

# Vermont Legislative Joint Fiscal Office

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## *FISCAL NOTE*

Date: Updated April 9, 2019  
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### **H.107 An act relating to paid family and medical leave**

As passed by the House

<https://legislature.vermont.gov/Documents/2020/Docs/BILLS/H-0107/H-0107%20As%20Passed%20by%20the%20House%20Unofficial.pdf>

Family and Medical Leave Insurance (FMLI) Program: Benefit Design

#### 1. Leave duration

- Up to 12 weeks of parental/bonding leave
- Up to 8 weeks of own medical leave or family care leave
- Maximum leave is 12 weeks in a 12-month period if bonding is involved

#### 2. Benefit amount

- 90 percent of an employee's average weekly wage up to Vermont livable wage (\$533.60 per week, or \$27,747 per year) and 50 percent of an employee's average weekly wage in excess of Vermont livable wage
- Maximum weekly benefit amount is 2.5 times Vermont livable wage (\$1,334 per wk.)

Funding

#### 1. Payroll contributions

- Based on wages up to the Social Security taxable maximum (\$132,900 in 2019)
  - 0.10 percent of wages for 6 months before benefits begin to cover administrative costs
  - 0.55 percent of wages once benefits begin to cover approximately \$55 million in FY2021 (\$76 million annualized)
- The employer has the option of paying some or all of the contributions due

#### 2. Mechanics

- The employer remits the payroll contributions quarterly to the Department of Taxes
- The legislature sets the contribution rate annually

Administration

- The Vermont Department of Financial Regulation will issue a Request for Proposals to select an insurance carrier to run a program that meets the goals of the legislation in a more cost-effective manner than a State-run program; DFR will also write rules regarding the employer opt-out option
- The Vermont Department of Labor will write rules regarding the appeals process, carry out marketing, and handle appeals that come to the State

- The Vermont Department of Taxes will collect the FMLI payroll contributions from employers on a quarterly basis and remit them to the FMLI Special Fund
  - Insurance premiums will be paid to the insurance carrier from the Special Fund
  - The Special Fund earns and retains interest on any balances

#### State Budget Impacts

##### 1. Expenditures in FY2020

- The Department of Taxes: \$1 million to develop software for collecting contributions
- The Department of Labor: \$217,900 for rule-making and administrative tasks

##### 2. For State Employees beginning FY2020

- The maximum all-fund appropriation need if the employer pays the entire contribution is approximately \$158,000 in FY2020 and \$2.86 million in FY2021; about 40% of the cost falls on the General Fund
- In addition, there may be costs to replace State workers who become eligible for longer leaves or additional leaves, and costs associated with leaves for short-duration workers who become eligible for longer leaves

##### 3. Other Indirect Impacts

- Any employer contributions for public school employees or contract workers such as home health and hospice workers could indirectly affect the State Budget as well

#### Effective dates

- Effective on passage
- Rule-making may begin on passage
- Payroll contributions begin April 1, 2020
- Benefits begin October 1, 2020

#### Sources

Some of the results here are based on the IMPAQ study completed in 2016 for the Vermont Commission on Women, “Vermont Paid Family and Medical Leave Feasibility Study: Final Report,” December 15, 2016; available at

[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_Final%20Report_FINAL_V3.pdf)