Paid Family Leave: Costs and Savings for St. Louis City

Paid family leave benefits both workers and employers by allowing employees to address the caregiving needs of their family without losing their jobs or ability to pay their bills and by reducing employer costs associated with high turnover, low worker retention, and decreased productivity.

This analysis provides a fiscal estimate of a proposal to provide paid leave to St. Louis City employees. The proposed policy would provide:

- **12 weeks paid parental leave** for the birth, adoption, or foster care placement of a child.
- **4 weeks of paid caregiver leave** for a spouse, parent, or child (which are existing FMLA categories) as well as additional eligibility to care for an in-law or parent of a domestic partner, grandparent, or a sibling with a serious health condition.
- **2 weeks of paid military deployment leave** for a “qualifying exigency” related to military deployment of a spouse, child, or parent such as making alternative child care arrangements, attending certain military ceremonies, and making financial or legal arrangements.

The table below provides an overview of the estimated costs to St. Louis City to provide paid family leave. **We find that expanding paid family leave to St. Louis City workers would cost approximately $1.05 million in wages annually, but would also be offset by significant cost savings in the form of reduced turnover, improved worker retention, & increased productivity.**

### Cost of Paid Family Leave

<table>
<thead>
<tr>
<th>Type of Family Leave</th>
<th>Estimated Annual Leave Requests</th>
<th>Average Weekly Wage</th>
<th>Proposed Weeks of Paid Leave</th>
<th>Annual Cost Per Employee</th>
<th>Annual Cost of Paid Family Leave</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birth, Adoption, Foster Care</td>
<td>44</td>
<td>$1,004.80</td>
<td>12</td>
<td>$12,057.60</td>
<td>$530,534.40</td>
</tr>
<tr>
<td>Caregiving for Family Member</td>
<td>128</td>
<td>$1,004.80</td>
<td>4</td>
<td>$4,019.20</td>
<td>$514,457.60</td>
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<tr>
<td>Military Family Leave</td>
<td>2</td>
<td>$1,004.80</td>
<td>2</td>
<td>$2,009.60</td>
<td>$4,019.20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>174</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>$1,049,011.20</strong></td>
</tr>
</tbody>
</table>
Savings from Paid Family Leave

Paid family leave is an investment in a modern workforce, but also an investment that helps an employer’s bottom line by allowing workers to continue to make productive contributions in the workplace while simultaneously fulfilling family care obligations.

Paid family leave has been shown to lead to significant savings for employers primarily by reducing employee turnover and boosting worker retention. In fact, research has shown that access to paid family leave reduces the likelihood of new mothers leaving the labor force by 20%1. Rehiring and training a replacement represents a significant cost to employers and is estimated to cost approximately 21% of a lost employee’s annual salary2.

Paid family leave increases productivity and has little impact on daily operations. Research has shown that work-family benefits attract a higher quality workforce and reduce absenteeism and tardiness among workers, thereby increasing overall productivity3. Further, 87% of employers in California reported a positive effect or no noticeable effect on business operations due to paid family leave and 91% report a positive effect or no noticeable effect on business profitability and performance upon instituting family leave.4

American Rescue Plan

The American Rescue Plan (ARP) allocated nearly $440 million to St. Louis City that may be used to support efforts to bring the pandemic under control and to support economic stabilization for workers, households, businesses, and the public sector5. Paid family leave would meet these objectives by allowing workers the opportunity to provide care for family members without having to lose income as a result of that care. Local fiscal relief provided through ARP provides a unique opportunity to fund paid family leave for St. Louis City workers allowing St. Louis City to build a vibrant and competitive workforce.

Methodology used for paid family leave estimates: Annual Leave Request estimates based on average annual new FMLA leave requests in 2019 & 2020 obtained from STL City Personnel Department adjusted for a 10.3% increase6 in uptake in caregiver leave to account for new categories of eligible care recipients; Average cost of one week of leave: average bi-weekly rate for salaried civil service employees obtained from STL City Personnel Department; Military deployment leave: Usage data for military leave are unavailable but uptake is expected to be quite low. Estimate assumes two employees taking leave annually.

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