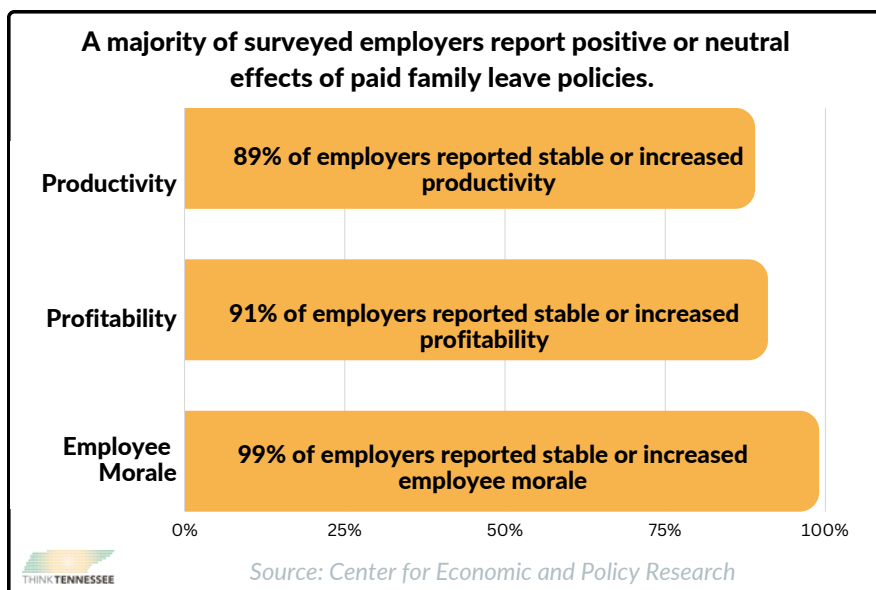
Paid family leave is a smart business investment for Tennessee.

▶ Paid family leave helps boost productivity and improve morale among employees.

A survey of employers found an overwhelming majority report that paid family leave had positive or neutral effects on profitability, productivity, and employee morale.(vi)

▶ Given today's labor shortage, policies that ensure parents, especially mothers, can stay in the workforce are needed.

Paid family leave policies help retain workers. Women who take paid leave after having a baby are more likely to be working nine to 12 months after birth than women who take no leave.(vii)



▶ Providing paid family leave will give the state a competitive edge in recruiting Tennessee's best and brightest employees, since many leading private sector employers already provide this benefit.

At least 20 major employers -- including **FedEx**, **Dollar General**, **First Horizon**, **BlueCross BlueShield of Tennessee**, and **Pilot Flying J** -- provide paid family leave for their employees to care for a new child.(viii)

Paid family leave is fiscally responsible and saves taxpayer dollars.

- ▶ **Paid family leave keeps new parents connected to the workforce, which saves taxpayer dollars by decreasing reliance on public assistance.**

According to one study, both women and men who return to work after a paid leave are significantly less likely to receive public assistance in the year after the birth of their child than parents who take no leave at all.(ix)



- ▶ **Providing paid family leave for state employees is not likely to result in significant increased costs from hiring temporary workers.**

It is often not necessary to hire a temporary employee to handle the workload of an employee on paid leave. Their work can often be shared among others in the department, as a spokesperson for the Department of Finance and Administration recently testified.(x) Tennessee state departments already have experience shifting work around and covering assignments for employees who are out on *unpaid* leave.

- ▶ **The cost of a paid family leave policy for the state is likely significantly lower than previously estimated.**

Review of the fiscal note attached to previous legislation determined the estimated number of state employees who currently have an unmet need for leave is much lower than previously thought -- **5%** as opposed to **75%**. Thus, previous estimates of increased state expenditures resulting from employees taking paid leave will likely be substantially lower than initially estimated.(xi)

Evidence from other states proves paid family leave for Tennessee state employees is a win-win.

- ▶ **Peer states have recently implemented paid family leave policies.**

Georgia, **South Carolina**, and **Utah** have enacted paid parental leave for state employees with strong bipartisan support in the past two years.(xii) And in 2019, President Trump signed into law a 12-week paid leave policy for **federal government** employees to care for a new child.(xiii)

- ▶ **Evidence from other states with paid leave policies show workers take less time and don't abuse the benefit.**

Workers in New Jersey took less than the maximum amount allowed by law.(xiv) And surveys of employers in California found many or all reporting no awareness of instances of abuse.(xv)

Paid family leave is the right policy for Tennessee to ensure a robust and competitive state workforce.

- ▶ Tennessee can implement paid family leave in a fiscally responsible way that leads to improved retention, decreased turnover, and increased productivity and morale.

- (i) Mcfeely, Shane, and Ben Wigert. (March 13, 2019). Gallup. This Fixable Problem Costs U.S. Businesses \$1 Trillion. See <https://www.gallup.com/workplace/247391/fixable-problem-costs-businesses-trillion.aspx>.
- (ii) Appelbaum, Eileen, and Ruth Milkman. (2011). Center for Economic and Policy Research. Leaves That Pay: Employer and Worker Experiences with Paid Family Leave in California, (p. 8). See <http://cepr.net/documents/publications/paid-family-leave-1-2011.pdf>.
- (iii) Gjerdingen, D.K., D.G. Froberg, K.M. Chaloner, and P.M. McGovern. (March 1, 1993). Archives of Family Medicine. Changes in Women's Physical Health During the First Postpartum Year. See <http://europepmc.org/article/med/8252148>.
- (iv) National Bureau of Economic Research. (March 2004). Bulletin on Aging & Health. Do Longer Maternity Leaves Affect Maternal Health? See <https://www.nber.org/bah/2004number4/do-longer-maternity-leaves-affect-maternal-health>.
- (v) Carneiro, Pedro, Katrine V. Løken, and Kjell G. Salvanes. (June 2011). IZA - Institute of Labor Economics. A Flying Start? Maternity Leave Benefits and Long Run Outcomes of Children. See <https://www.econstor.eu/bitstream/10419/52026/1/669535397.pdf>.
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- (vii) Houser, Linda and Thomas Vartanian. (2012). Rutgers Center for Women and Work. Pay Matters: The Positive Economic Impacts of Paid Family Leave for Families, Businesses and the Public, (p. 6-7). See <http://www.nationalpartnership.org/research-library/work-family/other/pay-matters.pdf>.
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- (ix) Houser, Linda and Thomas Vartanian. (2012). Rutgers Center for Women and Work. Pay Matters: The Positive Economic Impacts of Paid Family Leave for Families, Businesses and the Public. See <http://www.nationalpartnership.org/research-library/work-family/other/pay-matters.pdf>.
- (x) Tennessee General Assembly. (Feb. 18, 2020). Senate Finance, Ways & Means Committee Hearing. See http://tnga.granicus.com/MediaPlayer.php?view_id=431&clip_id=21645.
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