PAID FAMILY & MEDICAL LEAVE FEASIBILITY STUDY

PROJECT TEAM

- IMPAQ International (IMPAQ)

- Institute for Women’s Policy Research (IWPR)

- Lake Research Partners (LRP)

- University of Vermont’s Center for Rural Studies (CRS)
The study utilized a multi-method approach to assess the feasibility of implementing a PFML program that meets the needs of employers & employees:

- **Cost-Benefit Analysis**
  - Conducted simulations to estimate leave coverage, cost, and use

- **Implementation Feasibility Analysis**
  - Research on possible implementation models
  - Public opinion survey of 500 adult Vermonters

- **Economic-Impact Analysis**
  - Estimation of impacts of implementing PFML program
  - 5 family profiles

- **Education, Outreach, and Marketing Analysis**
  - Statewide survey of 427 Vermont business owners & leaders
  - 4 focus groups with business owners & leaders
COST-BENEFIT ANALYSIS
Cost-Benefit Analysis

- Methodology: Simulation models used to estimate leave coverage, cost, and use.
- Leave-taking behavior simulated onto individual employees using data from the American Community Survey & Family Medical Leave Act Survey.
  - Includes probability of needing a leave, taking a leave, getting paid for a leave, & extending leave.
Assumptions:

- Workers choose compensation that is most advantageous
- Eligible workers compare weekly benefit amounts to “next best option”
- Take-up occurs when qualifying leave is utilized
- Program’s effect on leave length
FINDINGS: COST-BENEFIT ANALYSIS

- Current take-up rate is 50,000 paid & unpaid leaves annually
- Estimated overall leave-taking per year would increase by 5.9% to 6.6%
- Number of workers to receive paid leave benefits ranges from 13,286 to 13,465
- Average weekly benefits range from $623 to $730 per worker
- 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

**Implementation Models Analysis**

- **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
    - Washington State’s 2016 Fiscal Note on costs of a PFML program
FINDINGS: IMPLEMENTATION MODELS

- 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
    - 1.4% in firms with 10-19 employees
Public Opinion Survey of 500 Vermont Adults

Methodology: Statewide survey administered by phone using professional interviewers
- Survey was conducted September 13-19 until 500 adults were reached
- Phone numbers were drawn from a listed sample of Vermont adults
- 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

Assumptions: Survey participants are representative of the population of adult Vermonters
FINDINGS: PUBLIC OPINION SURVEY

- Most respondents believed it was very important for Vermont to establish a PFML program
  - 80% favored without contextual explanation
  - 71% favored with contextual explanation

- Funding Options:
  - 75% favored funding the program by contributions from both employees and employers (highest favorability of all options)
ECONOMIC IMPACT ANALYSIS
Methodology:

Analysis integrates outputs from the Cost-Benefit Analysis simulation models with impact estimates of paid leave obtained from the peer-reviewed literature.

- The approach yields potential economic savings that can accrue for Vermont.
- The findings are complemented by a collection of 5 family profiles.
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
The family profiles highlighted the economically-driven decisions that families face when considering whether to take paid leave & when to return to work

▸ The stress & economic strain of not receiving a paycheck
▸ The difficulty of finding & affording childcare
▸ The focus on bonding as an opportunity to strengthen families & communities

“I went back to work after 6 weeks because we couldn’t afford to take unpaid time off.”

“My plan was to stay home as long as I could, but we couldn’t afford it. I had abdominal surgery, so I was more limited when I first returned and was restricted from doing any lifting. I basically had to heal really fast, I had no choice.”

“The first years with your child are so important; these are the foundation years when I can teach my child to be a law abiding citizen. I’m building a future employee, and I need to be able to do that.”

“If I had had any paid time off, I think I wouldn’t have felt pressured to go back so soon. It would have made my time at home more enjoyable, less stressful. I had to prepare her so early to be without me.”
EDUCATION, OUTREACH, AND MARKETING ANALYSIS
This analysis combined a statewide survey of 427 business owners & leaders with 4 focus groups.

**Business Survey**
- **Methodology:** Online survey of Vermont’s business owners & leaders
  - Survey conducted in September & October, 2016 with a goal of 300 respondents
  - Nonprobability sample constructed from 2 lists of 20,000 businesses along with distribution via business umbrella organizations
- **Data deduplication process**

**Focus Groups**
- **Methodology:** 4 focus groups with Vermont’s business owners & leaders
  - 3 in-person & 1 virtual focus group in August & September, 2016
  - Participants recruited via direct outreach & coordinated outreach via local business associations
  - Focus on business views for developing a PFML program that serves the needs of employers & employees
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.
FINDINGS: FOCUS GROUPS

- Business owners & leaders demonstrated a high level of support for a state-administered program
  - Majority were “supportive” or “strongly supportive”
- Concerns focused on how Vermont would administer & fund the program
- Most businesses did not provide PFML to their employees
  - Many indicated cost was the main factor
  - A plurality noted their business already provided generous paid leave benefits
- Participants were asked for recommendations on developing a program
  - Vermont should examine the impacts on other states & countries with PFML programs
  - Diverse perspectives (including business & non-business perspectives) should be considered throughout the development of a program