

Family and Medical Leave Act

Expansions to FMLA law could stifle job growth and impede economic recovery

NSBA urges Congress to oppose any move that would hinder an entrepreneur's ability to create jobs—something an expansion of the FMLA surely would do. A number of proposals to add to leave, both paid and unpaid, have surfaced in recent years. All of these would slow or stop job growth at precisely the time when we need it the most.

Despite the good intentions of those in Congress who would like to expand the Family and Medical Leave Act of 1993 (FMLA), such expansions could have dire consequences for the job-creation role of small businesses. Piling on added burdens to such an important sector of the economy is likely to exacerbate the global competitive disadvantages U.S. businesses face, and stands to significantly hinder small-business owners' ability to create jobs.

Currently, FMLA requires employers to provide employees with up to 12 weeks of unpaid leave in a 12-month period. FMLA leave provides employees extended time off for the birth or adoption of a child; care for a spouse, parent or child with a serious health condition; or, when the employee is unable to work due to a serious health condition. FMLA applies to employers who have at least 50 employees.

Several recent legislative initiatives have proposed various expansions to the FMLA, including requiring FMLA leave to be paid, expanding the circumstances and individuals eligible for FMLA, as well as expanding the duration of the leave provided under the statute. Legislative efforts on the one hand have been extremely rigid and perverse. For example, members in the House and Senate introduced legislation, the *Healthy Families Act*, in previous Congresses that would require employers with 15 or more employees to provide seven paid sick days to all employees working 20 hours or more per week. An employee's sick time would be accrued as of the date of hire, and awarded on a pro-rated basis just three months after the date of hire. On the other hand, many small businesses are already adopting reasonable work-life balance strategies that meet the needs of employers and employees alike. Educating small businesses on workplace flexibility strategies, such as paid time off, can assist employers and employee's ability to balance their work and family responsibilities.

A past NSBA survey found that the majority of responding members (83 percent) already offer some kind of paid sick leave. Under the *Healthy Families Act* bill, 28 percent of business owners fear that productivity would decrease. Furthermore, 25 percent of respondents expected the per-employee cost of complying with the *Healthy Families Act* would exceed \$1,000—for a business with just 15 employees, that would mean at least \$15,000, not counting lost productivity. That is at least one full time job that can't be added in order to allow the first 15 employees the luxury of paid time off. The administration of even the existing law has been a problem for business. Paperwork and legal requirements have overwhelmed small-business owners, who, prior to FMLA, often allowed employees time off without the government telling them how to do it.

Perhaps the most troublesome outcome of FMLA expansion is stifling job growth. Reducing FMLA thresholds to 30, 20 or even 15 could serve as a plateau above which small-business owners would hesitate to grow, especially if it means having to give paid leave to all employees.

NSBA supports public policy that will: 1) Strengthen the Family and Medical Leave Act to ensure FMLA leave is available to those employees Congress intended to cover, and 2) End the misuse of medical leave that threatens the integrity of this important law. NSBA urges Congress to oppose any move that would hinder an entrepreneur's ability to create jobs—something an expansion of the FMLA would surely do.