



# LB 290: PROVIDING PAID FAMILY AND MEDICAL LEAVE Insurance for Nebraska's Workforce

**No one should ever be forced to choose between their family, their health and their next paycheck.** About **4 out of 5 workers do not have access to paid leave** to be there during a dying parent's last days, to care for a newborn child during those fragile first weeks or even to care for themselves during an unexpected illness because of a lack of paid family leave.<sup>1</sup> LB 290 will provide a tool for employers to support their employees in remaining engaged in the workforce while also meeting their families' needs.

## Paid Leave is Racial and Gender Equity

Women, especially Black, Indigenous and Women of Color (BIWOC) are more likely to be the primary caregivers *and* breadwinners in their families, have less access to paid leave and experience more financial instability as a result of that lack of access.<sup>2</sup>



**1 in 4** working mothers return to work within 2 weeks of giving birth, compromising both maternal and infant health.<sup>4</sup>

### As compared to white workers:

Latinx workers are

**66%**

more likely to be unable to take leave when needed,

Black workers are

**83%**

more likely to be unable to take leave when needed,

Native American and Pacific Islander workers are

**100%**

more likely to be unable to take leave when needed.<sup>3</sup>

### FMLA is Not Enough and Not the Same

The federal Family and Medical Leave Act (FMLA) of 1993 requires companies that have **more than 50 employees** to provide up to 12 weeks of **unpaid leave** for the birth of a baby or to care for a loved one. LB 290 creates an insurance program for businesses of all sizes to offer **paid leave** to their employees, with the insurance program paying the wages during such leave.



LB 290 aligns with the Women's Fund values of: **Equity and Bold Impact.**

To learn more about our mission, vision and values, visit [www.OmahaWomensFund.org](http://www.OmahaWomensFund.org).



## The Business Case for Paid Family and Medical Leave Insurance

- **Access to paid leave has been demonstrated to improve employee retention, avoiding high costs of turnover.**<sup>5</sup> Failing to provide paid leave will not prevent employees from taking leave when desperately needed, but it will cause workers to leave a job when forced to choose between their work and their families. Losing and replacing an employee has substantial costs to an employer. Cost of termination, cost of replacement, vacancy cost when the job is unfilled and learning curve productivity costs are the primary reasons employers lose money from turnover. Companies pay on average about 1/3 of an employee's salary to replace them, averaging \$15,000 per lost employee.<sup>6</sup>
- **COVID-19 school closures combined with a lack of paid family leave has forced parents out of the workforce, creating unsustainable workforce shortages for employers.** With new challenges facing employers, we have an opportunity to rebuild forward-thinking workforce development strategy that will make businesses stronger and more sustainable.
- **A statewide paid leave insurance program would support small business' ability to compete with larger businesses for skilled workers in our state.** Employers, particularly small businesses, who want to provide paid leave are often unable to do so without the assistance of a state insurance program.
- Small businesses experience hiring disadvantages compared to larger companies that can afford to provide more generous benefits. **A statewide insurance program would make paid leave a more affordable offering for small businesses and curb this disadvantage.**

## How LB 290 Works

- LB 290 would create a statewide family and medical leave insurance program, funded by employer contributions, that would operate similarly to short-term disability programs.
  - Employees could access 12 weeks of leave in a year to use for:
    - Welcoming a new child after birth, adoption or foster care placement.
    - Caring for a family member with a serious health condition.
    - Caring of a service member that is a family member or next of kin.
    - Qualifying exigency leave (related to military service).<sup>7</sup>
    - Recovering from a personal serious health condition.
- Covered employers would contribute no more than 1 percent of gross wages as a premium for employees eligible for family and medical leave to a state fund supporting such leave program.
- When an employee accesses the paid leave available under this act, the insurance program would pay the employee according to individual's average weekly wage. The employer would not be required to pay wages during the leave period.

<sup>1</sup> 21% of civilian workers (private industry and state and local government) had access to paid leave in March 2020. Source: U.S. Bureau of Labor Statistics, National Compensation Survey: Employee Benefits in the United States, March 2020," Table 31. Leave benefits: Access, civilian workers, March 2020, <https://www.bls.gov/ncs/ebs/benefits/2020/employee-benefits-in-the-united-states-march-2020.pdf>.

<sup>2</sup> "Called to Care: A Racially Just Recovery Demands Paid Family and Medical Leave," National Partnership for Women and Families, (March 2021). <https://www.nationalpartnership.org/our-work/resources/economic-justice/paid-leave/called-to-care-a-racially-just-recovery-demands-paid-family-and-medical-leave.pdf>.

<sup>3</sup> Brown, S., Herr, J., Roy, R., & Klerman, J. A. (2020, July). Employee and Worksite Perspectives of the Family and Medical Leave Act: Results from the 2018 Surveys. Retrieved 10 March 2021, from U.S. Department of Labor website: [https://www.dol.gov/sites/dolgov/files/OASP/evaluation/pdf/WHF\\_FMLA2018SurveyResults\\_FinalReport\\_Aug2020.pdf](https://www.dol.gov/sites/dolgov/files/OASP/evaluation/pdf/WHF_FMLA2018SurveyResults_FinalReport_Aug2020.pdf).

<sup>4</sup> "Family and Medical Leave," U.S. Department of Labor and Abt Associates Inc. (April 2014). <https://www.dol.gov/sites/dolgov/files/OASP/legacy/files/FMLA-2012-Technical-Report.pdf>.

<sup>5</sup> "Paid Family and Medical Leave: Good for Business," National Partnership for Women and Families, (September 2018). <https://www.nationalpartnership.org/our-work/resources/economic-justice/paid-leave/paid-leave-good-for-business.pdf>.

<sup>6</sup> "2017 Retention Report," Work Institute, (2017). <https://cdn2.hubspot.net/hubfs/478187/2017%20Retention%20Report%20Campaign/Work%20Institute%202017%20-Retention%20Report.pdf>.

<sup>7</sup> Qualifying exigency leave is leave taken by an employee when their qualifying family member is on active duty or call to active duty and the leave is needed to care for the family member, prepare for their deployment, care for their return, or attend to needs after death of the family member.