Cost of Paid Leave v.s. Cost to Recruit

The most common argument against company-paid parental leave is that it’s too expensive for businesses to provide. Turns out, that’s not actually true.

We took the estimated costs of paid leave for an employee with a salary of $100k and compared that to the cost, both in time and money, that it takes to recruit and replace an employee.

As you can see, the cost to recruit and replace an employee is about $20k more than providing paid leave. If it actually costs less to provide paid leave, it’s common sense that a company go that route. Afterall, who wants to spend 500 hours recruiting, onboarding, and training a replacement?
How is Parental Leave affected by short-term disability?

Currently in the US, the only access some parents have to paid parental leave is short-term disability. Based on the same example salary we used previously, we’ve illustrated how employers can help control their costs of paid leave by topping up any short-term disability payments to qualified employees. Qualification depends on an employer’s insurance policy carrier’s restrictions and will vary in terms of pay, length of leave, and other specifications. Some states have state-supported short term disability benefits as well.