

# paid leave

**Many multistate employers face growing cost, compliance burdens due to growing patchwork of state, local paid leave laws.**

A nationally uniform and voluntary paid leave compliance option would reduce the cost of offering paid leave benefits, enabling employers to offer consistent programs that benefit employers and employees alike.

**Employers that support a voluntary national compliance standard**

**57%**

Paid family leave and paid disability leave

**60%**

Paid sick leave

**Large employers find value in providing financial security to employees facing unpredictable and important life events.**

**68%**

Offer a paid time off plan

**Median: 3 weeks after 1 year of service**

**51%**

Offer paid sick leave to salaried employees separate from vacation benefits

**Median: 7 days**

**61%**

Offer paid parental bonding leave

**Median for birth parent: 6 weeks**

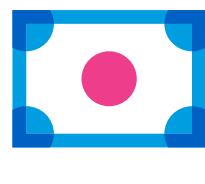
**Median for non-birth parent: 5 weeks**

**26%**

Offer paid leave to care for a sick family member

**Median: 6 weeks**

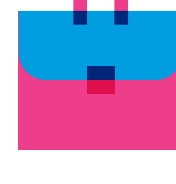
**Paid leave is a critical component to improving job security, healthy communities, and work-life balance for US workers and their families, but one that is not without cost.**



**Employer-paid STD benefits** that replace 100% of weekly wages cost employers between **1% or 1.5% of payroll**



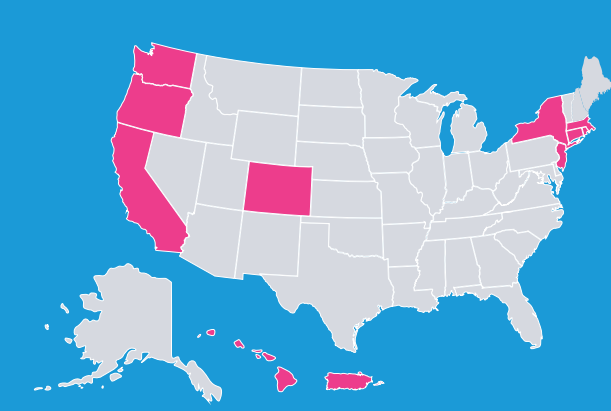
**Paid parental and caregiver leave benefits** cost employers between **0.2% and 0.5% of payroll**



**Administrative expenses** will typically range from **8%-20% of total leave costs**

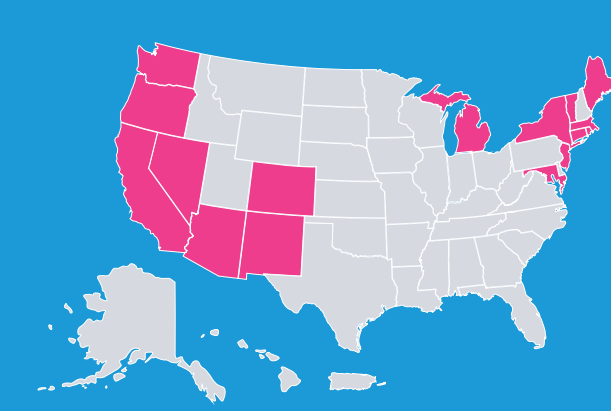
## Patchwork of leave mandates increases cost, creates benefit imbalance and confuses employees.

### Paid family and medical leave



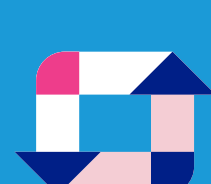
Ten states (CA, CO, CT, HI, MA, NJ, NY, OR, RI, WA), along with Washington, DC, and Puerto Rico, have enacted laws requiring paid leave for an employee's own serious health condition or disability and — with the exception of Hawaii and Puerto Rico — for qualifying family or caregiving reasons.

### Accrued paid leave



Sixteen states (AZ, CA, CO, CT, ME, MD, MA, MI, NV, NJ, NM, NY, OR, RI, VT, WA) and Washington, DC and over 20 cities and counties have enacted laws requiring employers to provide accrued paid leave to employees.

## State-mandated paid leave programs vary significantly from state to state in their:



**Funding structure**



**Benefit duration**



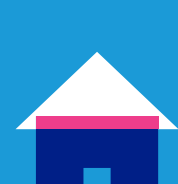
**Wage replacement**



**Permissible uses**



**Eligibility criteria**



**Family definition**

**As a result, many employers have had to design their leave programs to meet administrative and other requirements, rather than meet employer and employee objectives.**

## #1 priority

52% of employers said complying with state and local paid leave laws was a priority, far more than selected any other paid leave priority

**66%**

of employers experienced an increase in resources to handle state and local paid leave mandates in the last 5 years.

**46%**

of large employers have hired third-party administrators to manage tracking, administrative and compliance requirements, up from 38% in 2018

**Congress should recognize this growing problem for employers and consider a voluntary, national compliance standard that will benefit employers and employees and allow flexibility for private plan solutions.**

Sources: Mercer's Survey of Absence and Disability Management, 2021 and Mercer experience.

**Contact us with questions here.**