

## NEW HAMPSHIRE WORK AND FAMILY SUSTAINABILITY COALITION

## IMPACT OF FAMILY LEAVE INSURANCE ON SMALL BUSINESSES

## IN NEW HAMPSHIRE

Small business is vital to New Hampshire's economy. But many small business owners feel at a disadvantage in competing against large companies to recruit and retain talented, qualified employees. In fact, a majority of small businesses consider finding and retaining qualified workers to be one of the most significant challenges to the growth and survival of their business. A family leave insurance system in New Hampshire would help small businesses meet that challenge. And—at no cost to businesses—it would provide workers with paid time off when they need it the most to bond with a newly born or adopted child, or to care for a seriously ill child, parent or spouse.

## 1. Key Facts

- Small business owners know their workers personally; most already give time off for a new baby or serious family illness, but they have a hard time providing pay. In fact, research shows that contrary to common belief, small-business employers often regret that they do not have deep enough pockets to help their employees when they need it to take care of a family member.
- Small businesses feel that they are at a disadvantage against big companies with family-friendly policies that provide family leave insurance and/or allow their employees to use sick or other leave for family care.
- Often, small businesses with workers who need time off for a new baby or to care for a serious family illness end up losing valued workers as those workers seek more accommodating arrangements or even leave the workforce altogether. The costs of replacing a valued worker far exceed the costs of providing family leave insurance.
- Family leave insurance will increase commitment, morale, productivity, and customer satisfaction—and decrease turnover and training costs. Nationally, businesses report that employee turnover costs average \$13,355, but these costs vary widely depending on occupation and industry. For example, retail businesses report turnover and training costs for someone making \$7.00 an hour to be \$6,241 per new employee.
- With a family leave insurance system, employees return to work without the added stress of a financial crisis on top of their family situation.

## 2. Family Leave Insurance: An investment in New Hampshire's workers and its economic prosperity

- Since 1993 New Hampshire workers have been able to take 12 weeks of unpaid leave to bond with newly born or adopted children or to care for seriously ill family members. But without a paycheck, too many men and women still can't take essential time off. No one should have to choose between family and job.



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- With a Family Leave Insurance program, those who need it would get up to 6 weeks of paid family leave per year at \$250.00 per week. The cost of providing family leave insurance for New Hampshire's workers would be low and paid entirely by employees. There would be no tax increases on New Hampshire businesses.
- While workers are out on family leave and collecting benefits from the trust fund, their employers can use salary savings to hire temporary staff, pay overtime, etc.
- Small employers currently are not required to hold an employee's job for them when they take a family or medical leave, and this will not change under a family leave insurance program.

### 3. Conclusion

Everyone benefits when workers are able to balance job obligations and family needs. Giving workers financial security by allowing them to take paid leave to deal with a child's illness or a parent's recovery from a stroke not only improves outcomes for children and families, but also increases worker morale, productivity and retention.

#### For more information:

National Partnership for Working Families at [www.nationalpartnership.org](http://www.nationalpartnership.org).

Rudd, Elizabeth, 2004. **Family Leave: A Policy Concept Made in America**, Boston, MA, Sloan Work and Family Research Network, Boston College. Available at <http://wfnetwork.bc.edu>.

Walter E. Johnson and Dan M. Tratensek, 2001. **Employee Turnover: Is Your Revolving Door Costing You Money?** Indianapolis, IN, National American Retail Hardware Association. Available at <http://www.nrha.org/tips0106.pdf>.

The **New Hampshire Work and Family Sustainability Coalition** is a broad-based group of community, advocacy, union, religious, research, and academic organizations working to make family leave insurance a reality for all New Hampshire's workers. For more information, or to get involved with the campaign for family leave insurance, please visit us on the web at [www.nhwomenslobby.org](http://www.nhwomenslobby.org) or contact Nikki Murphy, New Hampshire Women's Lobby and Alliance at 603.224.9105.