

# Paid Family Leave: Notes on Analyzing H.107

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# Starting Point:

## Vermont Feasibility Study, Dec. 2016

- The Vermont Commission on Women received a grant from the U.S. Department of Labor Women's Bureau.
  - [https://women.vermont.gov/sites/women/files/pdf/VT%20PFML%20Study Final%20Report FINAL V3.pdf](https://women.vermont.gov/sites/women/files/pdf/VT%20PFML%20Study%20Final%20Report%20FINAL%20V3.pdf)
- Conducted by IMPAQ International, in partnership with the Institute for Women's Policy Research, the UVM's Center for Rural Studies, and Lake Research Partners
- Elements of the study included:
  - a cost-benefit analysis;
  - financing, eligibility, and benefit modeling;
  - an implementation feasibility analysis and public opinion surveying;
  - an economic-impact analysis and profiles of families; and
  - both a survey and focus groups of Vermont employers.

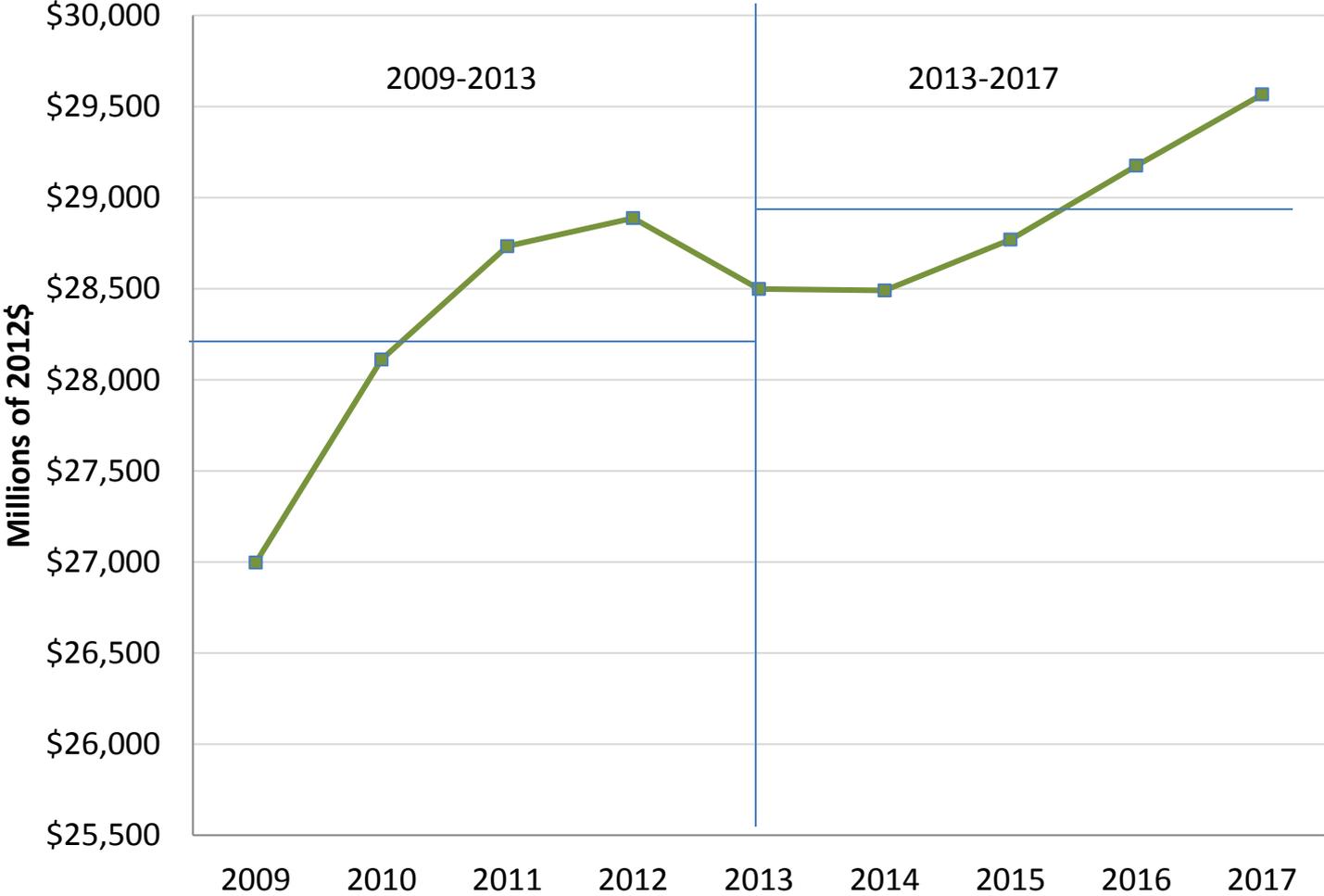
# Method of Analysis, IWPR

- Estimate current use of Paid Family & Medical Leave
- Estimate expected coverage, use, and cost under four different policies
- Estimate use under new policy
  - Find new policy could increase number of low-wage workers and those in small businesses who take PFL by a greater percentage than higher wage workers or those in larger businesses
- 2016 Study used the American Community Survey (ACS), 2009-2013
  - New analysis will use ACS, 2013-2017

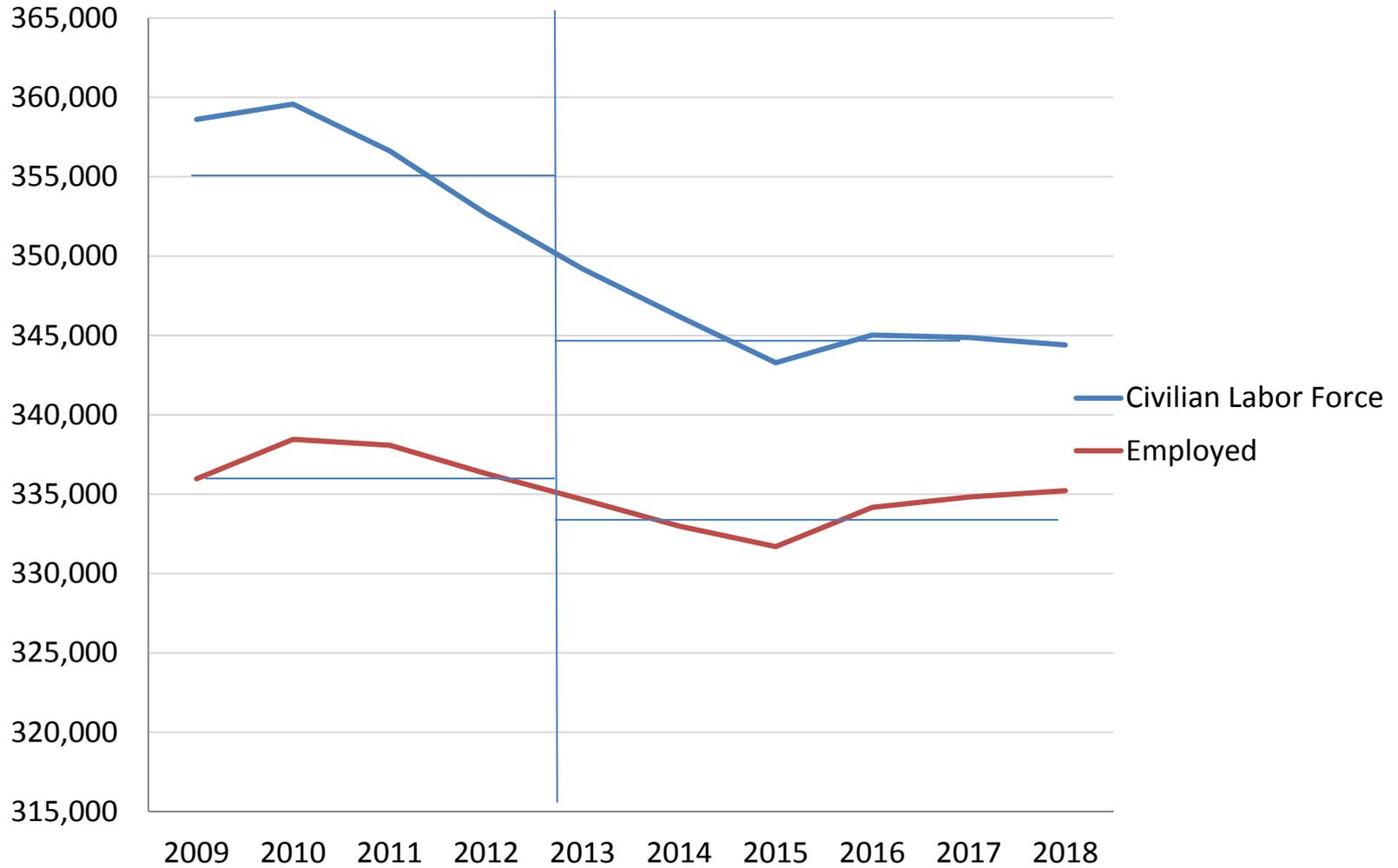
# Changes Since the 2016 Analysis

- Vermont's economy
  - Strength of job market
    - Effect on private business policy toward leave?
  - Tax base
- Demographics in Vermont
  - Number of workers
  - Number of new babies, children, older people needing care
- Specifics of H.107 vs. what was modeled

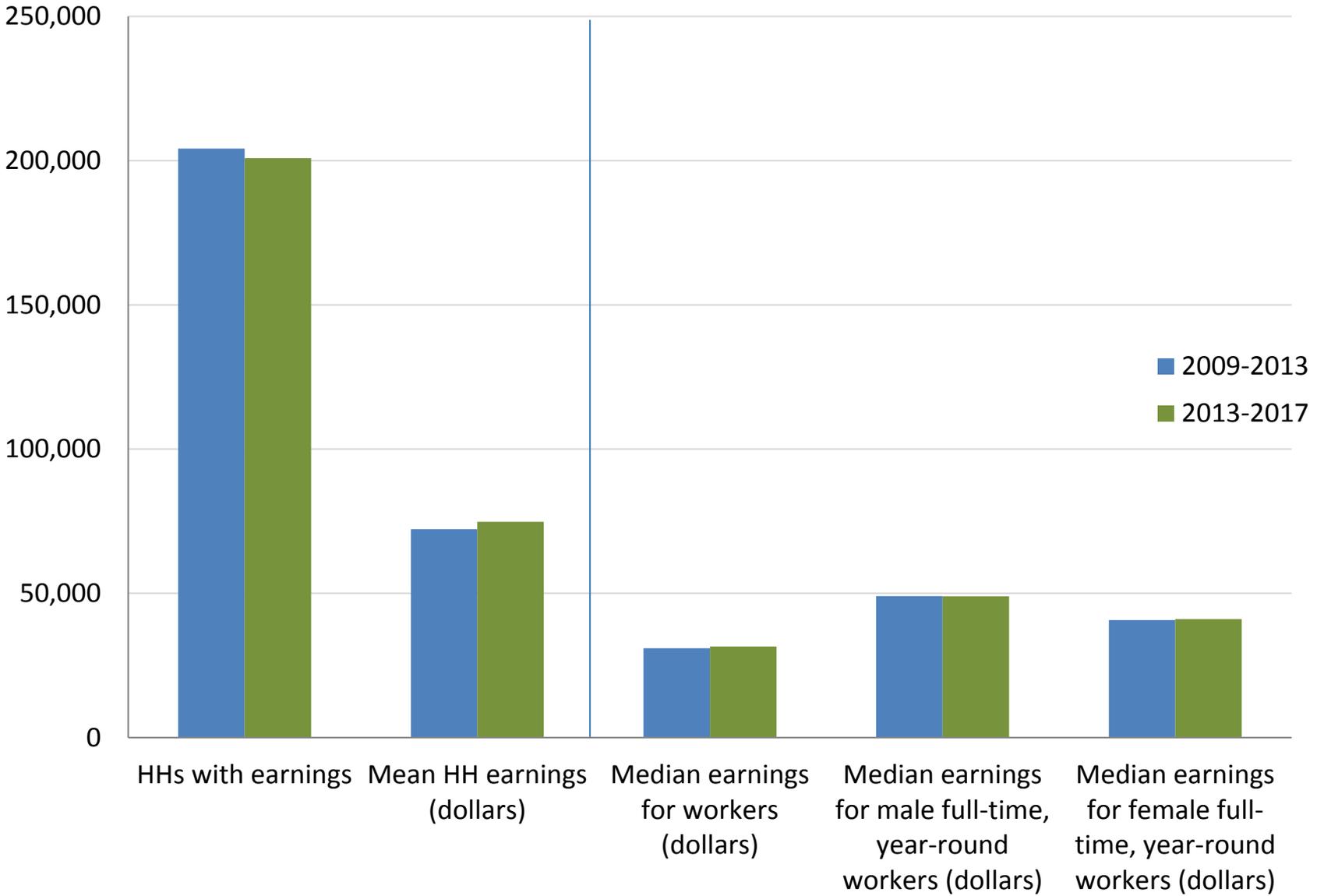
# Inflation-adjusted Vermont GDP, 2009-2017



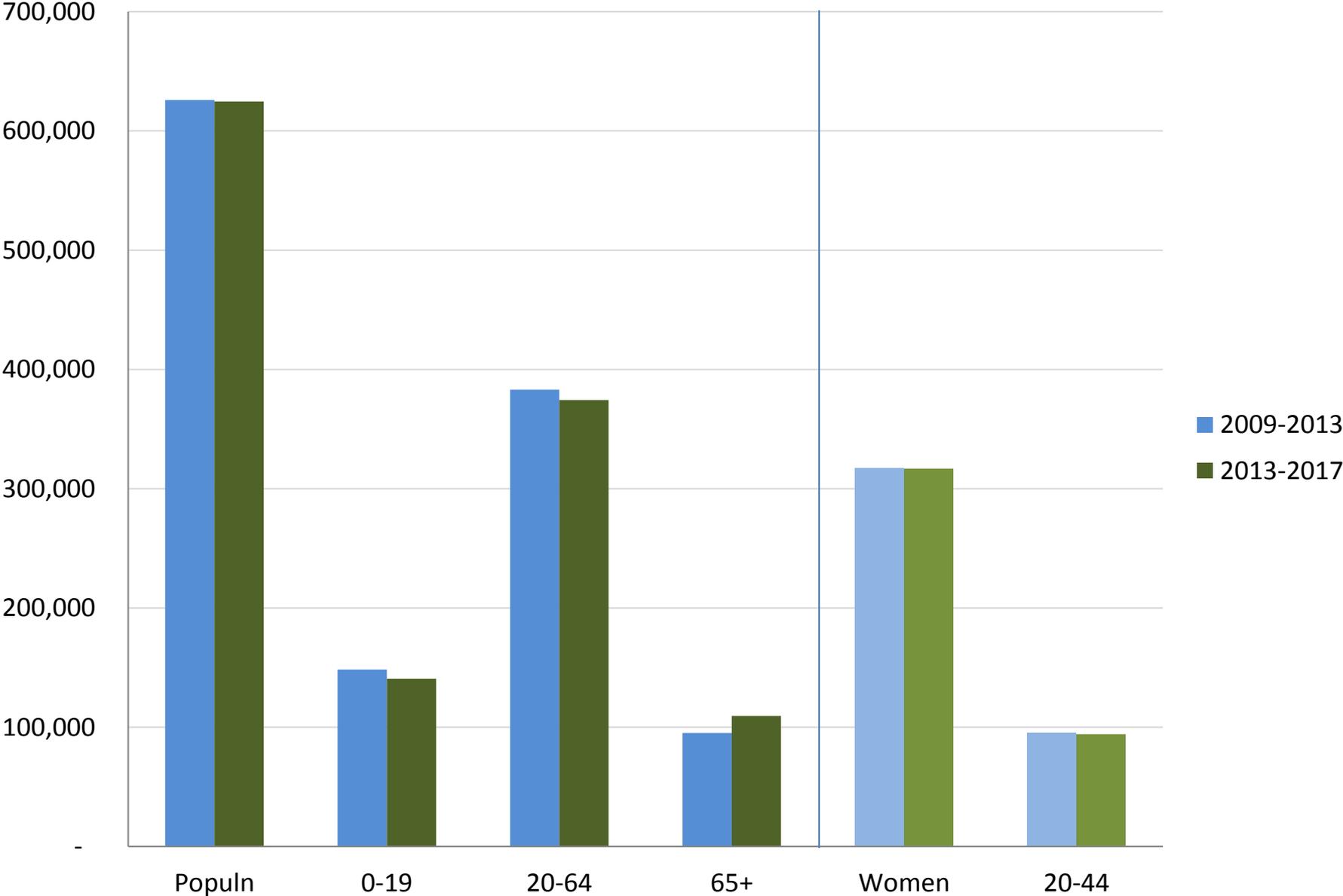
## Vermont's Civilian Labor Force and Employment, 2009-2018



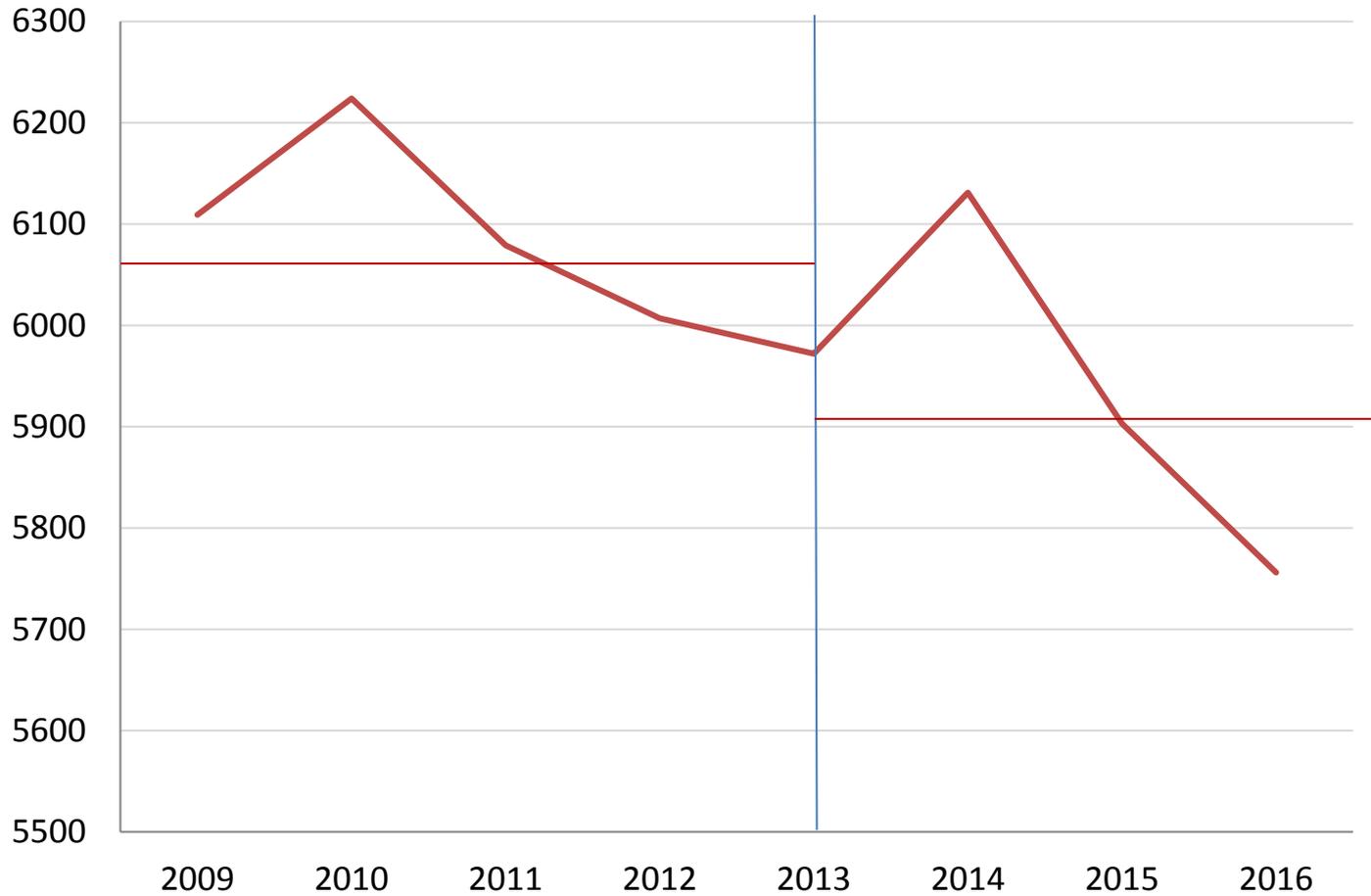
# Household Earnings and Median Earnings, 2009-2013 vs 2013-2017



# Changes in Vermont's Population, 2009-2013 vs. 2013-2017



## Number of births to Vermont residents, 2009-2016



# Relevant Changes

- Stronger economy, larger tax base
  - But fewer people employed
  - Do more employers offer paid leave to attract workers?
- Fewer births, fewer children
  - But more seniors
  - What does all this mean for leave-taking?
- H.107 taxes earnings up to \$150,000; the 2016 Study imposed payroll tax on all earnings
  - Earnings up to \$150,000 about 93% of all earnings

**Table 1. Model Results, 2016 VT Feasibility Study**

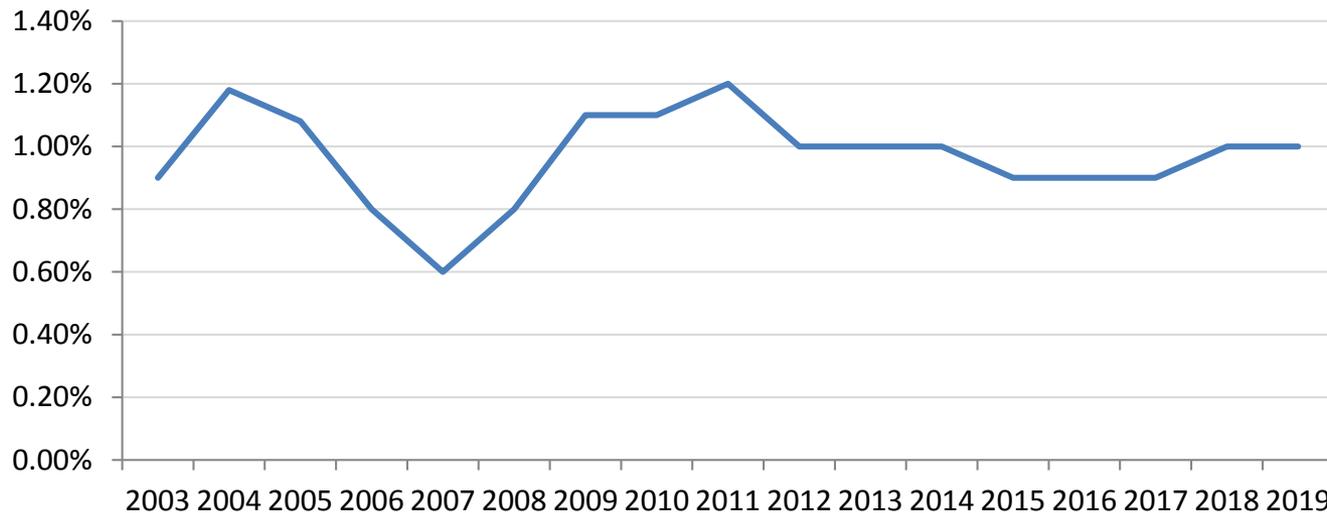
	Current Policy	100%, 12 Wks	New Leaves	% Change	% Distribn, New
<b># of Leaves Taken</b>					
Own Health	30,621	32,484	1,863	6.1%	56.3%
Maternity & Bonding	6,827	7,160	333	4.9%	10.1%
Family Care	12,449	13,562	1,113	8.9%	33.6%
Total	49,896	53,206	3,310	6.6%	100.0%
<b>Number Receiving Program Benefits</b>					
Own Health	NA	8,350			62.0%
Maternity & Bonding	NA	3,790			28.1%
Family Care	NA	1,325			9.8%
Total	NA	13,465			100.0%
<b>Weeks Receiving Program Benefits</b>					
Own Health	NA	8.1			
Maternity & Bonding	NA	8.7			
Family Care	NA	3.7			
Total	NA	7.8			
Average Weekly Benefit	NA	\$728			

<b>Table 1. Model Results, 2016 VT Feasibility Study, continued</b>			
	Current Policy	100%, 12 Wks	% Distribn, New
Benefit Cost (millions of 2016 dollars)			
Own Health	NA	\$47.2	64.0%
Maternity & Bonding	NA	\$23.4	31.7%
Family Care	NA	\$3.2	4.3%
Total Benefit Cost	NA	\$73.8	100.0%
Administrative (7.5%, millions)	NA	\$5.5	
Total Cost (millions)	NA	\$79.4	
<b>Cost as a Percent of Total Earnings</b>	NA	0.93%	

# Contribution Rates Over Time

- California Short-Term Disability Insurance, including contribution for paid family leave

**California SDI Contribution Rate**  
**Includes Contribution for Paid Family Leave Program,**  
**Calendar Year**



# Contribution Rates, continued

- New Jersey is too complicated
  - Rates for employers are experience-rated
  - 0.08% employee payroll contribution on first \$32,600 of annual covered wages
- Rhode Island Temporary Caregiver Insurance

2012	2013	2014	2015	2016	2017	2018	2019
1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.10%	1.10%

## Some Basics Regarding Paid Family Leave Insurance, H. 107

	Per hour	If Full-Time	
		Per week	Per year
VT Minimum Wage, 2019	\$10.78	\$431	\$22,422
VT Livable Wage, 2018	\$13.34	\$534	\$27,747
2*VT Livable Wage, 2018	\$26.68	\$1,067	\$55,494

Note: The Vermont Livable Wage is defined in statute as the hourly wage required for a full-time worker to pay for one-half of the basic needs budget for a two-person household, with no children, and employer-sponsored health insurance, averaged for both urban and rural areas.

	Amount	Index
Max earnings subj to PFL tax, 2020	\$150,000	CPI-U
Earnings up to \$150,000 as share of total, 2017	93%	
Max earnings subj to Soc Sec tax, 2019	\$138,900	Avg Wg Index