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EXPANDING FAMILY LEAVE ACT WOULD HURT WORKING FAMILIES
NCPA: Proposed Bill Would Create Society of Small Businesses with 24 Employees

DALLAS, TX (June 9, 2009)—Expansion of the Family and Medical Leave Act (FMLA) to include employers with 25 or more workers would be counterproductive, especially during a recession, according to a new NCPA report. The FMLA threshold is now 50 employees.

“Imposing costly new mandates on small businesses could not come at a worse time,” said NCPA Distinguished Fellow Terry Neese. “Small businesses are already struggling to avoid layoffs, meet payroll, maintain benefits, and simply survive during the recession. Forcing mandates now could result in companies growing no larger than 24 employees so they won’t be subject to such mandates.”

If an FMLA expansion is enacted, employers with 25 workers will be required to allow employees to take 12 weeks of unpaid leave annually for a serious illness, to care for an immediate family member or following an adoption or birth. Parents would also get up to 24 hours of leave each year to participate in their children’s academic activities. This could create an enormous disadvantage to women, as they are the majority of the employees taking leave. Employers prefer to hire the most productive employees at the lowest cost, and don’t want to pay higher employment costs than their competitors.

Although an FMLA expansion may have good intentions, it would pose incredibly high costs on small businesses that many cannot afford. FMLA compliance costs totaled an estimated \$21 billion in 2004.

“Expanding the FMLA will increase the cost of employment and may lead to a reduction of employer-provided benefits such as health and retirement, which would hurt working families that depend on them,” Neese said. “Expanding the FMLA will impact very small businesses disproportionately hard.”

Rather than relying on costly mandates like FMLA to regulate the workplace, the government should consider policies that increase workplace flexibility, according to Neese. For instance, many employees would prefer to receive compensatory time off in lieu or overtime pay.

“If the FMLA rules are extended to employers with 25 workers, small business growth would be severely hampered, employees would lose their jobs, and economic growth would be stifled,” Neese concludes.

Click here to see the full NCPA report <http://www.ncpa.org/pub/ba661>.

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