

Vermont Paid Family & Medical Leave Feasibility Study

SUBMITTED TO THE VERMONT COMMISSION ON WOMEN
BY IMPAQ INTERNATIONAL, DECEMBER 2016

Presented to the Vermont House Committee on Ways and Means
Cary Brown, Executive Director, Vermont Commission on Women
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PROJECT TEAM:

Research and analysis conducted by IMPAQ International (lead) with the Institute for Women's Policy Research, Lake Research Partners, and the University of Vermont's Center for Rural Studies

Commissioned by the Vermont Commission on Women

Funding provided by the United States Department of Labor, Women's Bureau



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STUDY COMPONENTS

Cost-benefit Analysis, Financing, Eligibility, and Benefit Modeling

- Conducted simulations to estimate leave coverage, cost, and use under various policy scenarios

Implementation Feasibility Analysis

- Research on possible implementation models
- Public opinion survey

Economic Impact Analysis

- Calculations of economic impacts of program implementation
- Family profiles

Education, Outreach, & Marketing Analysis

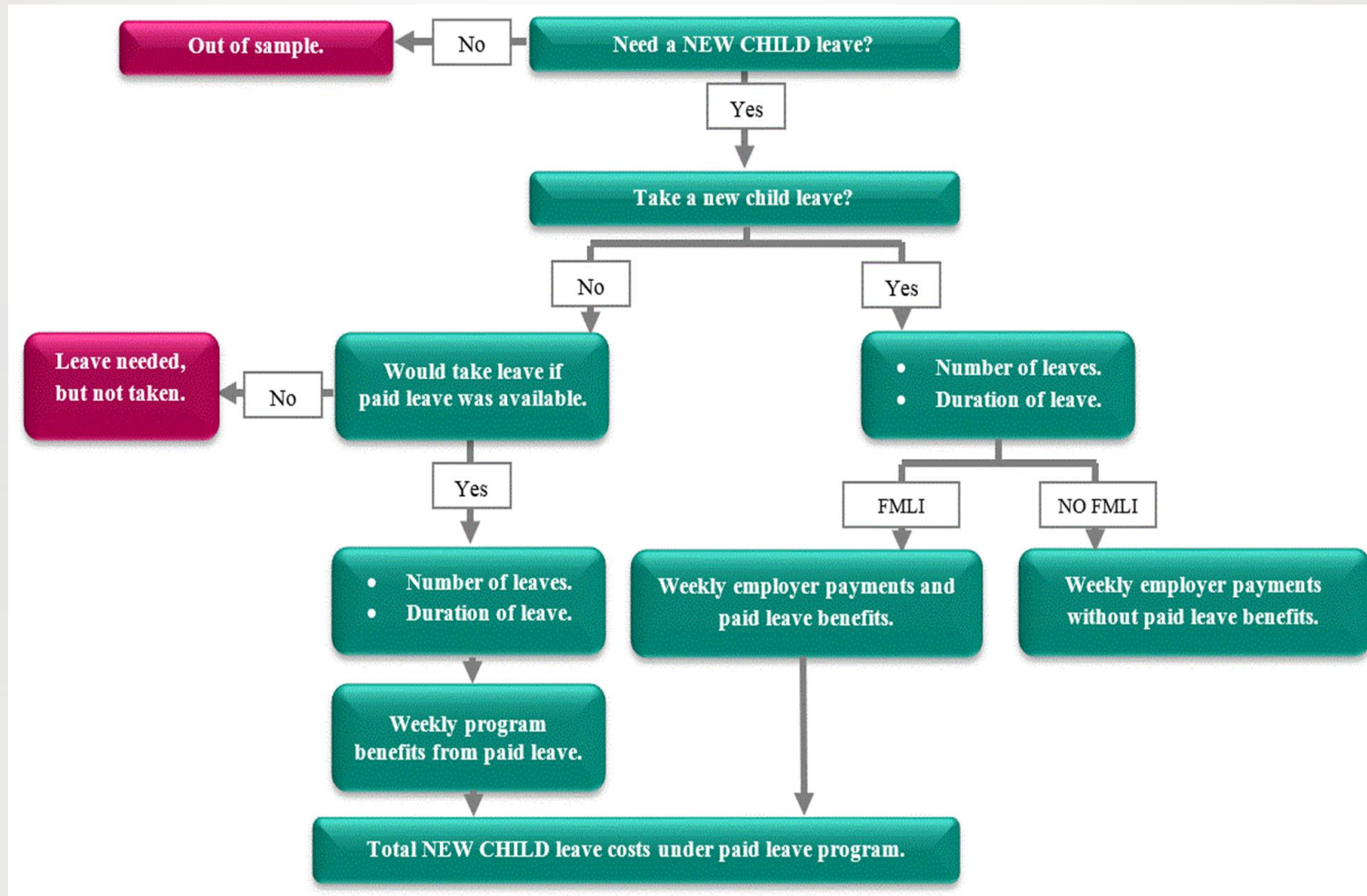
- Statewide survey of businesses, and focus groups

4 | COST-BENEFIT ANALYSIS

Leave-taking behavior simulated onto individual employees using data from the American Community Survey & Family Medical Leave Act Survey

1. Estimated current coverage, use, and cost of family and medical leaves in Vermont
2. Compared to estimated coverage, use, and cost under proposed policy

COST-BENEFIT ANALYSIS



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	Current Policy	Proposed Policy
Number of Leaves Taken		
Own Health	30,621	32,484
Maternity & Bonding	6,827	7,160
Family Care	12,449	13,562
Total	49,896	53,206
Number Receiving Program Benefits		
Own Health	NA	8,350
Maternity & Bonding	NA	3,790
Family Care	NA	1,325
Total	NA	13,465
Weeks Receiving Program Benefits		
Own Health	NA	8.1
Maternity & Bonding	NA	8.7
Family Care	NA	3.7
Overall	NA	7.8
Average Weekly Benefit	NA	\$728
Benefit Cost (millions)		
Own Health	NA	\$47.20
Maternity & Bonding	NA	\$23.40
Family Care	NA	\$3.20
Total Benefit Cost (millions)	NA	\$73.80
Administrative (7.5%, millions)	NA	\$5.50
Total Cost (millions)	NA	\$79.40
Cost as a Percent of Total Earnings	NA	0.93%

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PERCENTAGES OF LEAVES TAKEN THAT WOULD RECEIVE BENEFITS

	Current Policy	Proposed Policy
Reason for Leave		
Own Health	0%	26%
Maternity & Child Bonding	0%	53%
Family Care	0%	10%
Gender		
Men	0%	26%
Women	0%	25%
Race/Ethnicity		
White	0%	25%
Non-White	0%	24%
Age		
18 to 29 years	0%	24%
30 to 44 years	0%	32%
45 to 59 years	0%	23%
60 and older	0%	17%
Educational Attainment		
HS/GED or Less	0%	24%
Some College or Associates	0%	25%
Bachelors or higher	0%	26%

	Increase in Paid Leaves Taken
Reason for Leave	
Own Health	18%
Maternity & Child Bonding	26%
Family Care	13%
Age	
18 to 29 years	32%
30 to 44 years	19%
45 to 59 years	14%
60 and older	13%
Educational Attainment	
HS/GED or Less	20%
Some College or Associates	20%
Bachelors or higher	14%
Establishment Size	
< 50 Employees	24%
50 or More Employees	16%
Personal Earnings (Annual)	
Less than \$30,000	22%
\$30,000 to \$74,999	17%
\$75,000 or more	7%
Family Income Relative to Poverty Threshold	
< 200 percent	39%
200-399 percent	23%
400 percent or higher	10%

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- Current paid and unpaid leaves taken: 50,000
- Estimated overall leave-taking per year would increase: 6.6%
- Number of workers who would receive paid leave benefits: 13,465
- Average weekly benefits per worker: \$730
- Implementing a PFML program would reduce inequality in paid leave access across social & demographic groups:
 - Workers with family incomes near the poverty threshold (38% increase in leaves) compared to workers in higher income families (9% increase)
 - Low-income workers (20%) compared to higher earners (9%)
 - Workers in smaller businesses (24%) compared to workers in larger businesses (15%)

IMPLEMENTATION FEASIBILITY ANALYSIS

Combined research on implementation models with a public opinion survey of 500 Vermont adults

- Methodology: Analysis builds upon the simulation model findings to examine the feasibility of implementing a PFML program, including:
 - Staffing and administrative costs
 - Program cash flows during PFML program implementation
 - Program administration
 - Private administration
- Assumptions:
 - Utilizes Vermont Study Committee's recommendation that 7.5% of benefits be allocated for administrative costs
 - Utilizes data & information from other states with PFML programs

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IMPLEMENTATION FEASIBILITY ANALYSIS – SUMMARY OF FINDINGS

- Costs of administering a program (at a rate of 7.5% of total benefits) estimated to be \$5.5 million
- The Vermont Study Committee's 2014 report concluded that a PFML program should be likely administered by the Department of Labor
 - Analysis found that other states & local governments with PFML programs have come to similar conclusions
 - Majority administer PFML programs through departments that administer other benefit programs
- Mandating employers to provide coverage through a private plan may be more expensive
 - As a share of total compensation, costs to cover all workers would be: Over 2% in firms with fewer than 10 employees AND 1.4% in firms with 10-19 employees

PROPOSED STAFFING PLAN	2017		2018		2019		2020		2021		Total	
	FTE	\$K	FTE	\$K	FTE	\$K	FTE	\$K	FTE	\$K	FTE	\$K
Program Staff												
Director	1.0	\$90.0	1.0	\$92.3	1.0	\$94.6	1.0	\$96.9	1.0	\$99.3	1.0	\$473.1
Office Manager	1.0	\$39.7	1.0	\$40.7	1.0	\$41.7	1.0	\$42.7	1.0	\$43.8	1.0	\$208.6
Policy Development Team	2.0	\$127.0	2.0	\$130.2	2.0	\$133.4	2.0	\$136.8	2.0	\$140.2	2.0	\$667.6
Communications & Outreach Coordinator	1.0	\$44.3	1.0	\$45.4	1.0	\$46.5	1.0	\$47.7	1.0	\$48.9	1.0	\$232.8
Administrative Support	1.0	\$33.9	1.0	\$34.7	1.0	\$35.6	1.0	\$36.5	1.0	\$37.4	1.0	\$178.1
Health Systems Physician	0.5	\$38.5	0.5	\$39.4							0.5	\$77.9
IT Administrator			0.3	\$10.7	1.0	\$52.2	1.0	\$53.5	1.0	\$54.8	0.8	\$171.3
IT Analyst & Information Coordinator			0.3	\$11.3	1.0	\$46.5	1.0	\$47.7	1.0	\$48.9	1.0	\$154.4
IT Support			0.3	\$10.7	1.0	\$46.5	1.0	\$47.7	1.0	\$48.9	0.8	\$153.8
IT Implementation												
IT staff (development, testing, warehouse)	13.5	\$670.8	13.5	\$687.6							13.5	\$1,358.4
Ongoing Claims Administration												
Customer Service Supervisors			0.5	\$21.5	2.0	\$88.1	2.0	\$90.3	2.0	\$92.5	1.6	\$292.3
Claims Specialist			3.8	\$144.5	15.0	\$563.8	15.0	\$577.9	15.0	\$592.4	12.2	\$1,878.5
Claims Adjudicator			1.9	\$80.1	7.5	\$312.7	7.5	\$320.5	7.5	\$328.5	6.1	\$1,041.9
Clinical Consultants/RNs			0.5	\$24.0	2.0	\$98.5	2.0	\$100.9	2.0	\$103.5	1.6	\$326.9
Compliance & Fraud			0.3	\$11.3	1.0	\$44.0	1.0	\$45.1	1.0	\$46.3	0.8	\$146.7
Additional Expenses												
Benefits (30 percent of salary)		\$111.99		\$124.64		\$149.12		\$152.85		\$156.67		\$695.3
Office Space				\$77.5		\$77.5		\$77.5		\$77.5		\$310.1
Furnishings				\$387.6								\$387.6
IT Hardware		\$2,129.0										\$2,129.0
Workstations		\$4.3		\$4.8		\$6.0		\$6.0		\$6.0		\$27.2
Telecommunications		\$18.0		\$24.9		\$32.9		\$32.9		\$32.9		\$141.4
Outreach				\$55.0		\$55.0		\$55.0		\$55.0		\$220.0
TOTAL	20.0	\$3,307.5	27.6	\$2,058.9	36.5	\$1,924.6	36.5	\$1,968.5	36.5	\$2,013.4	31.4	\$11,272.9

PUBLIC OPINION SURVEY

METHODOLOGY

- Statewide survey of 500 Vermont adults administered by phone using professional interviewers
- Margin of error for the sample is +/- 4.4%
- Survey data was weighted by gender, age, education, and household income to reflect the attributes of the population

FINDINGS

- Most respondents believed it was very important for Vermont to establish a PFML program
 - 80% favored without contextual explanation;
71% favored with contextual explanation
- 75% favored funding the program by contributions from both employees and employers (highest favorability of all options)

ECONOMIC IMPACT ANALYSIS

Implementation of a PFML program could produce \$2.56 million to \$4.01 million in annual savings for Vermont, including:

- \$2.04 million to \$3.46 million dollars in childcare cost savings for parents caring for a newborn or sick child
- On a per family basis, a PFML program would save families an average of \$1,032 to \$1,747
- \$276,965 in savings due to an increased number of newborn infants that are healthy & have normal birthweights
- \$244,909 to \$271,754 in savings in reduced public assistance among Vermont's working women with a recent childbirth
- 1,800 Vermont workers with improved financial security, keeping them above the state's poverty threshold

BUSINESS SURVEY AND FOCUS GROUPS

METHODOLOGY

- Focus on business views for developing a PFML program that serves the needs of employers & employees
- Online survey of 427 of Vermont's business owners & leaders
 - Nonprobability sample constructed from 2 lists of 20,000 businesses along with distribution via business umbrella organizations
- 4 focus groups with Vermont's business owners & leaders
 - Participants recruited via direct outreach & coordinated outreach via local business associations

FINDINGS

- 46.9% of surveyed businesses supported a statewide program
- A combination of employer & employee funding was the financing mechanism most supported
- long-term paid leave less common
- Leave on case-by-case basis (18%), paid maternity leave (16%), paid paternity leave (9%)
- For over 90% of the businesses that offered paid long-term leave, fewer than 25% of eligible employees utilized the benefit within the past year

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