

# Tax Credits Do Little to Make Paid Leave Affordable for Employers

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Today in the United States more than 100 million workers – 85 percent of the workforce – do not have paid family leave through their jobs that they can use when a new child or seriously ill or injured family member needs care. Tens of millions of working people also do not have paid medical leave to address their own serious health issues. When workers do not have paid leave, families, businesses and the economy suffer. The United States needs a national paid family and medical leave plan. But not all plans would ensure that all working people have access to the paid leave they need, and not all plans are affordable for employers.

**Under a tax credit proposal like the Strong Families Act (S. 1716/H.R. 3595),** employers would be required to make substantial and often unpredictable out-of-pocket expenditures to provide paid family and medical leave, in exchange for a small tax credit that would not be available until year-end tax filings.

**Under the Family And Medical Insurance Leave (FAMILY) Act (S. 337/H.R. 947),** employers would make small, predictable contributions to a fund to ensure their employees have access to paid family and medical leave. Employees would also contribute a small, predictable portion of their pay to the fund. This model works well in a growing number of states.

## **COST TO EMPLOYERS OF PROVIDING EMPLOYEES 12 WEEKS OF LEAVE AT 66 PERCENT PAY**

Employee's Annual Pay		Out-of-Pocket Cost to Employer	End-of-Year Tax Credit to Employer	Net Annual Cost to Employer (Per Employee)
<b>\$24,000</b>	<b>Strong Families Act</b>	<b>\$3,655</b>	<b>\$603</b>	<b>\$3,052</b>
	<i>FAMILY Act*</i>	<i>\$11</i>		<i>\$48</i>
<b>\$36,000</b>	<b>Strong Families Act</b>	<b>\$5,483</b>	<b>\$905</b>	<b>\$4,578</b>
	<i>FAMILY Act*</i>	<i>\$17</i>		<i>\$72</i>
<b>\$48,000</b>	<b>Strong Families Act</b>	<b>\$7,311</b>	<b>\$1,206</b>	<b>\$6,104</b>
	<i>FAMILY Act*</i>	<i>\$22</i>		<i>\$96</i>
<b>\$60,000</b>	<b>Strong Families Act</b>	<b>\$9,138</b>	<b>\$1,508</b>	<b>\$7,631</b>
	<i>FAMILY Act*</i>	<i>\$28</i>		<i>\$120</i>

<b>\$72,000</b>	<b>Strong Families Act</b>	<b>\$10,966</b>	<b>\$1,809</b>	<b>\$9,157</b>
	<i>FAMILY Act*</i>	\$33		\$144
<b>\$84,000</b>	<b>Strong Families Act</b>	<b>\$12,794</b>	<b>None**</b>	<b>\$12,794</b>
	<i>FAMILY Act*</i>	\$39		\$168

\* Amounts shown here indicate the typical quarterly and annual contributions an employer would make to cover an employee under the FAMILY Act. The employer would not pay an employee during the period of leave (the fund would provide the wage replacement). However, employers can choose to “top up” employees’ FAMILY Act benefits.

\*\* The Strong Families Act only offers tax credits to employers who provide paid leave to employees paid \$72,000 or less per year.

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The National Partnership for Women & Families is a nonprofit, nonpartisan advocacy group dedicated to promoting fairness in the workplace, access to quality health care and policies that help women and men meet the dual demands of work and family. More information is available at [NationalPartnership.org](http://NationalPartnership.org).

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