



Connecticut Paid Leave

***The Business Case for Leave:
ROI and Retention***

We hear the concerns:

Paid Leave is too hard for small employers!

*I need more people working
– not fewer!*

Employees are taking too much time off!

It is just so difficult to
manage!

Let's reframe the issue...



LOOK AT THE BIG PICTURE



PLAN FOR THE
TEMPORARY DISRUPTIONS

Small Employers Benefit from State Paid Leave Programs

- Nearly 80% of small owners support national programs.
- 82% of small employers think that having access to paid family and medical leave is important to their employees' economic security.
- Data show that a correlation between paid leave programs and reduced medical costs
- In a national survey of small business owners, more than 40% reported that paid leave programs help/would help them (the owner) take needed leave themselves
- State Paid Leave programs help even the playing field for small employers in connection with employee recruitment and retention
- More than 70 percent of small business owners in CA said state benefit programs such as paid leave contributed to retention and helped them stay competitive with larger business
- In CT, employers do not contribute toward the CT Paid Leave Trust Fund. The cost of the CT Paid Leave payments is borne by the program (& ultimately, workers)

Paid Leave Programs Improve Workforce Participation

Employers Need Skilled Workers

- 76% report difficulty in hiring and retaining workers
- 49% are undertaking special initiatives to attract and retain employees
- 34% identified “Employee Recruitment & Retention” as their greatest investment
- 27% identified lack of skilled job applicants as main factor in limiting growth

Paid Leave Programs Keep Skilled Workers in the Workforce

- Women’s labor force participation **increased** after passage of paid family leave laws
 - CA: 21% reduction in maternal labor force exits
 - CA & NJ: increase in women’s labor force participation by 5-8%
 - US Census Bureau:
 - First-time mothers who did not utilize paid leave had a **34.3%** probability of quitting their job before or after the birth,
 - First-time mothers who utilized paid leave had a **2.6%** probability of quitting their job before or after the birth
 - Utilization of paid leave increased likelihood of returning to same employer after birth by 18.2%
- Caregivers and individuals with disabilities are better able to enter and stay in the workforce with paid leave

Managing while an employee is on leave takes less time and is less expensive than replacing that employee

- Average duration of CT Paid Leave claim 7.72 weeks
- 71.41% of claimants have had only 1 approved claim between 1/1/22 – 5/31/26
- Average time to refill a position after termination of employee:

• 2 – 8 weeks	49%
• 8 – 16 weeks	31%
• More than 16 weeks	14%
• Less than 2 weeks	6%
- Direct cost to refill a position:
 - 50%-200% of annual wages of the employee who left
- Indirect costs of high turnover:
 - Firms with high employee turnover perform significantly worse with regard to stock returns and ROA than those with low turnover
 - Higher training costs
 - Loss of experienced workers negatively impacts productivity
- Likelihood of high employee turnover **decreased 5.8%** in states with paid leave programs compared to neighboring states

Research Demonstrates Benefits of Paid Leave Programs

- **Revenue Growth**

- Employers that reported they provide a positive supportive employee absence experience are also the most likely to report significant revenue growth over the past 3 years
- Passage of PFL laws is associated with a **1.5 percentage point increase in ROA** for employers in states with PFL laws compared to employers in neighboring states
- Studies show firms listed in “best companies for working mothers” have higher stock performance compared to industry returns

Additional Benefits of Paid Leave Programs

- **Increased productivity**
 - **Productivity increased approximately 5%** after implementation of paid family leave in establishments located in the states with paid family leave compared to establishments in neighboring counties across state borders
 - When a worker is sick or has caregiver responsibilities but is still working, they are generally not as productive (presenteeism)
 - Taking leave can aid in faster recuperation, getting workers back to full productivity sooner
- **Enhanced recruitment**
 - Employees with good leave experiences are 41% more likely to encourage others to apply for jobs at their employer
- **Improved workplace morale**
 - Employees with a good leave experiences reported they were:
 - More motivated
55%
 - More productive
50%
 - More loyal to employer
47%
 - More loyal to manager
41%

Case Studies Refute Fears about Negative Impacts

Paid Leave in NY:

- **No significant impacts on employer ratings of employee performance in terms of attendance, commitment, cooperation, productivity and teamwork.**
- No significant changes in the share of employees who quit or were absent without advance notice.
- Improvement in employers' average rating of ease of dealing with absences
 - Law provided clear rules & a structure/system for dealing with leaves

Paid Leave in CA:

- The vast majority of employers covered by San Francisco's Paid Parental Leave Ordinance report **no change in profitability, productivity, employee retention, employee morale, or customer service.**
- To the extent there were changes, they were positive, i.e., 29.4% increase in employee morale
- 40% of employers reported arranging coverage for leave-taking employees was only "a little difficult" or "not difficult at all"

With greater familiarity, comes greater ease...

- The California Society for Human Resource Management, reported that the law was “less onerous than expected” and few businesses in their research reported challenges resulting from workers taking leave.
- In a New Jersey Business and Industry Association survey, NJ businesses said they had little trouble adjusting to the state’s law.
- In a study of firms with fewer than 100 employees in NY, a majority of employers reported NY’s paid leave program led to an increase in employers’ ease of handling long employee absences.

How to capitalize on the benefits of paid leave

The 3 Cs: Consistency, Communication, Compassion

- Be proactive
 - Take advantage of training opportunities
 - Develop rules/procedures now
 - Use the tools that are available to you
- Treat leave management like any other continuity of operations scenario:
 - Written SOPs
 - Cross-training
 - Plan in advance for coverage options
 - Include those options in your budget
- Be kind:
 - Understand that employees needing leave are dealing with stressful, possibly life-changing, situations
 - Provide recognition and support to covering employees
- Employees report the following are critical to a good leave experience:
 - Supportive & helpful supervisors
 - Supportive & helpful HR staff
 - Clear, well-defined and consistently followed rules/procedures
 - Receiving income during leave
(CT Paid Leave helps with this one!!)



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Thank You