

# Paid Family & Medical Leave

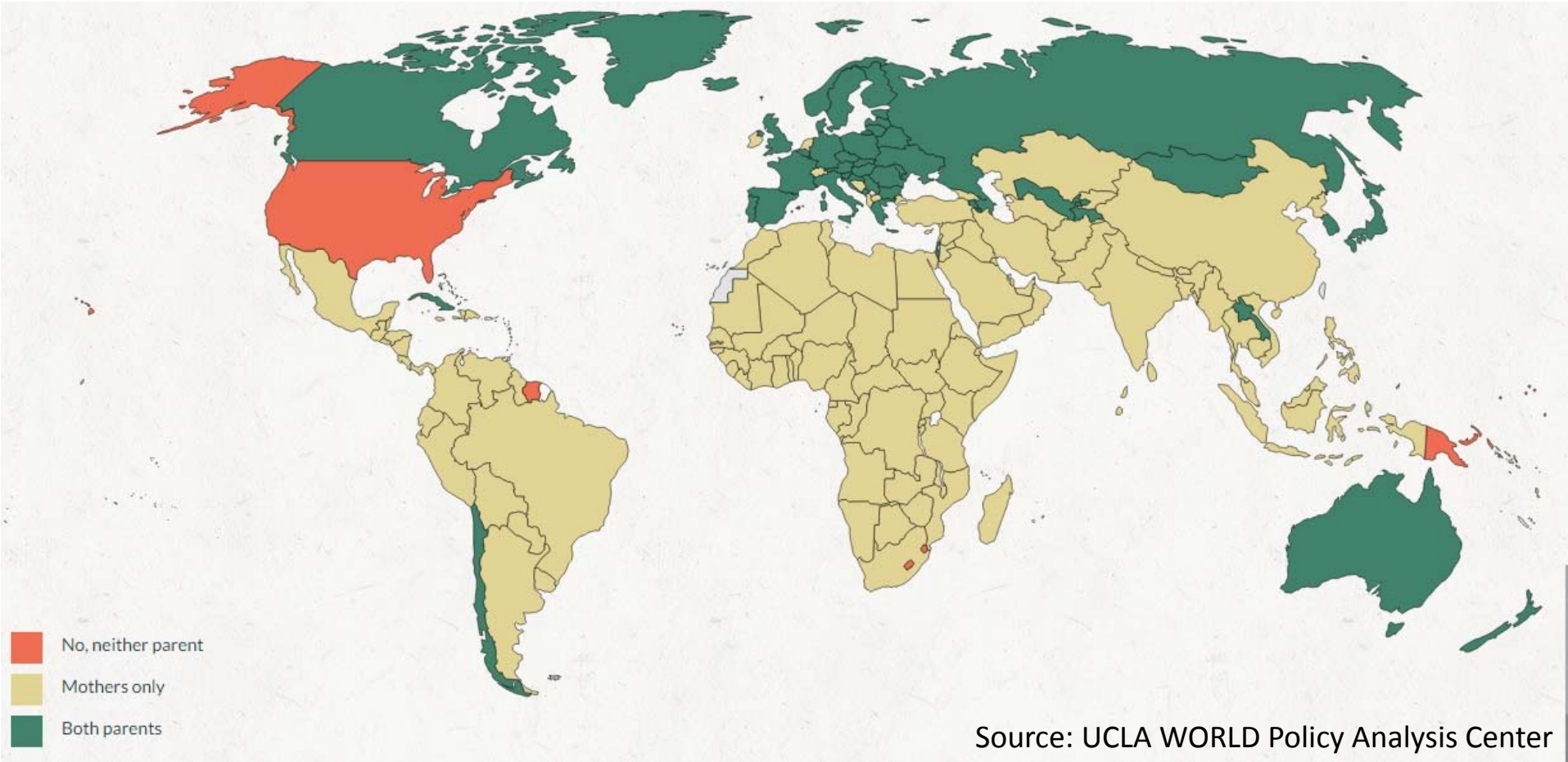
COSTS, BENEFITS, AND EMPLOYER  
EXPERIENCES

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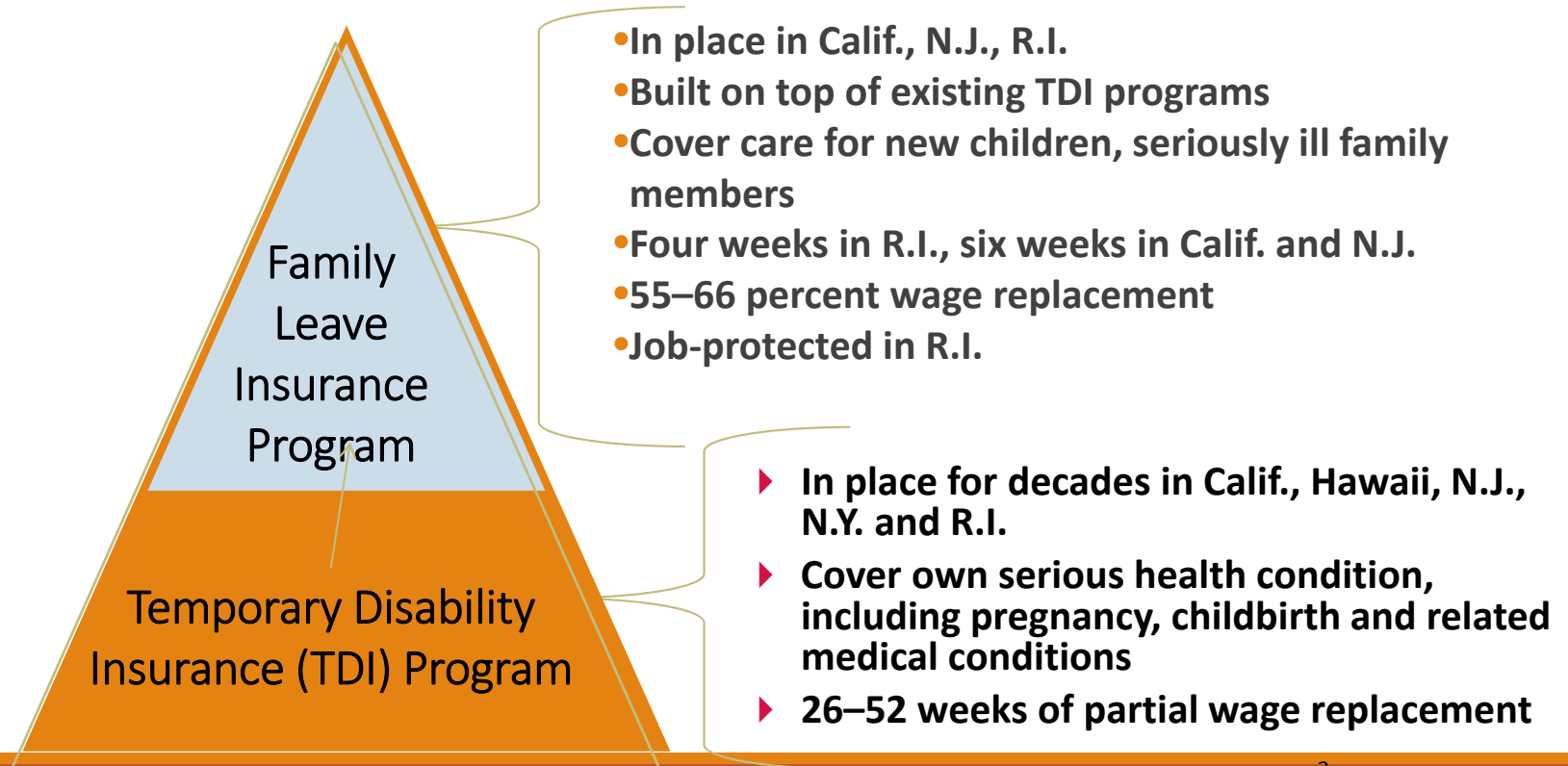
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# At least 4 weeks of paid leave available for both parents of infants



# Dominant State Models: Existing Laws



# 2015 Legislative Sessions: Diversity of Approaches

Insurance program/Employee contributions only	<ul style="list-style-type: none"><li>• Connecticut</li><li>• New York</li><li>• Vermont</li></ul>
Insurance program/employee-employer shared contributions	<ul style="list-style-type: none"><li>• Maryland</li><li>• Minnesota</li><li>• Washington</li></ul>
Insurance program/employer contributions only	<ul style="list-style-type: none"><li>• Massachusetts</li><li>• DC</li></ul>
General revenues model	<ul style="list-style-type: none"><li>• New Mexico</li><li>• New York (hybrid, general revenues for first year, then employees)</li></ul>
Employer requirement	<ul style="list-style-type: none"><li>• Michigan</li></ul>
Tax Credit (voluntary, employer choice)	<ul style="list-style-type: none"><li>• Arkansas</li><li>• North Dakota</li><li>• Oregon</li></ul>
Savings Accounts (voluntary, employer choice)	<ul style="list-style-type: none"><li>• Michigan</li></ul>
Task Force/Study	<ul style="list-style-type: none"><li>• Hawaii, Indiana, Minnesota, Nebraska, New Jersey, New Mexico, Oklahoma, Tennessee</li></ul>

# Goals: Key Principles/Features

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Covers all workers, wherever they work regardless of business size

Covers workers when they change jobs

All participate

Gender-neutral, not just women

Broad leave purposes, not just new parents

Benefits calibrated to maximize uptake across income levels

Protective of employees' ability to use (job protection, non-retaliation)

Funding mechanism and source for start up funds specified/allocated

Build on existing law if possible to do that and stay true to principles

Build on rather than supplant, existing employer-provided leave, collective bargaining, etc.

# With Principles in Mind, Key Choices

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Eligibility rules

Employee-employer shared cost vs. employee-only

Length of leave

Benefit structure – flat, tiered or percentage

Benefit level

Administrative agency selection or alternative administrative mechanism

# State Paid Family Leave (PFL) Programs

	<b>California</b>	<b>New Jersey</b>	<b>Rhode Island</b>
Enacted	2002	2008	2013
Effective	2004	2009	2014
Employee eligibility requirements	Employee must have earned \$300 in gross wages within the base period	Employee must have earned at least \$143/week in 20 base weeks out of the last 52	Employee must have earned at least \$9,300 in 12-month base period
Job protection while on leave	Not more than FMLA and CFRA	Not more than FMLA and NJ FMLA	Yes, job and health benefits protection

# Family & Medical Leave Benefit Levels

	<b>California</b>	<b>New Jersey</b>	<b>Rhode Island</b>
Maximum length of paid leave	Six weeks for family care, 52 weeks for own disability	Six weeks for family care, 26 weeks for own disability	Four weeks for family care, 30 weeks for own disability
Minimum amount of leave time	Leave can be taken in one day increments Provision for returning to work part time	Statute does not mention the minimum length of leave time, just benefits for intermittent leave	Family care leave must last at least seven days
Benefit amount	Typical benefit is 55% of weekly salary	Typical benefit is 2/3 of average of last eight weeks' pay, maximum of \$584 weekly	Maximum of \$752/week as of 7/7/13 (for own disability only)




# Family & Medical Leave Funding Mechanisms

	<b>California</b>	<b>New Jersey</b>	<b>Rhode Island</b>
Method to fund insurance system	Own disability and family care funded by employee only (0.9% of annual earnings up to \$939.40 per employee, per year in 2015)	Own disability funded by employer and employee (employee contribution is 0.38% of taxable wage base annually; employer contribution ranges from 0.10% to 0.75% of taxable wage base) Family care funded by employees (currently 0.1% of taxable wage base annually)	Own disability and family care funded by employee only. Own disability contribution is 1.2% of first \$64,200 in earnings in 2015.


# Research Findings—The Economic Benefits

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- Increase in likelihood of maintaining workers in the workforce.
  - Increase workplace productivity and labor force participation.
  - Possible reductions in government spending on public assistance.
  - Reduced employer costs.
  - Contribute to local and U.S. economic growth.
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# Research Findings—The Health and Socio-Emotional Benefits

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- Decrease infant and child mortality.
  - Increase the initiation and length of breastfeeding.
  - Increase well-baby care and vaccination rates.
  - Increase mother's mental health.
  - Reduce maternal risk of disease.
  - Increase paternal engagement in caregiving, especially for lower-income families.
  - Improve cognitive development in children.
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# Surveys of California—Employer Experiences

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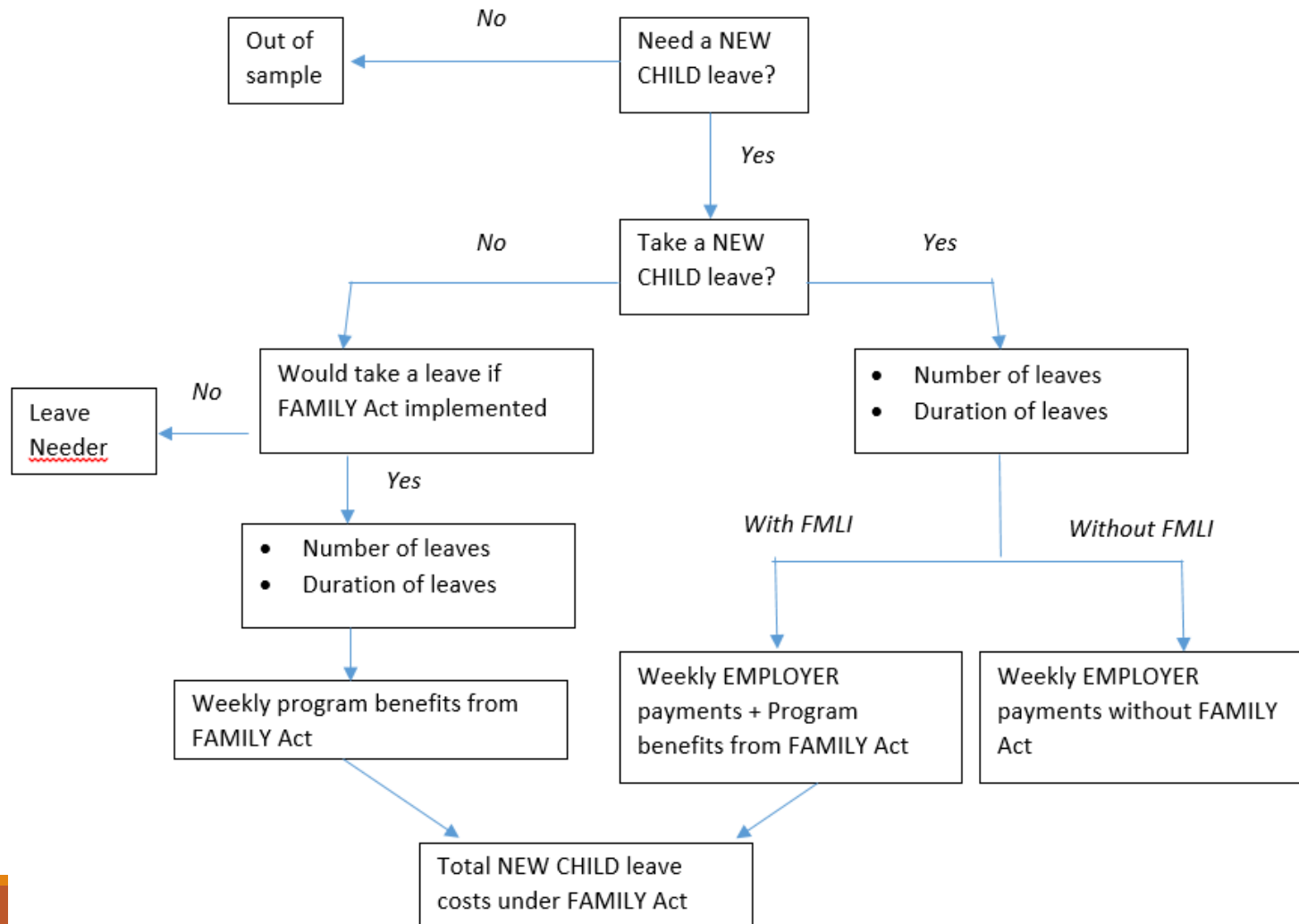
- The majority of employers reported positive effects or no effect on their productivity, profitability or performance.
  - The majority of employers reported they knew of no cases in which their employees had abused Paid Family Leave (PFL).
  - The majority of employers save cost through PFL by reducing turnover or coordinating their own wage replacement benefits.
  - The employers reported new fathers have been taking more and longer leaves.
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# Simulation Model

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- Developed in early 2000s by IWPR and economists at UMass-Boston, Albelda and Clayton-Matthews
  - 2000 FMLA Survey from Department of Labor
  - Current Population Survey Annual Social and Economic Supplements
- Updated in 2014-2015 with funding from the Department of Labor (WB & OASP)
  - 2012 FMLA Survey collected for DOL by Abt Associates
  - American Community Survey
- FMLA Survey used to estimate worker leave taking decisions when a qualifying event occurs
- ACS used as source of local labor market information

## Flow Chart for Simulation Model of New Child Leave



Cost of Family and Medical Leave in NH – **PRELIMINARY SIMULATION RESULTS**

	Current Policy	All Employees	Employees in Establishments 50+
<b>Number of Leaves Taken Lasting More Than One Week</b>			
Own Health	41,141	47,853	45,183
Maternity & Bonding	8,638	12,162	12,071
Family Care	12,585	16,220	14,372
Total	62,364	76,235	71,626
<b>Total Number Receiving Program Benefits</b>	NA	31,257	23,280
<b>Benefit Cost (millions)</b>			
Own Health	NA	\$61.4	\$47.3
Maternity & Bonding	NA	\$12.4	\$9.3
Family Care	NA	\$1.1	\$0.8
Total Benefit Cost (millions)	NA	\$74.8	\$57.5
Administrative (5 percent, millions)	NA	\$3.7	\$2.9
<b>Total Cost (millions)</b>	NA	\$78.6	\$60.3
Cost as a Percent of Total Earnings*	NA	0.33%	0.25%
Cost as a Percent of \$14,000 Wage Base**	NA	1.25%	0.96%
* Total earnings are \$23,827.5 million. ** Earnings up to \$14,000 are 6,303.3 million.			

Distributional Analyses – NH Worker Characteristics -- **PRELIMINARY SIMULATION RESULTS**

<b>Leaves Receiving Compensation (Benefits or Employer Wages Paid)</b>	Current Policy	All Employees	Employees in Establishments 50+
<b>Overall</b>	52.8%	63.4%	60.7%
<b>Main Reason for Leave</b>			
Own Health	52.9%	64.9%	63.4%
Maternity & Bonding	62.1%	78.7%	73.0%
Family Care	48.7%	53.3%	49.4%
<b>Sex</b>			
Men	56.3%	65.3%	61.2%
Women	49.8%	61.9%	60.3%
<b>Family Income</b>			
Less than \$25,000	16.7%	32.6%	28.3%
\$25,000 to \$49,999	43.9%	56.3%	53.2%
\$50,000 to \$74,999	60.9%	69.5%	60.0%
\$75,000 to \$99,999	64.5%	69.8%	69.1%
\$100,000 or More	69.5%	76.9%	76.6%



Distributional Analyses – NH Employer Characteristics -- **PRELIMINARY SIMULATION RESULTS**

<b>Leaves Receiving Compensation (Benefits or Employer Wages Paid)</b>			Employees in
<b>Establishment Size</b>	Current Policy	All Employees	Establishments 50+
1 to 9 employees	41.5%	52.4%	44.3%
10 to 49 employees	46.0%	58.7%	42.7%
50 to 99 employees	54.9%	66.9%	66.2%
100 to 499 employees	56.2%	64.2%	66.1%
500+ employees	56.7%	68.0%	68.0%
<b>Industry</b>			
Agriculture, forestry, fishing, & hunting	33.0%	46.0%	25.8%
Construction & Mining	43.3%	62.1%	52.3%
Manufacturing	58.8%	75.4%	67.1%
Wholesale & retail trade	52.3%	59.5%	59.8%
Transportation and utilities	54.5%	65.8%	72.5%
Information	57.2%	66.6%	69.5%
Financial activities	57.8%	66.4%	67.8%
Professional & business services	58.7%	68.3%	59.5%
Educational & health services	52.7%	63.0%	64.4%
Leisure & hospitality	41.1%	49.2%	40.9%
Other services	52.5%	63.4%	51.4%

# *Thank You*

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