Vermont Commission on Women

Vermont Paid Family and Medical Leave Feasibility Study

Final Report

Contract Number: 31608

December 15, 2016

Submitted to:

Cary Brown, Executive Director
Vermont Commission on Women
126 State Street
Montpelier, VT 05633-6801

***Submitted by*:**

Dallas J. Elgin, Ph.D.
Project Manager
IMPAQ International, LLC
10420 Little Patuxent Parkway
Suite 300
Columbia, MD 21044
www.impaqint.com

TABLE OF CONTENTS

Executive Summary

Paid family and medical leave policies provide a critical resource for employees who face significant personal or family health issues. These policies give employees the economic security to take extended time off to care for a new child, their own health, or that of a family member. In July 2016, the Vermont Commission on Women (VCW), following a grant received from the U.S. Department of Labor, contracted with IMPAQ International to conduct a comprehensive study to examine the feasibility of implementing a paid family and medical leave program in Vermont. IMPAQ International partnered with the Institute for Women's Policy Research (IWPR), the University of Vermont's Center for Rural Studies (UVM-CRS), and Lake Research Partners (LRP) to execute a comprehensive feasibility study that provides legislators and state administrators with information on the need, related business and public opinions, and feasibility of a paid leave program in Vermont.

The feasibility study employs a multi-method approach to assess the feasibility of implementing a paid family and medical leave (PFML) program in Vermont that meets employers' and employees' needs. The multi-method approach utilizes simulation models, an implementation feasibility analysis, business and public opinion surveys, and focus groups to provide legislators and state administrators with answers to previously raised concerns about implementing a PFML program. An overview of the study components and the related findings follows.

1. **Cost-Benefit Analysis, Financing, Eligibility, and Benefit Modeling:** This analysis uses a microsimulation model to estimate the current coverage, use, and cost of family and medical leave in Vermont and then estimate the expected coverage, use, and cost under various PFML policies (see **Chapter 2** for a full description of the model). Key findings include:
    - Under current policies, Vermont workers are estimated to take 50,000 paid and unpaid leaves from work each year. Implementation of a PFML program would increase the number of paid and unpaid leaves by 5.9 to 6.6 percent to 52,829 or 53,071 leaves annually.
    - Providing partial wage replacement for eligible family and medical leaves would result in a modest increase in the amount of leave taken by workers in a calendar year. Under the four policy scenarios, the total number of workers receiving paid leave benefits under the PFML program ranges from 13,286 to 13,465.
    - The total program costs (including benefits and administrative costs) range from $40.5 million (0.47 percent of total earnings) to $79.4 million (0.93 percent of total earnings).
        - Average weekly benefits range from $623 to $730 per worker, depending on the type of program implemented.
    - Implementing a paid leave policy in Vermont would reduce inequality in access to paid leave for family and medical reasons across social and demographic groups:
        - The number of paid leaves taken by low-income workers (earning $30,000 or less annually) would increase by 20 percent compared with 9 percent for higher earners ($75,000 or more).

- Leaves taken by workers in smaller businesses (fewer than 50 employees) would increase by 24 percent compared with 15 percent for workers in larger businesses (50 employees or more).
- Workers in families with incomes near the poverty threshold (income less than 200 percent of the poverty line) would increase their number of paid leaves by 38 percent compared with 9 percent for higher income families (incomes 400 percent of the poverty line or more).

2. **Implementation Feasibility Analysis:** This analysis combined research on possible implementation models for the PFML program with a public opinion survey that examined public views toward a PFML program via a sample of 500 Vermont adults. Key findings include:
   - *Implementation Feasibility Analysis Findings:*
     - The cost of operating a self-funded PFML program (at a rate of 7.5 percent of total benefits) is estimated to be $2.8 million to $5.5 million, depending on the type of program implemented.
     - The implementation feasibility analysis found that among states and local governments with PFML programs, the majority of the programs are administered through government departments that direct other benefit programs (such as the Vermont Department of Labor).
     - Requiring employers to provide coverage through a private plan may be more expensive than a state-managed program. Mandating private provision might prove especially expensive for small employers compared to a state-administered plan. Costs to cover all workers as a share of total compensation would be over 2 percent in firms with fewer than 10 employees and 1.44 percent in firms with 10-19 employees.
   - *Public Opinion Survey Findings:*
     - When asked broadly about whether they believed in establishing a program to guarantee access to paid family and medical leave in Vermont, more than 70 percent of adults considered a PFML program to be very important.
     - When asked about the implementation of a PFML program, a majority of adults (54 percent) believed that Vermont should have a statewide program, but over a third supported leaving things as they are now with employers choosing whether to provide paid leave.
     - A leave period of 8 weeks was about right to 39 percent of adults, with 29 percent saying it was too long, and 22 percent saying it was too short. Six weeks was about right for 45 percent, but 34 percent said that it was too short. About half (49 percent) said 12 weeks was too long, and 68 percent said 16 weeks was too long.
     - Solid majorities favor all the funding options tested: employer- and employee-funded (75 percent), employee-funded (69 percent favor funding of less than 1 percent of an employee's paycheck, while 63 percent favor a funding rate of about $5.40 per week per average worker), and employer-funded (68 percent).

- Adults are split on the appropriate level of wage replacement for a PFML program. Replacing 100 percent of wages is either too much (43 percent) or about right (44 percent); replacing 90 percent of wages is about right to 43 percent, but 36 percent said this amount was too much; replacing 66 percent of wages is split between not enough (41 percent) and about right (38 percent).

3. **Economic-Impact Analysis:** This analysis combined calculations of the economic impacts of implementing a PFML program on a range of outcomes along with a collection of family profiles that detailed the experiences of working Vermont families that recently faced a life event that disturbed their work-life balances. Key findings include:
    - The economic impact calculations suggest that implementing a PFML program could lead to $2.56 to $4.01 million in annual savings for Vermont. These savings include:
        - An estimated $2.04 to $3.46 million dollars in annual childcare cost savings for parents caring for a newborn or sick child. On a per family basis, a PFML program would save Vermont families an estimated average of $1,032 to $1,747, annually in reduced child care costs due to the ability to utilize paid leave to care for a newborn or sick child.
        - An estimated annual savings of $276,965 due to an increased number of Vermont's newborn infants that are healthy and have normal birthweights.
        - An estimated $244,909 to $271,754 in annual savings in reduced public assistance among Vermont's working women with a recent childbirth.
        - An estimated 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 and when to return to work (if at all). Other key themes that emerged included the stress and economic strain of not receiving a paycheck, the difficulty of finding and affording childcare, and the focus on bonding as an opportunity to strengthen families and communities.

4. **Education, Outreach, and Marketing Analysis for Implementation Purposes:** This analysis combined a statewide survey of 427 business owners along with 4 focus groups with Vermont's business owners and leaders. The survey and focus groups provide a comprehensive understanding of current business practices and views regarding options for developing a program that serves the needs of employees and employers. Key findings include:
    - Business Survey Findings:
        - Almost half (46.9 percent) of surveyed businesses supported a statewide PFML program, while 40.4 percent were opposed.
        - A combination of employer and employee funding was the financing mechanism with the most support (32 percent favored).
        - The level of wage replacement with the most support among surveyed businesses was 60 percent of salary (27 percent favored), followed by 100

percent of salary, (15.8 percent), less than 60 percent of salary (11.3 percent), and 90 percent of salary (10.6 percent)
        - The overwhelming majority (89 percent) of surveyed businesses offered some type of paid short-term leave, such as general Paid Time Off (PTO), paid sick days, paid vacation, and temporary disability insurance. In contrast, Vermont businesses offered long-term paid leave less frequently, including paid long-term leave on a case-by-case basis (18.3 percent), paid maternity leave (16 percent), leave for a serious illness or injury (11.7 percent), paid paternity leave (9.4 percent), leave to care for a family member (5.6 percent), or disability insurance (3.7 percent).
    - Among businesses that offered paid long-term leave, less than a quarter of their eligible employees had utilized the benefit within the past year.
- Focus Group Findings:
    - Focus group participants demonstrated a high level of support for a state-administered PFML program with the majority stating that they were "supportive" to "strongly supportive" (while the remaining stated that they were "neutral").
    - Most participants expressed that their concerns regarding a PFML program focused on how the state would administer and fund the policy.
    - Most participants indicated that their business did not provide paid family or medical leave to their employees. Many participants indicated that cost was the main factor that prevented them from providing paid leave, while a collection noted that their business was already providing generous paid leave benefits.
    - Participants were asked to share recommendations regarding the development of a PFML program. Participants suggested that the state examine the impacts on other states and countries that have implemented a PFML program and consider diverse perspectives (including business and non-business perspectives) throughout the development of a program.

Together, these study components provide a detailed understanding of the feasibility of implementing a PFML program in Vermont. The study examines multiple aspects of implementing a state-wide PFML program, including assessing the views and support for a PFML program among Vermont's families and businesses; detailing the personal experiences of families that faced life events that impacted their ability to balance work and family obligations; estimating the potential increase in paid leaves under different program scenarios and the related cost implications; and estimating the potential economic benefits for Vermont. This study presents a comprehensive set of research that supports the development of an informed and effective PFML program.

Chapter 1: Introduction

Paid family and medical leave policies provide a critical resource for employees who face a significant personal or family health issue. These policies give employees the economic security to take extended time off to care for a new child, their own health, or that of a family member. However, access to paid family and medical leave policies[1] among U.S. workers is more often the exception than the rule. Nationally, only 12 percent of private sector employees have access to paid family leave through their employer (U.S. Department of Leave, 2015). Under federal law, the Family and Medical Leave Act (FMLA) of 1993 allows eligible employees to take job-protected unpaid leave to care for their own health or that of a family member. While the FMLA job protection provision provides some level of economic security for eligible employees[2], many employees cannot afford to take unpaid leave for extended periods of time.

In recent years, Vermont has sought to build upon the unpaid leave benefits that FMLA provides by adopting several policies, including the Vermont Parental and Family Leave Law, the Vermont Small Necessities Law, and the Vermont Flexible Working Arrangements Law. In addition, the Vermont General Assembly has examined policy alternatives for providing paid leave access to Vermont's workers. In 2013, the Vermont General Assembly established the Study Committee on Employee-Funded Paid Family Leave ('Study Committee') to study the issue of paid family leave within Vermont. In January of 2014, the Study Committee released its report recommending the establishment of an employee-funded program that would provide eligible employees with up to 6 weeks of family or medical leave within a 12-month period (Paid Family Leave Study Committee, 2014). Through a grant provided by the United States Department of Labor Women's Bureau, the Vermont Commission on Women (VCW) has commissioned a comprehensive study to examine the feasibility of a paid family and medical leave program in Vermont. IMPAQ International led the feasibility study, along with its partners from the Institute for Women's Policy Research (IWPR), the University of Vermont's Center for Rural Studies (CRS), and Lake Research Partners (LRP).

Study Overview

The feasibility study comprehensively assesses the feasibility of implementing a paid family and medical leave (PFML) program within Vermont that meets the needs of employers and employees. Utilizing a multi-method approach that incorporates simulation models, an implementation feasibility analysis, business and public opinion surveys, and focus groups, the study provides legislators and state administrators with answers to concerns that have been previously raised. The study consists of four components:

[1] This study draws an important distinction between sick leave and paid family and medical leave. Sick leave is commonly used by employees to care for the health of themselves or a family member over a short period. In contrast, paid family and medical leave allows employees to take longer-term leave to care for their own health needs or those of family members, or to care for a new child (e.g., maternity and paternity leave).

[2] As of 2012, 59 percent of employees worked at covered firms and met all eligibility requirements for FMLA benefits (Klerman, Daley & Pozniak, 2012).

1. **Cost-Benefit Analysis, Financing, Eligibility, and Benefit Modeling:** This analysis uses the IWPR-ACM FML2 Simulation Model to estimate the current coverage, use, and cost of family and medical leaves in Vermont. It also estimates the expected coverage, use, and cost under various PFML policy scenarios.
2. **Implementation Feasibility Analysis:** This analysis is comprised of research on possible implementation models for the PFML program along with a public opinion survey of 500 Vermont adults that examines public views toward a PFML program.
3. **Economic-Impact Analysis:** This analysis combines calculations of the economic impacts of implementing a PFML program on a range of outcomes along with a collection of family profiles detailing the experiences of working Vermont families that recently faced a life event that disturbed their work-life balances.
4. **Education, Outreach, and Marketing Analysis for Implementation Purposes:** This analysis combines a statewide survey of 427 business owners and 4 focus groups with Vermont's business owners and leaders. This provides a comprehensive understanding of current business practices and views regarding PFML policies and options for developing a program that serves the needs of employees and employers.

These four study components provide a detailed understanding of the feasibility of implementing a PFML program in Vermont. The study solicits comprehensive feedback from employers regarding the implications of a PFML program on their operations along with feedback from families regarding the program's potential impact on their daily lives. This study thus informs the development of an effective PFML program with the potential for broader buy-in from diverse constituencies.

Background and Understanding

The Family and Medical Leave Act of 1993 was the first federal legislation that enabled employees to take up to 12 weeks of unpaid, job-protected leave. However, coverage under the policy is not universal (Fass, 2009), with only half of U.S. workers–an estimated 56 to 60 percent—meeting the law's employee eligibility requirements (Jorgensen & Applebaum, 2014; Klerman, Daley & Pozniak, 2012). Several states have thus elected to implement their own family and medical leave policies, and these policies differ across states in terms of eligibility, qualifying reasons for taking leave, whether the worker's job is protected during the leave, and the maximum length of time for which leave can be taken (FindLaw, n.d.). In the last decade and a half, several states have implemented PFML policies and programs that provide employees with paid leave that can be taken to care for a new child or a sick family member.

State-level PFML policies can provide useful information for understanding the impacts of implementing a PFML policy or program. California was the first to implement a statewide paid leave policy, which took effect in July of 2004[3]. The policy built upon the state's existing Temporary Disability Insurance (TDI) program, which typically provides mothers with 6 weeks of

[3] Since implementing its PFML policy in 2004, the state of California has expanded the policy on several occasions. The most recent expansion was passed in 2016 with the expanded benefits taking effect in 2018.

paid leave during or immediately after a pregnancy. The policy allows 6 weeks of paid leave to care for a newborn or a sick child, spouse (or domestic partner), seriously ill parent, grandparent, grandchild, or sibling. The policy replaces 55 percent of an employee's usual pay (up to $1,129 per week in 2016) and is financed through a payroll tax levied on employees (State of California Employment Development Department, n.d). Washington State signed a paid family leave policy in 2007, but the policy has not been implemented due to the lack of a funding mechanism.

New Jersey implemented its family leave insurance program in 2009, which also built upon the state's TDI system. New Jersey's program offers 6 weeks of paid leave at a 66 percent replacement rate and up to $615 per week in 2016 as maximum benefit for leaves related to a new child, the health of a family member, or a worker's own disability (New Jersey Department of Labor and Workforce Development, n.d.).

Rhode Island's employee-funded paid family leave insurance program was implemented in January 2014 to care for a new child, spouse, parent, grandparent or domestic partner. The policy, which is funded by an employee tax, provides up to 4 weeks of paid leave with a maximum weekly benefit of $817 (Rhode Island Department of Labor and Training, n.d.).

New York enacted its paid family leave insurance in 2016, which will be effective in 2018 (National Partnership for Women & Families, 2016). Upon implementation[4], the employer- and employee-funded policy will provide up to 8 weeks of paid leave with a weekly benefit rate equal to 50 percent of a worker's average weekly wage, with a maximum benefit equal to 50 percent of the state's average weekly wage.

These state policies can provide useful information for understanding the impacts of implementing a PFML program, and a collection of studies have assessed the impacts of state PFML policies and programs as well as FMLA. Accordingly, a brief summary of the research literature on the impacts of implementing family and medical leave policies and programs is provided in the Economic Impact Analysis chapter of this report. Collectively, the literature provides evidence that family and medical leave policies and programs can improve the labor force attachment and wages of women, provide support to low income families, have positive effects on child and mother's health, and have a positive effect for employers.

Leave Use and Labor Force Attachment

The research on the effect of maternity leave on employment is well documented, as several empirical studies specifically examined the impact of paid and unpaid leave on employment. These studies found that leave use increased under FMLA, that it had no significant negative effect on women's employment or wages (Waldfogel, 1999), and that there was an increased likelihood of mothers returning to their pre-childbirth employer (Baum, 2003; Hofferth & Curtin, 2003). The literature also demonstrates positive impacts associated with state paid leave policies.

[4] The maximum length of paid leave and benefit amount under New York's policy will be gradually increased over the period of 2018 through 2021. By 2021, the policy is expected to provide up to 12 weeks of paid leave with a weekly benefit rate equal to 67 percent of a worker's average weekly wage, with a maximum benefit equal to 67 percent of the state's average weekly wage.

Research has found that the adoption of a state paid leave program resulted in mothers using an additional 3 to 7 weeks of leave (Baum & Ruhm, 2016; Rossin-Slater, Ruhm & Waldfogel, 2013), while fathers utilized an additional week (Baum & Ruhm, 2016).

Compared to the United States, other developed countries have relatively more generous leave benefits in terms of wage replacement and the allowed length of leave. Thus, researchers have looked at international paid maternity leave mandates to shed light on more generous options. A study of nine European countries found that longer paid leave mandates were generally associated with an increase in employment without decreasing wages (Ruhm, 1998).

Research also finds an increased occurrence of leave-taking among less advantaged groups. The implementation of a state paid family leave policy has been shown to increase leave-taking among mothers who were non-college educated, unmarried, or a racial minority (Rossin-Slater et al., 2013). Byker (2016) found that California's Paid Family Leave program increased labor force participation near the birth of a child for mothers with less than a Bachelor's degree, but did not find an effect on labor force participation more than a few months before or after the birth of the child. Mothers that took paid leave after the birth of a child were also found to have a reduced likelihood of dependence on public assistance (Houser & Vartanian, 2012).

Leave Use and Child and Family Health

Several studies have shown positive effects of paid and unpaid family leave on a range of health outcomes of mothers and children. Research shows that mothers who do not spend enough time with their newborn child are at a greater risk for negative effects on their mental and physical health. These negative effects include increases in depressive symptoms and parenting stress, along with negative associations in their self-rated overall health (Chatterji, Markowitz, & Brooks-Gunn, 2013). In addition, married mothers whose spouses did not take leave after a birth experienced higher levels of depressive symptoms (Chatterji & Markowitz, 2012). Finally, mothers who return to work early are less likely to receive regular medical checkups and their necessary immunizations and are less likely to breastfeed (Berger, Hill, & Waldfogel, 2005).

Research also shows the benefits of family leave on the health of newborns and infants. A study of the 1978 Pregnancy Discrimination Act, which mandates that states with Temporary Disability Insurance (TDI) programs provide 6 weeks of paid maternity leave for pregnant and new mothers, was associated with improved infant health (Stearns, 2015). TDI-based maternity leave was associated with decreases in the number of preterm births and the number of children born with low birthweights. Another study found that FMLA resulted in small increases in average birthweights and a substantial reduction in the infant mortality rate (Rossin, 2011).

Effects on Employers

Research on the effects of paid leave programs on employers is comparatively limited due to the paucity of comprehensive national-level datasets for analyzing the economic impacts of paid leave mandates. However, studies conducted in California and New Jersey provide important insight into employer attitudes and experiences in states with paid leave policies. Surveys studying the experiences of California firms (Appelbaum & Milkman, 2011; 2013) found that approximately 90 percent of employers reported that the state's paid family leave policy had

either a positive effect or no effect on productivity, profit, morale, and costs. A similar survey of members of the New Jersey Business and Industry Association had largely similar findings regarding the impact of a paid family leave policy on the state's employers (Bloustein, 2012). The study found that employers did not experience any impact on business profitability/performance or employee productivity because of the implementation of the policy. These findings were consistent across employers regardless of size.

Organization of the Final Report

The remainder of the final report is organized into five chapters. Chapter 2 consists of the Cost-Benefit Analysis, Financing, Eligibility, and Benefit Modeling research. Chapter 3 comprises the Implementation Feasibility Analysis, which is comprised of the implementation feasibility analysis (Chapter 3A) and the findings from the public opinion survey (Chapter 3B). Chapter 4 describes the Economic-Impact Analysis research. Chapter 5, Education, Outreach and Marketing Analysis for Implementation Purposes, presents the findings from the business survey (Chapter 5A) and focus groups (Chapter 5B), along with a discussion of themes that could be leveraged to further the levels of knowledge and support for a PFML program among the state's business community. The concluding chapter includes a comprehensive summary of the study's findings. Finally, a collection of appendices consisting of a discussion of the study's limitations, and the protocols for the public opinion survey, the business survey, and the focus groups, are included at the end of the report.

Chapter 2: Cost-Benefit Analysis

Abstract:

The Cost-Benefit Analysis uses the IWPR-ACM FML2 Simulation Model to estimate the current coverage, use, and cost of family and medical leaves in Vermont under the current policy environment. The findings from this baseline model are then compared against four alternative policy scenarios with differing maximum leave durations and benefit formulas. The results provide a comprehensive understanding of the estimated changes in coverage and use under the each of the policy scenarios, as well as the associated costs and benefits.

Executive Summary

The federal Family and Medical Leave Act (FMLA) was signed into law in 1993 to provide eligible workers with job protection while on leave. The law provides coverage for workers to take up to 12 weeks of leave to address personal health issues, care for a new child, or provide care for a loved one. While FMLA makes leave-taking easier, it does not require that employers provide compensation to workers in their absence. To address this shortcoming, four states – California, New Jersey, Rhode Island, and New York – have expanded existing temporary disability insurance (TDI) systems to provide compensation to workers while they are on leave to ease the burden on workers. Several other states and localities all over the United States have started developing and discussing proposals to provide paid family and medical leave like those already implemented. However, many states do not have existing TDI systems and are faced with the challenge of creating and funding an entirely new system to provide this benefit.

This report provides cost estimates for a range of policy alternatives to be considered when developing a program for paid family and medical leave in Vermont. The policies presented in this report are framed by existing programs and represent specific eligibility criteria and benefit levels. The simulation model employed provides estimates of leave-taking behaviors among Vermont workers, including estimating leaves based on specific worker characteristics and different types of leaves (health, new child and bonding, and care for a family member). The report includes a discussion of the impact that a new leave policy will have and the effects that the proposed policy may have on different groups of workers.

A baseline model that reflects leave-taking behaviors under federal FMLA and current state laws is estimated, which allows for comparisons to be made between existing policy outcomes and proposed paid leave program outcomes. Under this model, some workers receive compensation from their employer while on leave, but this does not include a program benefit. According to the 2012 FMLA survey, two-thirds of workers obtain at least partial compensation for their leave (Klerman et al., 2014). The baseline model estimates that Vermont workers take a total of 49,896 paid and unpaid leaves per year for various qualifying family and medical reasons.

The report then compares this baseline model with several paid family and medical leave program designs reflecting two maximum annual leave durations – 6 weeks and 12 weeks – and two benefit formulas: one based on the 2014 Study Committee report benefit formula and another on an alternative Modified Benefit formula. Four different estimates are provided. The largest increase in the number of leaves is 6.6 percent under the 2014 Study Committee report's benefit formula for up to 12 weeks of leave. The number of paid leaves taken under the PFML program increases at a higher rate (from 13 percent for family care to 26 percent for maternity-related disability and new child bonding) than the rate of total paid and unpaid leaves. The total program costs range from $40.5 million (0.47 percent of total earnings) to $79.4 million (0.93 percent of total earnings). The report presents a range of costs for possible programs based on four program designs, including the one recently proposed by the Study Committee in Vermont.

Introduction

The implementation of the Family and Medical Leave Act (FMLA) provided job protection and access to unpaid leave for many American workers. FMLA provides eligible workers with the option to take a leave of absence from the workplace for personal health issues, to care and/or bond with a new child, or to provide care for a loved one. This job protected leave provides workers with more flexibility in how they address demands outside of work but does not require employers to provide any compensation during the leave. Lost wages during this time can be problematic, especially for low-wage workers who struggle to make ends meet on a regular basis. Additionally, 12 weeks of leave without pay can pose undue hardships on individuals and families at many economic levels when their income is constrained because of an earner's absence from work.

FMLA also limits eligibility for job-protected unpaid leave to workers employed in organizations with 50 or more employees, employed for at least a year, and working at least 1,250 hours in the previous year. While the Vermont Parental and Family Leave Law extends coverage to smaller firms, not all workers are covered and job protection only reaches workers who take qualified leave under the existing state or federal laws. Without job protection, some employees may be at risk of losing their job when taking leave, which can dissuade them from taking leave altogether or persuade them to take shorter leaves. The discourse around paid leave and related policies is growing due to these gaps in coverage and policy shortcomings. Unlike many developed countries, the United States has yet to implement a nationwide plan that provides compensation or job protection to employees who take leave for family and medical purposes.

Although a nationwide policy has not been adopted, some states have implemented policies that provide workers with paid leave for family and medical related absences. These state level public policies can provide useful information for understanding how leave-taking changes after the introduction of a paid leave program. Three states, California (2002), New Jersey (2008), and Rhode Island (2013) have implemented paid leave programs as expansions to existing temporary disability insurance (TDI) systems.

California was the first state to adopt a paid leave policy in 2002 and uses an employee payroll deduction as the funding mechanism, which limits the costs to employers. California workers can take up to 52 weeks for their own health needs and up to 6 weeks of paid leave when a new child joins their family or to provide care to family members under the paid family leave and temporary disability programs. New York adopted a paid leave policy in April of 2016, but it has yet to be fully implemented. New York also drew on an existing TDI system to craft a paid leave policy, using an employee payroll deduction to fund the program and provide partial wage replacement to workers who need to take leave for medical and family care needs. New York's paid leave program is less linked to its existing TDI (compared to programs in other states), with a benefit formula for paid family leave that is more generous than the current TDI benefit formula (as of January 2018, when family leave benefits will begin to be paid to eligible workers). New York's generous policy will provide workers with up to 12 weeks of paid family leave once the policy is fully implemented in 2021.

Paid leave policies can yield benefits for employees and their employers. The California state law has been implemented for over a decade, providing program information that can be analyzed over time for a more complete picture of the outcomes related to a paid leave policy. Studies of the California policy have demonstrated that access to paid leave improves labor market attachment, especially for new mothers, and increases the number of hours and weeks that new mothers work in the years following the birth of their child (Baum & Ruhm, 2013). Firms report either no impact or a positive impact of paid leave policies on employee morale (99 percent), productivity (89 percent), turnover (96 percent), and profitability/performance (91 percent) (Appelbaum & Milkman, 2011). Firms also reported that costs either did not change or decreased after the adoption of the California paid leave policy – 87 percent of firms reported that costs had not increased, and 9 percent reported a costs savings (Appelbaum & Milkman, 2011). Additionally, workers who are able to take leave to seek care for personal illness or injury reduce workplace contagion and contain healthcare costs through preventative and routine care (Wilson, Wang, & Stimpson, 2014; Pichler & Ziebarth, 2016). These benefits highlight the wide-reaching implications of a paid leave policy.

Worker Leave in Vermont

Under FMLA, workers may be eligible for 12 weeks of unpaid, job-protected leave for specified family and medical reasons. Eligible employees can include those who have been employed for at least a year, worked at least 1,250 hours before taking leave, and work for an organization that employs 50 people or more. Leaves taken under FMLA are job-protected – most workers are guaranteed their same position or a similar one upon their return. Some workers fall short of meeting these criteria and therefore face greater hardship in taking leave.

Under Vermont policy, eligible workers have access to three types of leave – parental leave, family leave, and short-term family leave (Halperin, 2001; Vermont Department of Labor, 2014). Parental leave is for new parents who need to care for and/or bond with a new child and provides 12 weeks of unpaid leave. Family leave also provides 12 weeks of unpaid leave, but is meant to address personal health issues or to provide care for a family member.

Short-term family leave is different from the other types of leave in that it provides workers with unpaid time away from the workplace for brief and intermittent leaves (of less than a day) to address the workers' medical concerns or those of a loved one. To qualify for leave under these policies, workers must be employed for at least a year, work an average of 30 hours a week, and work for an organization that employs either 10 employees who work an average of 30 hours a week for parental leave or 15 employees who work an average of 30 hours a week for family leave (long or short-term family leave). While these policies provide workers with flexibility in meeting demands outside of work, they still do not reach many workers. Additionally, time out of the workplace is unpaid under both FMLA and the state laws, which places some workers at a disadvantage, particularly low-wage workers who face financial constraints.

Results from a 2014 report by the Vermont Department of Labor indicates that roughly half of private sector workers have paid vacation, a third have paid sick days, and around a fifth have

paid personal leave (which varies by firm size). Temporary disability insurance is often utilized as another means for providing paid leave to employees, but access is also far from universal.

The same report finds great variation in what percent of private firms provide short-term and/or long-term disability insurance to workers; access to disability insurance increases exponentially with firm size (Vermont Department of Labor, 2014). Among firms with three to nine employees, 11 percent offered short-term disability insurance to full-time employees and 8 percent offered long-term disability insurance to full-time employees. Among firms with 250 or more employees, 82 percent offer short-term disability insurance to full-time workers and 78 percent offer long-term disability insurance to full-time workers. These findings indicate that workers in larger firms have greater access to disability insurance compared to their counterparts in smaller firms.[5]

IWPR-ACM Family and Medical Leave Simulation Model

The Institute for Women's Policy Research, together with economists Randy Albelda and Alan Clayton-Matthews at the University of Massachusetts, developed and updated a simulation model to estimate the usage and costs of family and medical leave. The model simulates specific leave-taking behavior (including number, length, benefit eligibility, and benefit receipt) onto individual employees working in a state, locality, or the nation using data from the Census Bureau's 2009-2013 American Community Surveys (ACS). The simulation model estimates several aspects of leave-taking behavior, conditional on demographic characteristics and leave type, including the worker's own health needs, maternity-related disability, new child bonding, and family care for spouse, children, or parents. These aspects include the probability of needing a leave, taking a leave, getting paid for a leave, and extending a leave if some or more pay were received.

The current model uses observable leave-taking behavior available in a national, comprehensive survey of family medical leaves. The 2012 FMLA Survey conducted by Abt Associates under contract to the U.S. Department of Labor is used to estimate leave use around qualifying family events experienced by U.S. workers in the previous 18 months (leaves taken in the past 12 months are also identified)[6].

Simulation Model Assumptions

The assumptions of the simulation model are that the worker would choose the compensation (employer provided wages or program benefits) that is most advantageous for herself or himself. The estimates for leave-taking and the associated costs yielded by the model reflect changes in

[5] The federal Pregnancy Discrimination Act of 1978 requires that pregnancy and childbirth be treated the same in terms of employment conditions, including benefits, as other job limiting conditions.

[6] At the time of the 2012 FMLA survey, five states (California, Hawaii, New Jersey, New York, and Rhode Island) had provisions for workers to be covered by temporary disability insurance for the workers' own health needs; California and New Jersey had expanded their state programs to cover bonding with a new child and family caregiving leaves. The 2012 FMLA survey asked what share of their usual earnings, if any, workers had received while taking recent leaves and included options for disability insurance and state leave program benefits among the sources of payments that respondents could select.

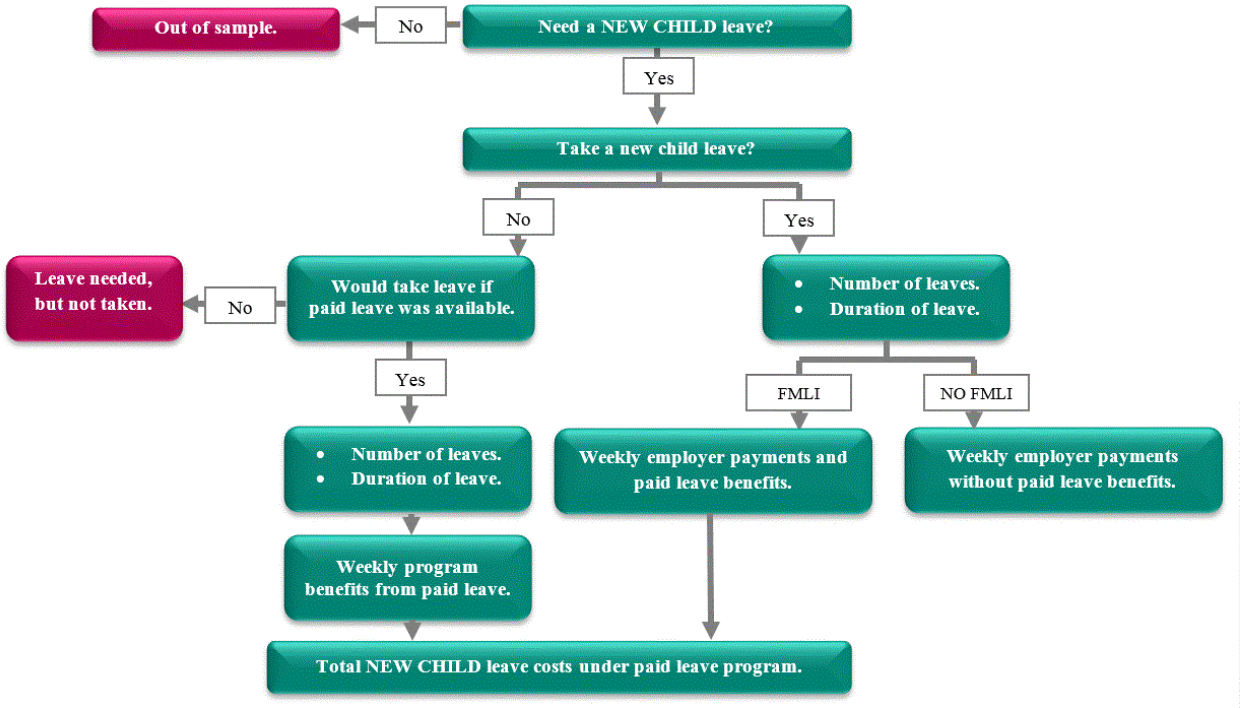
worker behavior due to the implementation of the policy being considered; workers will claim program benefits if they are greater than those currently available to workers through their employer. The ACS and FMLA survey data on observed behaviors are coupled with a few assumptions about behavior in the presence of a leave program, including:

- The model assumes eligible workers compare weekly benefit amounts available in the leave program to the "next best option" (employer-paid wages or uncompensated leave in most cases) when deciding whether to apply for program benefits.
- The point of take-up occurs when an eligible worker experiences a qualifying medical or family event and takes a leave of absence, which allows the analyst to specify the share of eligible leaves that would apply for and receive program benefits. Reasons for less than full take-up include lack of knowledge, difficulty with the application process, lack of job security, and insufficient income from program benefits.
- How a program affects the length of worker leave:
    - Short leaves (less time than a waiting period, if specified) may be extended according to estimates based on responses to "Would you take a longer leave if you received some/additional pay?" – a question available in the earlier 2000 FMLA survey.
    - Leaves lasting longer than a leave program's benefit period but still considered eligible for employer pay may be extended.
    - Leaves lasting for more weeks than a leave program allows may be extended further even when no pay or benefits are available.

The total cost estimates generated by the IWPR-ACM Model compare well to actual benefits paid in CA, NJ, and RI (taking into account the standardization of the programs imposed to make them comparable for this analysis), in analyses undertaken to confirm that the model can reproduce claims data in states with existing family and medical programs.

Figure 1 provides a diagram of how the model estimates leave-taking behaviors and associated program costs based on program specifications and individual determinations for one type of qualifying leave – to care or bond with a new child. The model tracks a worker as she or he moves through the decision-making process, accounting for the availability of leave, program specifications, and individual worker decisions about take-up. Through this process, the model estimates the program's costs and leave-taking behaviors for new child leaves; the model cycles separately through a parallel series of statistical models for each of the other types of family and medical leave.

Figure 1: Simplified Example of New Child Leaves



Policy Scenarios

In 2013, the Vermont state legislature formed a committee to study the circumstances around worker leave and how the state could provide a paid leave program. The Study Committee's report, released in January 2014, guided the cost modeling presented in this report. Eligible leaves under the new paid leave program are the same as those covered under PFLA (personal health, new child, and family care). Eligible employees must have earned at least $9,079 in the past 12 months (this number is based on a calculation of working 20 hours a week at the Vermont minimum wage - $8.73 per hour in 2013). Benefits would be 100 percent of weekly wages in the base period (the last quarter) up to a maximum weekly benefit of two times the Vermont livable wage.

The Vermont livable wage is calculated annually by the Joint Fiscal Office and was determined to be $13.00 an hour in 2014 (Vermont Legislative Joint Fiscal Office, 2015). Workers can take up to 6 weeks of leave within a 12-month period. Funding for the program would be obtained through an employee payroll deduction of 0.5 percent of pre-tax wages. Job protection is also recommended to be included in the state paid leave legislation. In addition to modeling the Study Committee's Benefit formula for up to 6 weeks of benefits, the same benefit calculation (100 percent of usual weekly wages up to twice the Vermont livable wage) for up to 12 weeks of leave was estimated.

Two additional models, which provide up to 6 or 12 weeks of paid leave, apply a Modified Benefit formula. The Modified Benefit formula is based on a calculation that provides lower wage workers with a higher percent of their weekly earnings to reduce the disproportionately higher

financial burden they face in taking leave, while maintaining substantial wage replacement for higher income earners. The formula is designed to reduce overall program costs. While workers at different income levels may earn benefits that are a different percentage overall of their usual weekly earnings, no "cliff effects" (income-based eligibility) will bar anyone from receiving benefits.

The Modified Benefit formula is calculated as 90 percent of average earnings up to the Vermont livable wage, 60 percent of average earnings between one and two times the livable wage, and 50 percent of earnings over twice the livable wage, up to a maximum benefit cap set at twice the livable wage. For example, a worker earning $1,000 per week would receive 90 percent of earnings up to $490, 60 percent of earnings that fall between $491 and $981, and 50 percent of earnings that fall between $981 and $1000. This worker would receive $441 (90 percent of earnings up to $490), plus $294 (60 percent of earnings of earnings $491-981), plus $9.50 (50 percent of earnings $981-$1,000), yielding $744.50 per week in program benefits.

Figure 2: Comparison of Family and Medical Leave Programs for Cost Estimation with Simulation Model

		Fewer Weeks ⟷ More Weeks	
		Up to 6 Weeks per Year	Up to 12 Weeks per Year
Higher Wage Replacement ↑	Full (100 percent) of average weekly earnings up to a maximum weekly benefit of twice Vermont's (VT) livable wage.	Model 1 (Vermont Study Committee Proposal)	Model 3
Lower Wage Replacement ↓	90 percent of average weekly earnings up to the VT livable wage, 60 percent of average weekly earnings between one and two times the VT livable wage, and 50 percent of earnings over twice the VT livable wage, up to a maximum benefit cap of twice the VT livable wage.	Model 2	Model 4

Program Cost Estimates

Under FMLA and existing policies providing paid family and medical leave, eligible workers qualify for coverage when specific needs arise. These needs include:

- Caring for a new child following a birth, adoption, or foster care placement
- Caring for the employee's spouse, child, or parent who has a serious health condition[7]

[7] State paid family leave policies and proposals may also include care for domestic partners, grandparents, and grandchildren.

- A serious health condition that makes the employee unable to perform the essential functions of his or her job[8]

Many employers already provide paid leave benefits under existing employee benefit packages that include paid sick days, vacations, personal days, or consolidated leave programs. Table 1 provides estimates of leave characteristics and the program costs for each of the four policy scenarios for qualified leaves. Under current policies, Vermont workers take about 50,000 leaves from work each year. The overall number of leaves (including paid and unpaid leaves) increases under each of the new policies. Under the committee's 6-week benefit formula the total number of leaves increases by 5.9 percent (to 52,829 total leaves), and, when benefits are increased to 12 weeks, the total number of leaves increases by 6.6 percent (to 53,206 total leaves). The number of leaves under the modified formula for both 6 and 12 weeks increases by 6.4 percent (to 53,066 and 53,071, respectively).[9]

Providing partial wage replacement for eligible family and medical leaves results in a modest increase in the number of leaves taken by workers in a calendar year. The Study Committee's benefit formula for up to 12 weeks of leave, the most generous proposal, is estimated to result in the greatest number of covered worker leaves taken in a year (13,465 leaves). Only slightly fewer covered leaves would be taken under the Modified Benefit formula of 12 weeks of paid leave (13,286 leaves). Workers receive the greatest weekly average benefit[10] under the Study Committee's Benefit formula ($731 for up to 6 weeks and $728 for up to 12 weeks) compared with the Modified Benefit formula's average weekly benefit of $623 (under both the 6-week and 12-week programs).

The average number of weeks for which workers claim benefits remains relatively stable between the two benefit formulas when the number of weeks covered is the same (6 weeks or 12 weeks). Under the policies providing 6 weeks of paid leave, workers are estimated to take an average of 4.8 weeks of leave overall. The model estimates that workers will take, on average, 5 weeks of leave for personal health issues, 5.1 weeks of leave for maternity and bonding, and 2.9 weeks to care for a family member. Workers take an average of 7.8 weeks overall when up to 12 weeks of paid leave are available. The model estimates that, on average, workers will take 8.1 weeks of leave for personal health issues, a little more than 8.6 weeks for maternity and bonding, and slightly more than 3.6 weeks for family care.

Total program costs, under the Study Committee's Benefit formula, including 7.5 percent for administering the program, are estimated at $47.4 million when benefits can be received for up

[8] FMLA and New York's paid family leave provide additional coverage for care of family members around performance of their military service or injuries and illnesses sustained while on duty.

[9] As shown in Table 3, the number of leaves taken with pay increases much more than the overall increase in number of leaves under the alternative policy scenarios.

[10] Whether benefits under the PFML program would be taxable was not taken into account within the simulation models. Taxing the benefits could decrease the net amount of benefits received under the program. The question of whether to tax paid leave benefits provided through a PFML program warrants additional analysis and consideration prior to implementation of a program.

to 6 weeks and $79.4 million for up to 12 weeks of benefits. Applying the Modified Benefit formula reduces total program costs by 17 to 19 percent ($40.5 million for 6 weeks and $66.8 million for 12 weeks). The Study Committee targeted a program cost of 0.5 percent of total payroll earnings. Per the simulation model results, the committee's proposal would cost about 0.55 percent - 10 percent more than the study committee's target of 0.5 percent of total earnings. The Modified Benefit formula for up to 6 weeks, however, is only 0.47 percent of payroll. Making benefits available for up to 12 weeks of leave does increase the cost to 0.93 percent of payroll earnings using the Study Committee's Benefit formula and 0.78 percent using the Modified Benefit formula.

Table 1: Model Results for Leave Characteristics and Associated Program Costs Under Four Policy Scenarios

	Current Policy	2014 Study Committee Benefit Formula 6 Weeks	Modified Benefit Formula* 6 Weeks	2014 Study Committee Benefit Formula 12 Weeks	Modified Benefit Formula* 12 Weeks
Number of Leaves Taken		**Model 1**	**Model 2**	**Model 3**	**Model 4**
Own Health	30,621	32,058	32,456	32,484	32,461
Maternity & Bonding	6,827	7,100	7,087	7,160	7,106
Family Care	12,449	13,671	13,523	13,562	13,504
Total	49,896	52,829	53,066	53,206	53,071
Number Receiving Program Benefits					
Own Health	NA	8,249	8,148	8,350	8,219
Maternity & Bonding	NA	3,784	3,741	3,790	3,779
Family Care	NA	1,345	1,328	1,325	1,287
Total	NA	13,379	13,217	13,465	13,286
Weeks Receiving Program Benefits					
Own Health	NA	5.0	5.0	8.1	8.1
Maternity & Bonding	NA	5.1	5.1	8.7	8.6
Family Care	NA	2.9	2.9	3.7	3.6
Overall	NA	4.8	4.8	7.8	7.8
Average Weekly Benefit	NA	$731	$623	$728	$623
Benefit Cost (millions)					
Own Health	NA	$28.0	$23.9	$47.2	$39.5
Maternity & Bonding	NA	$13.5	$11.6	$23.4	$19.9
Family Care	NA	$2.6	$2.2	$3.2	$2.7
Total Benefit Cost (millions)	NA	$44.1	$37.7	$73.8	$62.1
Administrative (7.5 percent, millions)	NA	$3.3	$2.8	$5.5	$4.7
Total Cost (millions)	NA	$47.4	$40.5	$79.4	$66.8
Cost as a Percent of Total Earnings*	NA	0.55%	0.47%	0.93%	0.78%

Source: Estimates based on IWPR-ACM Family Medical Leave Simulation Model. (28 August 2016).
* 90 percent of weekly earnings up to Vermont's living wage and 60 percent of weekly earning up to twice Vermont's living wage.

Program Impacts on Workers

Workers might take a leave but not claim program benefits for several reasons. They might not meet the eligibility criteria for labor force commitment. An illness or health condition could be serious enough to take time off work but not to be under a doctor's care and, therefore, not covered. A lack of information or perceived barriers, such as long applications, could also prevent workers from claiming benefits. Many leaves are short and workers may not want to make the

effort to apply. Many workers may continue to receive wages from an employer, including earned sick days, vacation, PTO, or other forms of paid leave that meet their leave needs.

Table 2 presents estimates of the share of **leaves taken** that would receive program benefits. The results are provided for each policy scenario and are based on various worker characteristics. However, because all the policy scenarios share the basic worker eligibility criteria, a similar proportion of leaves taken will claim benefits across policy type.

The most commonly covered type of leave that will be taken under the paid leave policies is for maternity and child bonding. Over half (53 percent) of leaves taken to care for or bond with a new child will claim benefits, regardless of policy type. Under the proposed paid leave policies, a quarter of leaves that receive benefits will be related to personal illness or injury (25 to 26 percent depending on the policy), and 10 percent of worker leaves will claim benefits to provide care to a loved one. Little difference exists in leave-taking between women and men across the different types of leave; about 25 percent of leaves taken by female and male workers will claim benefits under any of the paid leave programs. The same is true across racial/ethnic groups.

The greatest variation in the claiming of benefits occurs between workers of different ages, but even this variation is minor and likely due to the reasons for leaves. On average, 31 to 32 percent of workers between the ages of 30 and 44 years (when many workers may be having children) who take a leave will claim benefits, while 16 to 17 percent of workers aged 60 or older who take a leave will claim benefits under the proposed paid leave policies.

Among workers who take a leave, workers with higher levels of educational attainment are the most likely to claim benefits, but the differences are small. Workers with a college degree will receive benefits for about 26 percent of leaves taken, workers with some college education (including an Associate's degree) will receive benefits for 25 percent of leaves taken, and those with a high school diploma, GED, or less will receive benefits for 24 percent of leaves taken.

Service workers are the least likely to claim benefits (they will receive benefits for 21 percent of leaves), while workers in natural resource, construction, and manufacturing occupations are the most likely to claim benefits for leaves (ranging from 29 percent of leaves under the 6-week committee benefit formula to 26 percent of leaves under the 12-week Modified Benefit formula).

Employees of larger firms (50 or more employees) are more likely to claim benefits compared with employees of smaller firms. Benefits are claimed for 26 to 27 percent of leaves taken by workers employed by larger establishments (50 or more employees) compared with 21 to 22 percent of leaves taken by workers employed by smaller establishments (50 or fewer employees). Workers employed by larger firms may be encouraged to take leaves with benefits by understanding that the federal FMLA or state laws provide them with job protection.

Leaves taken by lower income workers are less likely to be paid benefits. On average, low income workers (earning less than $30,000) will claim benefits for 18 percent of leaves taken, across policy type (some workers in this group will not have earned the more than $9,079 required to

qualify for benefits.) Higher income workers (earning $30,000 to $74,999) claim benefits for about a third of leaves taken (31 or 32 percent), and the highest income earners (earning $75,000 or more) claim benefits for 27 to 29 percent of leaves taken.

Table 2. Share of Leaves Taken Claiming Program Benefits

	Current Policy	2014 Study Committee Benefit Formula 6 Weeks	Modified Benefit Formula* 6 Weeks	2014 Study Committee Benefit Formula 12 Weeks	Modified Benefit Formula* 12 Weeks
Reason for Leave		**Model 1**	**Model 2**	**Model 3**	**Model 4**
Own Health	0%	26%	25%	26%	25%
Maternity & Child Bonding	0%	53%	53%	53%	53%
Family Care	0%	10%	10%	10%	10%
Gender					
Men	0%	26%	25%	26%	26%
Women	0%	25%	25%	25%	25%
Race/Ethnicity					
White	0%	25%	25%	25%	25%
Non-White	0%	26%	24%	24%	25%
Age					
18 to 29 years	0%	23%	23%	24%	22%
30 to 44 years	0%	32%	31%	32%	32%
45 to 59 years	0%	24%	23%	23%	24%
60 and older	0%	17%	16%	17%	16%
Educational Attainment					
HS/GED or Less	0%	24%	24%	24%	24%
Some College or Associates	0%	25%	25%	25%	25%
Bachelors or higher	0%	27%	26%	26%	26%
Occupation					
Management and Professional	0%	26%	26%	27%	26%
Service	0%	21%	21%	21%	21%
Sales and Administration	0%	25%	24%	25%	25%
Natural resources, Construction, and Manufacturing	0%	29%	27%	28%	26%
Production & Transport	0%	26%	25%	26%	26%
Industry					
Natural resources and Construction	0%	28%	25%	27%	26%
Manufacturing	0%	29%	27%	29%	28%
Trade, Transportation, & Utilities	0%	24%	24%	24%	24%
Information, Financial, and Professional Services	0%	27%	27%	28%	28%
Educational and Health Services	0%	24%	24%	25%	24%
Leisure and Other Services, inc. Public Administration	0%	23%	23%	22%	23%

Establishment Size					
< 50 Employees	0%	22%	21%	22%	21%
50 or More Employees	0%	27%	26%	27%	26%
Personal Earnings (Annual)					
Less than $30,000	0%	17%	18%	18%	18%
$30,000 to $74,999	0%	32%	31%	32%	31%
$75,000 or more	0%	27%	29%	28%	28%
Family Income Relative to Poverty Threshold					
< 200 percent	0%	21%	22%	22%	22%
200-399 percent	0%	29%	27%	28%	28%
400 percent or higher	0%	25%	25%	25%	25%

Source: Estimates based on IWPR-ACM Family Medical Leave Simulation Model. (28 August 2016)
* 90 percent of weekly earnings up to Vermont's living wage and 60 percent of weekly earning up to twice Vermont's living wage.

The results in Table 3 report the percentage increase in number of leaves taken with at least partial wage replacement (employer-paid wages or program benefits) compared with current policies, before implementing a family and medical leave program. Increases include more leaves being taken as well as increased access to partial wage replacement through a program benefit. Variation in leave-taking behavior across program design is marginal. However, the greatest increases in paid leaves are found for more vulnerable groups – younger workers, employed in smaller establishments, with lower earnings, and in low income families.

The greatest increase in paid leave-taking will be for new child leaves – an increase of roughly 25 percent. Paid leave for personal health reasons will increase by 17 to 18 percent, and paid leave to provide family care will increase by 12 to 13 percent depending on program design.

Paid leave among women will increase more than paid leave among men (an increase in leave-taking of 18 percent for women compared with 16 to 17 percent for men). Workers ages 18 to 29 years will see the greatest increase in the number of paid leaves – roughly 30 percent (31 percent under the 6-week benefit formulas, and 32 percent under the 12-week Study Committee Benefit formula, and 28 percent under the 12-week Modified Benefit formula).

Increases in paid leave-taking is greater among whites (roughly 17 percent) compared with non-whites (about 13 percent). However, a smaller disparity exists in paid leave-taking between whites and other racial/ethnic groups under the 12-week Study Committee Benefit formula with increases in paid leave-taking of 18 percent for whites and 17 percent for non-whites.
Workers with Bachelor's degrees will see the smallest increase in the number of paid leaves (14 percent) compared with workers who have received some college education, an Associate's degree, or less (18 percent to 20 percent depending on policy type).

Service workers will see the greatest increase in the number of paid leaves, ranging from 21 percent under the 12-week Modified Benefit formula to 24 percent under the three other policies. As Table 1 noted, workers in this occupational category are least likely to have access to

paid leave. The number of paid leaves taken increases the most for employees at firms with 50 or fewer workers: 22 to 24 percent depending on policy type, compared with 15 to 16 percent at larger firms (depending on policy type).

Lower-wage workers (earning $30,000 or less) see the greatest increase in the number of paid leaves (between 20 and 22 percent depending on policy type) compared with workers earning $30,000 to $74,999 (roughly 17 percent) and workers earning $75,000 or more (7 to 9 percent depending on policy type). The impact is even more drastic when comparing workers who come closest to the federal poverty threshold. Paid leave for workers in families with incomes of 200 percent or less than the federal poverty threshold will increase dramatically – by almost 40 percent. Paid leave for workers with family incomes between 200 and 399 percent of the federal poverty threshold will increase by almost a quarter (23 to 24 percent depending on policy type), whereas paid leave among workers with family incomes of 400 percent or more than the federal poverty threshold will increase by 8 to 10 percent depending on policy type. Lower wage workers are least likely to have access to paid leave, and the results in Table 3 indicate that these policies can reduce inequality in access to paid leave between low and high income workers while providing much needed partial wage replacement for leaves among workers in the lowest income categories.

Table 3. The Percentage Increase in the Number of Paid Leaves Taken Under Alternative Program Designs Relative to the Current Policy

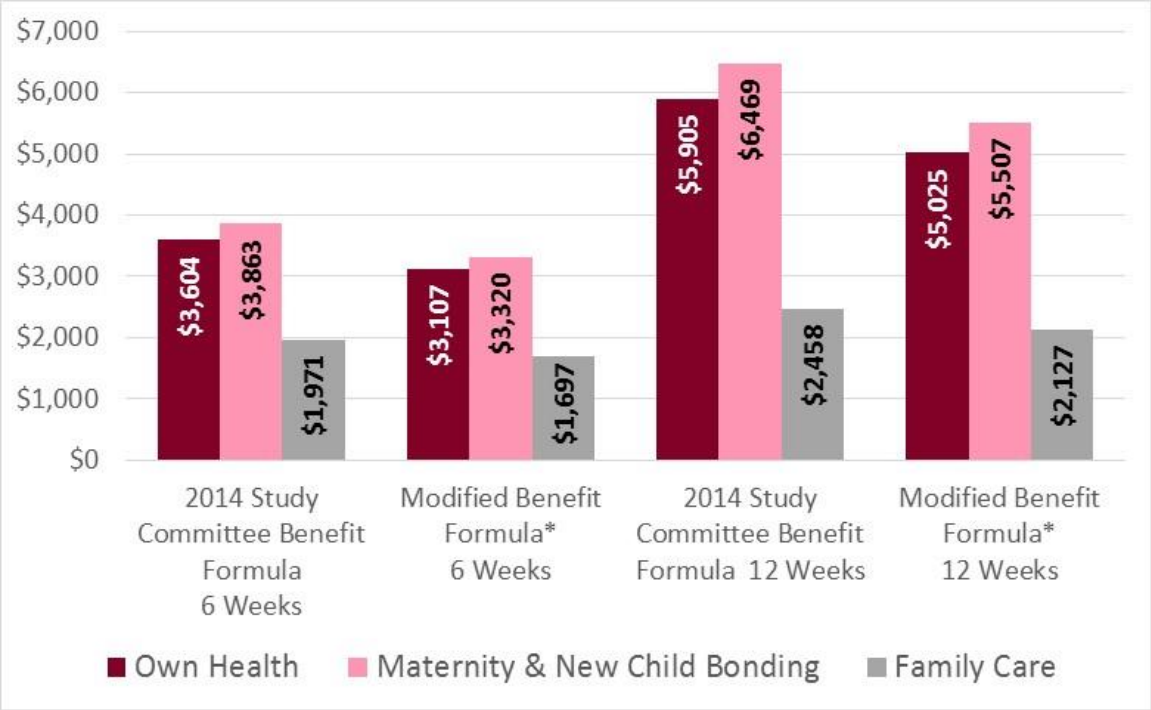
	2014 Study Committee Benefit Formula 6 Weeks	Modified Benefit Formula* 6 Weeks	2014 Study Committee Benefit Formula 12 Weeks	Modified Benefit Formula* 12 Weeks
Reason for Leave	**Model 1**	**Model 2**	**Model 3**	**Model 4**
Own Health	17%	17%	18%	17%
Maternity & Child Bonding	25%	25%	26%	26%
Family Care	13%	13%	13%	12%
Gender				
Men	16%	16%	17%	16%
Women	18%	18%	18%	18%
Race/Ethnicity				
White	17%	17%	18%	17%
Non-White	13%	13%	17%	13%
Age				
18 to 29 years	31%	31%	32%	28%
30 to 44 years	20%	20%	19%	21%
45 to 59 years	13%	13%	14%	12%
60 and older	10%	10%	13%	12%
Educational Attainment				
HS/GED or Less	19%	19%	20%	20%
Some College or Associates	19%	19%	20%	18%
Bachelors or higher	14%	14%	14%	14%
Occupation				
Management and Professional	13%	13%	14%	13%
Service	24%	24%	24%	21%
Sales and Administration	17%	17%	19%	17%
Natural resources, Construction, and Manufacturing	23%	23%	18%	21%
Production & Transport	22%	22%	21%	23%
Industry				
Natural resources and Construction	21%	21%	18%	23%
Manufacturing	15%	15%	17%	18%
Trade, Transportation, & Utilities	19%	19%	18%	17%

Information, Financial, and Professional Services	19%	19%	18%	18%
Educational and Health Services	15%	15%	17%	15%
Leisure and Other Services, inc. Public Administration	20%	20%	19%	17%
Establishment Size				
< 50 Employees	24%	24%	24%	22%
50 or More Employees	15%	15%	16%	16%
Personal Earnings (Annual)				
Less than $30,000	20%	20%	22%	21%
$30,000 to $74,999	17%	17%	17%	16%
$75,000 or more	9%	9%	7%	8%
Family Income Relative to Poverty Threshold				
< 200 percent	38%	38%	39%	39%
200-399 percent	23%	23%	23%	24%
400 percent or higher	9%	9%	10%	8%

Source: Estimates based on IWPR-ACM Family Medical Leave Simulation Model. (28 August 2016)
* 90 percent of weekly earnings up to Vermont's living wage and 60 percent of weekly earning up to twice Vermont's living wage.

Figure 1 shows the average amount of family and medical leave benefits that a Vermont worker would receive in a year when they experience a qualifying family or medical event and apply to the program by the main reason for taking leave under the four policy scenarios. Leaves taken for the worker's own serious health condition or maternity and bonding with a new child are longer, on average (Table 1), and receive more in benefits than leaves taken for family caregiving. The average amount per eligible leave paid for benefits in a calendar year increases when available for a maximum of 12 weeks compared with a maximum of 6 weeks, but the average amount is not doubled.

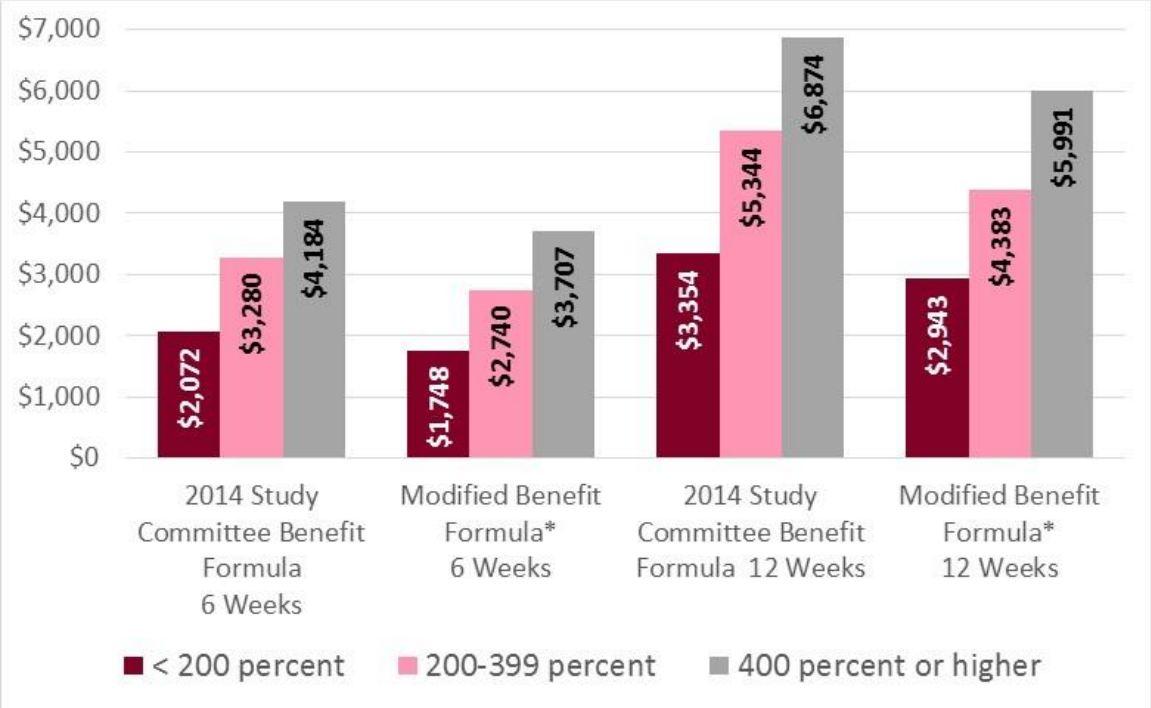
Figure 1. Average Amount of Family and Medical Leave Benefits (Calendar Year) for Vermont Workers Taking Paid Leaves under Alternative Program Designs by Main Reason for Leave



Source: Estimates based on IWPR-ACM Family Medical Leave Simulation Model. (28 August 2016)
* 90 percent of weekly earnings up to Vermont's living wage and 60 percent of weekly earning up to twice Vermont's living wage.

Figure 2 shows the average amount of family and medical leave benefits that a Vermont worker would receive under the four policy scenarios relative to the poverty thresholds for their family type. Benefits are based on a worker's usual earnings during the base period, so workers in high income families (with a total income of 400 percent or more than the poverty threshold) would receive higher benefits than workers in low income families (with a total income of less than 200 percent of the poverty threshold). However, the benefit wage replacement percentages and weekly maximum benefit would replace a larger share of income, on average, for lower income families compared with higher income families.

Figure 2. Average Amount of Family and Medical Leave Benefits (Calendar Year) for Vermont Workers Taking Paid Leaves under Alternative Program Designs by Family Income as a Percentage of the Poverty Threshold



Source: Estimates based on IWPR-ACM Family Medical Leave Simulation Model. (28 August 2016)
* 90 percent of weekly earnings up to Vermont's living wage and 60 percent of weekly earning up to twice Vermont's living wage.

Conclusion

The results of the model demonstrate that more workers will take leave under any of the proposed paid leave policies, which is the intended purpose of such a policy. Overall leave taking per year, including both paid and unpaid leaves, is expected to increase 6 to 7 percent following the implementation of a family and medical leave insurance program. Increased leave usage has been found in previous studies of adopted paid leave policies in other states, further indicating that these policies are needed and do reach a larger population of workers (Baum & Ruhm, 2013; Appelbaum & Milkman, 2011).

Overall, roughly 13,000 leaves will receive partial wage replacement under the policies for family and medical leave insurance studied. About 8,000 leaves will receive partial wage replacement for personal illness/injury leaves, almost 4,000 leaves will receive partial wage replacement for leaves relating to maternity and bonding, and roughly 1,300 will receive partial wage replacement for leave to care for a family member.

The Modified Benefit formula substantially reduces associated costs, but provides less in average weekly benefits and reaches slightly fewer workers. The average number of weeks receiving program benefits is the same under the Study Committee's Benefit formula and the Modified Benefit formula (4.8 weeks for programs covering 6 weeks of leave and 7.8 weeks for programs

covering 12 weeks of leave). The number of workers receiving benefits is also similar across policy type – covering a maximum of 13,465 under the 12-week Study Committee's Benefit formula and a minimum of 13,217 under the 6-week Modified Benefit formula.

Average weekly benefits range from $623 under the Modified Benefit formula for partial wage replacement at all levels to around $730 using the Study Committee's Benefit formula for full wage replacement up to the cap at twice the Vermont livable wage. Total program costs are highest under the 12-week Study Committee Benefit formula – $79.4 million or 0.93 percent of total employee earnings. Program costs are the lowest under the 6-week Modified Benefit formula – $40.5 million or 0.47 percent of total employee earnings.

Implementing a paid leave policy in Vermont would attenuate inequality across social and demographic groups in access to paid leave for family and medical reasons. The number of leaves taken with pay by low-income workers (earning $30,000 or less annually) would increase by 20 percent compared with 9 percent for higher earners ($75,000 or more). Leaves taken by workers in smaller establishments (fewer than 50 employees) would increase by 24 percent compared with around 15 percent for workers in larger establishments (50 employees or more). Workers in families with incomes near their poverty threshold (income less than 200 percent of the poverty line) would increase their number of paid leaves by 38 percent compared with 9 percent for higher income families (incomes 400 percent of the poverty line or more).

Chapter 3: Implementation Feasibility Analysis

Abstract:

The implementation feasibility analysis conducts research on options for implementing a PFML program that is cost-effective and tailored to meet Vermont's needs. The analysis consists of two components:

- *Chapter 3A:* An implementation feasibility analysis that examines possible implementation models and provides a collection of recommendations regarding the design of a PFML program.
- *Chapter 3B:* A public opinion survey of a sample of 500 Vermont adults that provides insight into public views toward a PFML program.

Chapter 3A: Implementation Feasibility Analysis

Introduction

In the 'Cost-Benefit Analysis', The Institute for Women's Policy Research (IWPR) used the IWPR-ACM FML2 Simulation Model to study the costs of paid family and medical leave (PFML) for Vermont workers. Under several program designs with variations in benefit generosity (both wage replacement levels and number of weeks available) but sharing worker eligibility criteria, estimates suggested that nearly 13,500 leaves would be associated with partial wage replacement under the PFML policies studied. Partial wage replacement would be given for about 8,200 leaves for personal illness/injury, almost 3,800 leaves relating to maternity and bonding, and roughly 1,300 leaves to care for a family member.

The cost for PFML benefits ranges from $37.7 million to $73.8 million in a calendar year. Administrative costs were estimated as 7.5 percent of total benefits.[11] This formula generates $2.8 million to $5.5 million for PFML to be administered as a self-funded program, bringing total program costs to $40.5 million to $79.4 million per year. This 'Implementation Feasibility Analysis' will expand upon the 'Cost-Benefit Analysis' to estimate how Vermont could build and administer a FMLI (family and medical leave insurance) program to benefit workers with their own serious medical conditions or family care responsibilities that require them to take leave from work.

Staffing and Administrative Costs

Drawing on Glynn et al. (2016) and Washington State's 2016 Multiple Agency Fiscal Note for HB-1273 (2016), Table 1 shows staffing and other costs for the first 5 years of a PFML program. The first 2 years are primarily focused on recruiting key staff, developing policies and procedures for

[11] The Vermont Study Committee report (2014) suggested 7.5 percent of benefits paid for administrative costs. This amount is more than Rhode Island reports spending to administer its TDI and TCI programs for FMLI and more than Washington State's 5.2 percent negotiated rate for Unemployment Insurance.

administering the PFML program, and building the IT infrastructure for processing insurance premiums and benefit payments. At the beginning of year 3, workers would start applying for and receiving program benefits for eligible leaves.

The managerial core consists of a director, office manager, and a two-person policy development team. Appendix 2 of this report shows staffing details and the Vermont titles used for budgeting. Additional support staff and a half-time medical consultant for developing policies and procedures are also included. For developing the IT infrastructure, 13.5 FTEs (full time employees) were budgeted across the first 2 years for development and testing of a data warehouse for processing PFML transactions based on Washington State's estimate that this effort will require 56,000 hours of work.

In the last quarter of the second year, additional hiring and training is scheduled for processing claims at the start of year 3. Based on the estimated 13,500 PFML claims paid per year, using a 15 percent denial rate[12] yields an estimate of 15,525 PFML claims expected to be filed per year. Budgeting is included for 15 initial claims handlers spending 30 minutes on each of these claims. Reviewed, difficult, or appealed cases would be handled by 7.5 claims adjudicators, spending an average of 15 minutes per review or appeal across all claims filed.[13] Two consultants are included with clinical training to assist in the medically necessary determinations of claims in terms of eligibility and duration. Based on its experience with unemployment compensation, Washington State estimated that 0.5 percent of cases might be fraudulent, so the unit would employ a dedicated compliance officer. A two-person team would supervise claim staff.

Washington State anticipates cross-training its PFML staff and Unemployment Compensation staff for managing work flow across the two programs within limits established by Federal rules regarding unemployment insurance administration. States with PFML programs do pool resources for some functions, such as senior management or fraud deterrence, across programs (University of Minnesota, 2016). Vermont policymakers might also consider whether such an arrangement would be efficient and advantageous. In addition, a three-person IT core is budgeted to continue forward: a systems administrator to maintain the claims processing infrastructure, a database analyst for producing reports on the PFML program, and a desktop support person for supporting the unit's staff. These staff members might be hired from among the personnel building the infrastructure in years 1 and 2 or hired at the end of year 2. Benefits have been calculated as 30 percent of salaries for PFML staff. Additional costs for office space, equipment, and telecommunications for the identified staff are included. Outreach expenses ($55,000) were budgeted as approximately 1 percent of the program administration budget estimate for the 12-week programs[14].

[12] Fifteen percent is about the level of denied claims reported in California, New Jersey, and Rhode Island in recent years.

[13] Thirty minutes for initial processing and 15 minutes for review of claims filed is based on estimates included in Washington State's fiscal note for HB-1273.

[14] $55,000 would be nearly 2 percent of the administration budget generated by the 6-week programs.

Table 1: Proposed Staffing Plan for Establishing and Administering a Family and Medical Leave Insurance Program in Vermont

	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**

Program Cash Flows during PFML Program Implementation

Table 2 provides examples of how two of the studied PFML program designs could be developed, administered, and provide partial wage replacement to workers taking eligible leaves while also being self-financed and sustainable. The top panel is based on Model 2 from the IWPR-ACM FML2 Simulation Model, which would provide up to 6 weeks of leave per year to workers using a graduated formula that provides greater wage replacement to low income workers. Within the Cost Benefit Analysis, this model met the Vermont Study Committee's target for cost as a share of payroll earnings. The bottom panel is based on the 12-week program with the same weekly benefit amount formula; a 12-week benefit period might be easier to understand as providing "paid FMLA" given the longer experience and familiarity with the federal policy for job-protected leaves that passed in 1993.

Following the implementation plan from Washington State for a family and medical leave insurance program, in both panels during years 1 and 2, workers' time and earnings would be counted toward work-based eligibility requirements, but benefits would not be available until the beginning of year 3. However, the program's costs are phased in at half the level calculated for providing benefits and administering the program while fully operational. Once benefits are available starting in year 3, the premium rate would increase to the estimated rate necessary for the program to be self-sustaining.

States with FMLI systems (disability insurance expanded to provide paid family leave) may vary the premium or contribution rate required from year to year. For example, in California the contribution for short-term disability (SDI, covering both disability and family leave) is bound by legislation to between 0.1 percent and 1.5 percent of taxable payroll. The contribution rate for the following year is calculated using the formula:

$$\frac{1.45 \times Disbursements - Trust\ Fund\ Balance}{State\ Plan\ Taxable\ Wages}$$

where *Disbursements* would include both benefits paid and the costs of administering the PFML program. That is, the premium or contribution rate might be reduced in Vermont below the levels estimated if such re-evaluation were included in the legislation given that, in these two scenarios, the PFML trust fund balances are more than adequate to cover a year of benefits and administration throughout years 3-5 in the period shown.

Table 2: Two Examples of Cash Flow for Proposed PFML Program Design Implementation (in Thousands of Dollars)

A. Cash Flow for First 5 Years of FMLI Program Implementation for Model 2 (Modified (Graduated) Benefit Formula for Leaves Up to 6 Weeks)					
	Estimated Total Earnings	Program Income Generated at 0.47% of Total Earnings*	Administration Expenses from Table 1	FMLI Benefits	FMLI Trust Fund Balance at Year End
2017*	$11,467,389	$27,140	$3,307		$23,833
2018*	$11,696,737	$27,683	$2,059		$49,457
2019	$11,930,672	$56,473	$1,925	$42,430	$61,575
2020	$12,169,285	$57,603	$1,968	$44,976	$72,234
2021	$12,412,671	$58,755	$2,013	$47,674	$81,301
B. Cash Flow for First 5 Years of FMLI Program Implementation for Model 4 (Modified [Graduated] Benefit Formula for Leaves Up to 12 Weeks)					
	Estimated Total Earnings	Program Income Generated at 0.78% of Total Earnings*	Administration Expenses from Table 1	FMLI Benefits	FMLI Trust Fund Balance at Year End
2017*	$11,467,389	$44,738	$3,307		$41,431
2018*	$11,696,737	$45,633	$2,059		$85,005
2019	$11,930,672	$93,092	$1,925	$69,942	$106,230
2020	$12,169,285	$94,953	$1,968	$74,139	$125,076
2021	$12,412,671	$96,852	$2,013	$78,587	$141,327

*****_Note:_ First 2 years would be the startup period, during which staff would be recruited, policies and procedures would be developed, and work would begin to build the necessary computer systems for PFML administration. Program income would be phased in to collect insurance premiums at half the estimated sustaining rate (0.47 percent or 0.78 percent of total earnings) for the PFML benefits and administration.

Program Administration

In their 2014 report, the Vermont Study Committee concluded that a paid family leave program should be administered by an agency of state government and that the Department of Labor (VT-DOL) was the most likely agency because it already administers benefit programs, such as unemployment insurance and workers' compensation, and because eligibility for paid family leave will be based on data from quarterly wage reports already collected by the VT-DOL. Other states have come to the same conclusion; most states and local areas operating temporary disability insurance systems administer them through their departments that administer these other benefit programs.

In the states with temporary disability insurance or paid family leave, the coverage and eligibility criteria for these programs are not the same as the criteria for unemployment compensation or workers' compensation. The data collected by VT-DOL was reviewed after speaking by phone with representatives from the agency managing unemployment compensation systems. While their current data processing only includes the federally mandated minimum required for

reporting, they do collect additional data from employers, such as gender. Additional resources could allow them to improve their verification of these data for administrative purposes. In addition, VT-DOL policies require employers to record certain fields but not provide them to the agency, such as hours worked, which could be used to base family and medical leave eligibility criteria on hours worked rather than earnings. These additional data might allow more low income workers to qualify for program benefits (based upon their work hours rather than meeting an earnings threshold) when they experience serious illness or injury and family life events.

Private Administration

In Rhode Island, PFML coverage is provided through an exclusive, state-operated fund into which all contributions are paid and from which all benefits are disbursed. In California and New Jersey, PFML coverage is provided through a state-operated fund, but employers are permitted to "contract out" of the state fund by purchasing group insurance from commercial insurance companies, self-insuring, or negotiating an agreement with a union or employees' association. Hawaii and New York mandate that employers provide disability insurance for their workers by setting up an approved self-insurance plan, reaching an agreement with employees or a union establishing a labor-management benefit plan, or purchasing group insurance from a commercial carrier. In New York, the employer may also elect coverage through the State Insurance Fund, which is state-operated as an alternative to commercial carriers.

Mandating employers to provide coverage through a private plan may be more expensive than a state-managed program. Table 3 uses data from the National Compensation Survey (NCS) for the Northeast (top panel, includes Vermont) and the United States (lower panel) to estimate what the cost per hour would be to insure all workers for temporary disability (serious injuries or illnesses that are not the direct result of their employment). In the Northeast, the average cost per hour of short-term disability insurance is 9 cents for covered workers. In New England, 42 percent of private workers are covered for short-term disability. Adjusting the employer costs to cover all private workers (Monaco, 2015) would increase costs to 21 cents per hour, on average, or 0.55 percent of total compensation. Comparing the upper and lower panels of Table 3, short-term disability costs are higher in the Northeast than in the United States in 2016.

This data suggests that covering only the workers' own health conditions would cost about the same amount as the six week policy options estimated earlier (0.47 or 0.55 percent of total payroll), although the private disability insurance might provide more weeks of benefits. While the average short-term disability insurance plan provides higher maximum weeks of benefits (most TDI plans provide up to 26 weeks of benefits compared with up to 6 or 12 weeks in the PFML policies modeled), many life events would not be covered under a temporary disability insurance plan that lacks the paid family leave coverage.

Table 3: Costs of Short-Term (or Temporary) Disability Insurance under Current Policy

A. Estimated Employer Costs for Employee Compensation of Short-Term Disability Insurance, Private Industry Workers in the Northeast, First Quarter 2016		
	Compensation per hour	**Percentage of Total Compensation**
Total Compensation	$39.06	100%
Cost per hour worked for covered workers	$0.09	0.23%
Employer cost per hour for all workers	$0.21	0.55%
B. Estimated Employer Costs for Employee Compensation of Short-Term Disability Insurance, Private Industry Workers in the United States, First Quarter 2016		
	Compensation per hour	**Percentage of Total Compensation**
Total Compensation	$32.06	100%
Cost per hour worked for covered workers	$0.06	0.19%
Employer cost per hour for all workers	$0.15	0.47%

A mandate of private insurance provision might prove especially expensive for small employers relative to a state-administered plan. Using the NCS's estimated total compensation and costs for short-term disability insurance in the Northeast for Vermont, coverage by firm size from the 2013 Fringe Benefit Study suggests that a private provision mandate would be costly for small businesses where coverage is low compared with larger firms. Costs to cover all workers as a share of total compensation would be over 2 percent in firms with fewer than 10 employees and 1.44 percent in firms with 10-19 employees. Smaller firms have a higher cost per hour for all workers once the cost per hour for covered workers is adjusted upward to account for their low proportion of workers covered (Monaco, 2015).

Table 4: Estimated Employer Cost Per Hour to Insure Full-Time Workers in the Private Sector for Short-Term Disability by Firm Size

Firm Size*	Short-term Disability Insurance (Table 1)*	Employer cost per hour for all workers **	Percentage of Total Compensation
3 to 9	11%	$0.82	2.09%
10 to 19	16%	$0.56	1.44%
20 to 49	38%	$0.24	0.61%
50 to 249	64%	$0.14	0.36%
250 or more	82%	$0.11	0.28%
* 2013 Fringe Benefit Study, Vermont Department of Labor. ** National Compensation Survey data for Northeast region, average Short-Term Disability cost of $0.09 per hour for covered workers and average total compensation of $39.06 per hour for all workers.			

Administratively, the VT-DOL may still need to be involved in providing data to confirm workers' program eligibility in terms of hours worked or earnings paid. Sharing workers' information could require executing privacy plans with multiple vendors who might offer PFML coverage. While private offerings for temporary disability insurance in the market exist, few, if any, options exist for coverage of family leave.

Monitoring employer compliance under a self-insurance plan is crucial to ensuring that workers can take the time off required for qualifying conditions or events. Compliance monitoring is another function that would still fall to the state government under a privately administered program, although it could conceivably be administered by an agency other than VT-DOL, such as the Human Rights Commission, thereby expanding their oversight of disability issues in employment.

Appendix 1: Short-Term (Temporary) Disability Insurance Access and Characteristics

A. Insurance benefits: Access, participation, and take-up rates in New England (by %)			
	Civilian	**Private**	**State/Local**
Access	37%	42%	7%
Participation	36%	41%	7%
Take-Up	97%	97%	100%
B. Insurance benefits: Access, participation, and take-up rates in Northeast region (by %)			
	Civilian	**Private**	**State/Local**
Access	61%	66%	34%
Participation	60%	65%	34%
Take-Up	99%	99%	98%

Source: Bureau of Labor Statistics 2016 National Compensation Survey.

Method of Funding			
	Civilian	**Private**	**State/Local**
Non-Commercially Insured	–	–	–
Commercially Insured	30	28	49
Legally Required	44	46	26
Other	–	–	–
Employee contribution requirement			
	Civilian	**Private**	**State/Local**
Yes	37%	38%	29%
No	63%	62%	71%

Source: Bureau of Labor Statistics 2016 National Compensation Survey.

Note: Civilian labor force includes both private employees and state or local government workers.

Method of benefit payment	Civilian	Private	State/Local
Flat Dollar Amounts	3%	6%	3%
Dollar Amount Varies	1%	2%	–
Fixed Percent of Annual Earnings	83%	70%	94%
Variable Percent of Annual Earnings	13%	22%	1%
Other	<0.5%	1%	–
Duration of benefits	**Civilian**	**Private**	**State/Local**
Fixed Duration	94%	95%	78%
10th Percentile (# of weeks with fixed duration)	–	13	26
25th (# of weeks with fixed duration)	26	26	26
50th (# of weeks with fixed duration)	26	26	26
75th (# of weeks with fixed duration)	26	26	26
90th (# of weeks with fixed duration)	26	26	–
Duration Varies	6%	5%	22%
Fixed percent of annual earnings	**Civilian**	**Private**	**State/Local**
Less Than 50 Percent	–	–	–
50 Percent	31%	32%	19%
51 to 59 Percent	–	–	–
60 Percent	24%	24%	26%
61 to 69 Percent	36%	35%	47%
Greater Than 69 Percent	7%	7%	6%
Mean of Fixed Percentage	61.2%	61.1%	62.3%
Median of Fixed Percentage	60%	60%	66%
Maximum benefit amounts	**Civilian**	**Private**	**State/Local**
With Maximum Benefit Amount	87%	87%	87%
10th Percentile	$170	$170	$170
25th	$170	$170	$200
50th	$572	$572	$584
75th	$615	$615	$831
90th	$1,480	$1,500	$850
With No Maximum Benefit Amount	13%	13%	13%

Source: Bureau of Labor Statistics 2016 National Compensation Survey.
Note: Civilian labor force includes both private employees and state or local government workers.

Appendix 2: Vermont Job Classifications in Staffing Plan

Director (Executive Office Manager)
Class Definition: Incumbents in this class are responsible for providing support to a Secretary, Commissioner, or major office director by: providing office coordination and managing workflow; incumbent may supervise the office support staff; and direct a wide variety of support services.
http://humanresources.vermont.gov/staffing/classification/job-specifications?code=005300

Office Manager (Administrative Secretary)
Class Definition: Administrative and advanced secretarial work as an assistant to a commissioner, major division or program director. Class members act with authority on office management and other specifically delegated functions. The Administrative Secretary class is distinguished from the lower Secretary C class by much greater emphasis on administrative duties and independence of action. Unlike the Administrative Assistant, the Administrative Secretary also performs a secretarial role for the superior. Supervision over other office staff personnel may be involved.
http://humanresources.vermont.gov/staffing/classification/job-specifications?code=002000

Policy Development Team (Exempt, Staff Attorney I and Staff Attorney III)
*Entry at **Staff Level III** requires admission to practice and at least five years of demonstrated relevant proficiency at increasing levels of complexity and responsibility. At this level, examples of responsibilities include: providing general legal advice and published formal opinions to Cabinet-level officials and Board executives, and interpretive assistance to the Legislature; general legislative drafting and appearance before legislative committees; and pretrial, motion, trial and appellate practice before all state and federal courts and administrative hearing panels on matters of significant impact.*

***Level I** attorneys require admission to practice and are under direct supervision of senior counsel or supervising attorney for carrying out routine legal tasks with technical competence and professional skill commensurate with experience. Examples of specific responsibilities include: providing general procedural legal advice and informal opinions to clients and staff; pretrial motion, trial, and appellate practice before state and federal courts and administrative hearing panels; and research, pretrial and litigation support to senior staff. Level I attorneys are subject to direction, instruction, and periodic review by senior counsel.*
http://humanresources.vermont.gov/sites/humanresources/files/documents/Compensation/DHR-Attorney_Pay_Plan.pdf

Communications & Outreach Coordinator (Communications & Outreach Coordinator)
Class Definition: Creative, promotional, outreach, communications consulting, and coordinating work, involving writing, public relations, website and desktop electronic publishing work, and other promotional activities for a Department or an Agency. Duties are performed largely in a central office, but may also involve field work. Work is performed under the general direction of the Department or Agency Head.
http://humanresources.vermont.gov/staffing/classification/job-specifications?code=857200

Administrative Support (Administrative Assistant A)
Class Definition: Administrative work as an assistant to a manager, unit or program chief, or with direct responsibility for a specific assigned program or function. While actual duties may vary, positions in this class are characterized by work in a technical or specialized field, decision making with little concurrent supervisory review, and accountability for results. The role differs from higher level administrative assistants by a more limited program or functional area, and less impact upon total department activities. Assignments may generally be characterized as a first level administrative role with clearly indicated functional and authority dimensions. Assigned duties may include employee supervision. Work is performed under the direction of an administrative superior.
http://humanresources.vermont.gov/staffing/classification/job-specifications?code=050100

Health Systems Physician (Health Systems Physician)
Class Definition: The Health Systems Physician is responsible for designing and implementing healthcare reforms for the State of Vermont. Provides leadership, develops partnerships and fosters collaboration to accomplish key health care reform goals of the Blueprint and the Department of Vermont Health Access (DVHA). Plans, develops and oversees implementation of statewide changes in the practices of physicians, other health care providers, health insurers, and other components of the health system, in order to improve health care for Vermonters. Leads the operational aspects of a comprehensive, statewide program involving the entire state and more than 80 practices. Leads the effort to incorporate the federal Medicare Multi-payer Advanced Primary Care Practice demonstration project into the Blueprint's health care reforms. Leads and coordinates the design and implementation of new elements of the Blueprint, as the program develops into a comprehensive health care reform initiative. Monitor and respond to significant new information technology demands. Establish a multi-state learning health system collaborative in conjunction with the other states in Medicare's demonstration project.
http://humanresources.vermont.gov/staffing/classification/job-specifications?code=434002

IT Administrator (IT Systems Developer II)
Class Definition: This is the second level of five in the Systems Developer series. The position is primarily responsible for analysis, design, implementation and maintenance of new or existing software applications within a State of Vermont organization, professional programming database administration, and systems analysis work for a department or agency of Vermont State Government. This level is different from the Systems Developer I position in that it requires a greater level of experience and ability to work independently. Work is performed under the supervision of a higher level Systems Developer.
http://humanresources.vermont.gov/staffing/classification/job-specifications?code=100100

IT Analyst & Information Coordinator (Database Administrator II)
Class Definition: This is the second level of four in the Database Administrator series. Professional database administration at a junior level for a department or agency of Vermont State Government where decision making and complexity are limited to carrying out established work processes and operations. Class incumbents have experience in administration and configuration

of databases that support professionally developed software solutions. Work is performed under the close supervision of a senior team member or supervisor.
http://humanresources.vermont.gov/staffing/classification/job-specifications?code=285100

IT Support (IT Specialist II)
Class Definition: This position is the second of five levels in the IT Specialist series. Installs, modifies, and makes repairs to computer hardware and software systems. Provides technical assistance and training to system users for a department or agency of Vermont State Government. Although tasks are similar to those of the next level, some assignments are structured and performed with direction and assistance from higher level specialists and supervisors. Class incumbents carry out established work processes and operations by applying procedures, techniques, rules and regulations.
http://humanresources.vermont.gov/staffing/classification/job-specifications?code=160100

IT Development, Testing, and Warehouse Staff
(IT Systems Developer II)
Class Definition: This is the second level of five in the Systems Developer series. The position is primarily responsible for analysis, design, implementation and maintenance of new or existing software applications within a State of Vermont organization, professional programming database administration, and systems analysis work for a department or agency of Vermont State Government. This level is different from the Systems Developer I position in that it requires a greater level of experience and ability to work independently. Work is performed under the supervision of a higher level Systems Developer.
http://humanresources.vermont.gov/staffing/classification/job-specifications?code=100100
(Database Administrator II)
Class Definition: This is the second level of four in the Database Administrator series. Professional database administration at a junior level for a department or agency of Vermont State Government where decision making and complexity are limited to carrying out established work processes and operations. Class incumbents have experience in administration and configuration of databases that support professionally developed software solutions. Work is performed under the close supervision of a senior team member or supervisor.
http://humanresources.vermont.gov/staffing/classification/job-specifications?code=285100

Customer Service Supervisors (Customer Services Supervisor)
Class Definition: Administrative, technical and supervisory work involving the customer service program at the Vermont Health Department Laboratory. Duties include staff supervision and data collection, storage and retrieval. There is significant interaction with Department staff and a variety of customers. Work is performed under the supervision of the Public Health Laboratory Administrator. All employees of the Agency of Human Services perform their respective functions adhering to four key practices: customer service, holistic service, strengths-based relationships and results orientation.
http://humanresources.vermont.gov/staffing/classification/job-specifications?code=412700

Claims Specialist (UC Claims Specialist)
Class Definition: Interviewing, fact-finding, and analytical work at a technical level involving eligibility for benefits for the Unemployment Insurance Program, Department of Labor. Duties include advising claimants and employers regarding program requirements, and adjudicating basic eligibility issues. Work is performed under the direction of a Program Administrator II.
http://humanresources.vermont.gov/staffing/classification/job-specifications?code=236800

Claims Adjudicator (UC Claims Adjudicator I)
Class Definition: Interviewing and analytical work at an entry technical level for the Vermont Department of Labor involving the adjudication of contested claims for benefits under the Vermont Unemployment Compensation law. Duties including contacting claimants, employers and others to gather information pertaining to claims. Work at this level differs from higher level adjudicators in the complexity of cases assigned, and the increased feedback, direction and quality control review of cases. Incumbents function within established regulations, policies, and precedent decisions. Work is performed under the direction of an Unemployment Compensation Program Administrator.
http://humanresources.vermont.gov/staffing/classification/job-specifications?code=236600

Clinical Consultants/RNs (Registered Nurse II - Clinical Specialty Nurse)
Class Definition: This class describes the full-performance level of a Registered Nurse (RN) in a facility setting. Incumbents in this class demonstrate independent and autonomous decision making within the scope of RN practice. Fully collaborative members of the interdisciplinary team. Care and treatment may involve individuals with a variety of physical, emotional, mental and/or psychiatric disabilities.
http://humanresources.vermont.gov/staffing/classification/job-specifications?code=000045

Compliance & Fraud (UC Tax Auditor I)
Class Definition: Auditing and verification of payroll and general ledger records, investigation of claims, conducting Wage and Hour investigations and public contact with workers, as well as, the general public for the Department of Labor concerning tax liability and enforcement provisions of Wage and Hour and Unemployment Compensation law. Duties are performed in an assigned geographic area with considerable independence. Duties also include specialized understanding of business models and proficient computer and accounting skills. Work is performed under the supervision of the Unemployment Compensation Tax Audit and Wage and Hour Chief.
http://humanresources.vermont.gov/staffing/classification/job-specifications?code=237700

Classified positions budgeted using the bargaining unit pay grid:
http://humanresources.vermont.gov/sites/humanresources/files/documents/Compensation/DHR-Classified_Bargaining_Unit_Pay_Plan_FY17.pdf

All classified positions budgeted for Step 1 per DHR instructions:
http://humanresources.vermont.gov/compensation/hire-into-range

Chapter 3B: Implementation Feasibility Analysis - Public Opinion Survey Findings

During September 2016, Lake Research Partners conducted a survey among 500 Vermont adults regarding their views toward a proposed paid family and medical leave program for the state. Support for such a program is broad and deep, with a majority believing that Vermont should establish a program to guarantee access to paid family and medical leave. Across gender, age, party identification, educational attainment level, household income level, marital status, and parental status, Vermonters favor a paid family and medical leave program.

Top Takeaways

- Support for a paid family and medical leave program in Vermont is broad and deep.
- A majority have not needed to take leave in the past 5 years to care for a new child, a family member, or their own illness.
- Nearly two-thirds of adults favor every type of leave tested: maternity leave, paternity leave, a serious illness or injury of an immediate family member, and a serious illness or injury of the employee.
- Solid majorities favor all the funding options tested: employer/employee, employee-only, and employer-only.
- The most well received funding mechanism is shared by employers and employees.
- Adults are more favorable toward an employee-funded program described in terms of percent of a paycheck rather than cost per week in dollars.
- Not surprisingly, those who oppose a PFML program are also generally opposed to the individual program elements (such as qualifying reasons for taking leave, proposed

lengths of leave, and various funding mechanisms). Furthermore, those generally opposed to a PFML program typically favor funding the program through employees contributing a percentage of their paychecks, rather than an employer-funded, or combined employer/employee funding mechanism.

Summary Findings

- With and without contextual information about FMLA, a majority believes that Vermont should establish a program to guarantee access to paid family and medical leave, although the contextual explanation tends to depress numbers (80 percent favor without an explanation, 71 percent favor with an explanation). Almost all demographic groups except older women and college women respond more strongly to the importance of the program without the explanation.

- Whether described as funded through a small deduction from employees' paychecks (65 percent strongly favor) or as paid for by employers (63 percent strongly favor), about two-thirds of Vermonters strongly favor a paid family and medical leave program that would provide 6 weeks per year of paid leave. There is little difference in strong favorability for an employee-funded versus an employer-funded program for most demographic subgroups.

- When asked specifically about whether a PFML program should be implemented or Vermont should continue allowing employers to decide whether to provide leave, a majority (54 percent) of adults believed that Vermont should have a statewide PFML program. However, over a third sided with leaving things the way they are now, with employers choosing whether to provide paid leave or not.

- A leave period of 8 weeks is about right to a plurality (39 percent) of adults, with 29 percent saying it is too long, and more than a fifth (22 percent) saying it is too short. Six weeks is about right for a plurality (45 percent), but a third (34 percent) say that is too short. About half (49 percent) say 12 weeks is too long, and over two-thirds (68 percent) say 16 weeks is too long.

- Vermonters favor every individual component of paid leave tested, although with less intensity regarding eligibility after 6 months of working.

    - All employees can return to their job or a comparable job after taking family or medical leave (89 percent favor, 79 percent strongly favor)
    - After benefits begin, the leave may be used intermittently or consecutively by the day or week during the 12-month period (72 percent favor, 56 percent strongly favor)
    - The maximum wage the program will pay out is about $1,000 a week (59 percent favor, 44 percent strongly favor)

- Employees would be eligible to take leave if they have worked at least 20 hours per week for the last year (58 percent favor, 43 percent strongly favor)
- The PFML program applies to all employers no matter how many employees they have (58 percent favor, 42 percent strongly favor)
- Employees are eligible if they have worked for 20 hours a week on average for the past 6 months (52 percent favor, 37 percent strongly favor)

- Adults are split on the appropriate level of wage replacement. Replacing 100 percent of wages is either too much (43 percent) or about right (44 percent); replacing 90 percent of wages leans to about right (43 percent), but many say this is too much (36 percent); replacing 66 percent of wages is split between not enough (41 percent) and about right (38 percent).

- Solid majorities favor all the funding options tested: employer/employee (75 percent favor), employee-only (69 percent favor less than 1 percent of paycheck; 63 percent favor about $5.40 per week per average worker), and employer-only (68 percent). The most well received funding mechanism is shared by employers and employees. Adults are more favorable toward an employee-funded program described in terms of percent of a paycheck rather than cost per week in dollars.

Framing Options for Discussing Paid Family and Medical Leave

- Focus on maternity leave and an employee's own serious illness or injury.
- Eight weeks tends to be the length of leave with the greatest support.
- Conveying job protection is important.
- No clear consensus emerged on the appropriate level of wage replacement, but 66 percent seems too low.
- A shared funding mechanism tends to work better than employee-only or employer-only.

Methodology

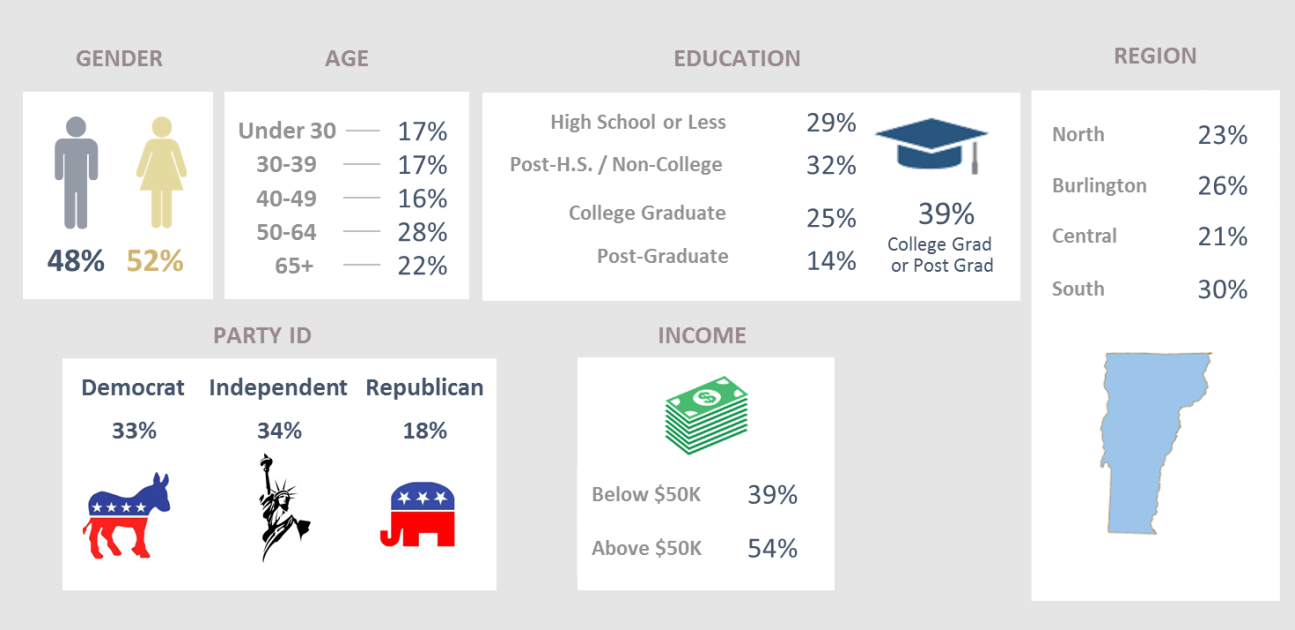
Lake Research Partners designed and administered this survey, which was conducted by phone using professional interviewers (a copy of the survey instrument is included in Appendix B of this report). The survey was conducted September 13 - 19, 2016 and reached a total of 500 adults statewide. Phone numbers were drawn from a listed sample of adults in Vermont. The data were weighted[15] slightly by gender, age, education, and household income to reflect attributes of the actual population of Vermont adults. The margin of error for the sample is +/-4.4 percent. Where figures do not sum to 100 percent, respondents answered "don't know" or "not sure."

[15] The sample for this survey is designed to be representative of the population in Vermont ages 18 and older. Not all groups are equally responsive to surveys, so the unweighted data may not be as representative as the sample. Weighting is a technique to correct under- or over-representation of demographic groups. Persons who are under-represented are given a weight larger than one, and those over-represented get a weight smaller than one.

Demographics of Survey Respondents

The sample of adult Vermonters is majority female and about evenly split between younger and older than age 50. Six in 10 adults are blue collar, and a majority have household incomes above $50,000 per year.

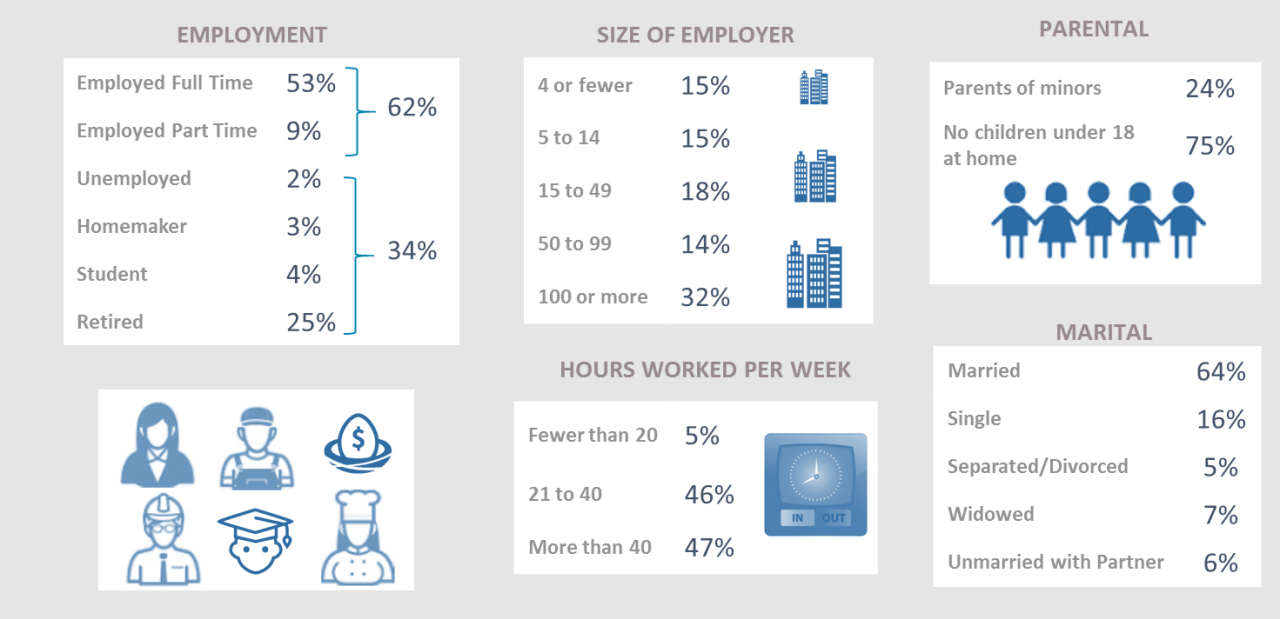
Exhibit 1: Survey Demographics[16]



Nearly two-thirds are employed and married. Three-quarters have no minor children at home. Of those who are employed, they tend to work at least 20 hours per week and nearly half work at a small business.

[16] The data were weighted to be representative of Vermont's adult population (ages 18 and older). A comparison of the survey demographics against available data from the U.S. Census Bureau (http://www.census.gov/quickfacts/table/PST045215/00) provides further evidence that the data are representative of Vermont adults. For instance, the 2015 Census data shows that women comprised 50.7% of Vermont's population, which is comparable to the 52% figure from the survey data.

Exhibit 2: Family Status and Employment Data



While 61 percent of Vermonters report that they did not need leave to care for a new child, a family member, or their own illness over the past 5 years, about 4 in 10 (39 percent) say they have needed leave to care for a new child, a family member, or their own illness over the past 5 years. Ten percent report needing it for a new child, 15 percent for a family member, 14 percent for their own illness, and 4 percent for when a family member cared for them personally.

The subgroups who are most likely to have taken leave over the past 5 years for any of these reasons are discrete. The following table outlines which subgroups are significantly more likely than adults overall to say that they have needed leave within the past 5 years to care for a new child, a family member, or their own illness, or that a family member took leave to care for them.

Exhibit 3: Subgroups Who Have Needed Leave in the Past 5 Years by Reason for Leave

More Likely to Have Taken Time Off in Past Five Years For…			
New Child	**Family Member**	**Own Illness**	**Family Cared for Them**
10% of adults overall	15% of adults overall	14% of adults overall	4% of adults overall
Parents: 34% Ages 30 – 39: 29% Burlington Women*: 24% Younger Democrats: 23% Employee at a larger business: 21% Women under 50: 22%	Women 50 and older: 26% Older Democrats: 24% Ages 50-64: 23% North Women*: 21% Central Men*: 21%	Ages 30 to 39: 20% Ages 40 to 49*: 20% South Women: 20% Childless Women: 20%	South Men*: 8%

*Notes small sample size.

A plurality (45 percent) do not anticipate needing leave in the next 5 years. A third of adults say it is almost certain or probable that they will need leave to care for a child, family member, or for their own serious illness in the next 5 years (19 percent almost certain to need leave, 33 percent probably). Adults under age 30 (39 percent), parents (31 percent), those in the North region (30 percent), and men under age 50 (29 percent) are more likely than others to anticipate they will almost certainly need leave in the next 5 years.

Vermonters who are employed full time are about as likely to say it is reasonable that they will need leave in the next 5 years as they are to say they will not (39 percent almost certain/probably; 38 percent definitely/probably not).

Paid vacation time is the most widely held benefit (73 percent have benefit), followed by paid sick days (66 percent) and paid time off (64 percent). About half of adults have temporary disability insurance (54 percent) and maternity leave (52 percent). Parental leave (37 percent) and paternity leave (34 percent) are the rarest benefits. They are also the benefits of which adults are most uncertain (25 percent are not sure of the status of their parental or paternity leave benefits).

Attitudes toward Paid Family and Medical Leave Programs

Most adults (54 percent) believe that Vermont should have a statewide paid family and medical leave program. Democrats, especially younger Democrats and female Democrats, post-grads, younger Vermonters, single Vermonters, Burlington women, parents, and unmarried men are the most likely to believe Vermont should have a state program for everyone. Over a third (36 percent) side with leaving things the way they are now, with employers choosing whether to provide paid leave.

Most feel that it is important for Vermont to establish an insurance program to guarantee access to paid family and medical leave (71 percent, important with context; 80 percent, important without). Additional context about FMLA depresses the opinions regarding importance (45 percent say it is very important with context compared to 56 percent without context). Almost all demographic groups except older women and college-educated women respond more strongly to the importance of the program without additional context about FMLA included.

Whether described as funded through a small deduction from employees' paychecks or as paid for by employers, about two-thirds of Vermonters strongly favor a paid family and medical leave program that would provide 6 weeks per year of paid leave. Vermonters slightly favor the "paid through a small deduction from employees' paycheck" option (65 percent strongly favor, 80 percent favor overall) over the option that would be "paid for by employers" (63 percent strongly favor, 79 percent favor overall). The difference between the favorability for a program that would be paid through a small deduction from employees' paychecks and the favorability of a program that would be paid for by employers is within the margin of error.

Almost no difference exists in how key demographic groups perceive the two programs. While older and lower income Vermonters show stronger support for an employee-paid program (62 percent of older adults and 70 percent of lower income adults strongly favor employee-paid), younger adults and parents show stronger support when employers pay (74 percent of younger adults and 77 percent of parents strongly favor employer-paid).

Women in Burlington and South regions, Democrats, young adults, and mothers are the most strongly in favor of paid family and medical leave. All subgroups net favor paid leave, but those who express the strongest intense opposition include older men (25 percent strongly oppose), men in the North and Central regions (20 percent each), Republicans (20 percent), and retirees (20 percent).

Proposals Tested:

- Lake Research Partners employed a technique called split sample testing, also referred to as A/B testing. This technique is used to test audience reactions to a single variable. Here, the variable is the funding mechanism.
- Half of respondents: a program that entitles workers 6 weeks per year of paid family and medical leave that men and women can use when they need to care for a new baby or adopted child, need to care for a seriously ill family member, or when they have an illness. This program will be paid **through a small deduction from employees' paychecks**. This program would be different from paid sick days, which are for short-term illness or injury.
- Half of respondents: a program that entitles workers 6 weeks per year of paid family and medical leave that men and women can use when they need to care for a new baby or adopted child, need to care for a seriously ill family member, or when they have an illness. This program will be paid **for by employers**. This program would be different from paid sick days, which are for short-term illness or injury.

Specifics of the Paid Family and Medical Leave Program

All the policies that the state could consider are favored by a solid majority of adults. The most favorable are maternity leave and leave for an employee's own serious illness or injury.

Policies Tested:

- Mothers when they have a baby or adopt or foster a child (73 percent strongly favor, 84 percent favor)
- A serious illness or injury of the employee (73 percent strongly favor, 83 percent favor)
- A serious illness or injury of an immediate family member of the employee (61 percent strongly favor, 74 percent favor)
- Fathers when they have a baby or adopt or foster a child (56 percent strongly favor, 73 percent favor)

There is little difference in support of these policies between those who have taken time off and those who have not taken time off for family or medical leave in the past 5 years.

Those who oppose a paid leave program oppose each of the policies by wide margins, although about a third favor the policies, except for paternity leave. Those who favor a paid leave program favor each policy nearly universally. These groups are defined as those who said they strongly or not so strongly favored or strongly or not so strongly opposed the example proposals described on page 54.

Exhibit 4: Reaction to Specific Policies by Attitude on Tested Paid Family and Medical Leave Packages

	Among those Who Favor Paid Leave		Among those Who Oppose Paid Leave	
	Favor Policy	Oppose Policy	Favor Policy	Oppose Policy
Mothers when they have a baby, adopt, or foster a child	95	4	37	61
A serious illness or injury of the employee	94	5	37	58
A serious illness or injury of an immediate family member of the employee	84	12	29	67
Fathers when they have a baby, adopt, or foster a child	86	12	19	79

Across regions, each policy is favored by wide margins. Compared to other regions, Vermonters in the North region are less favorable toward leave for a family member's illness or injury and paternity leave.

Exhibit 5: Reaction to Specific Policies by Region

	North		Burlington		Central		South	
	Favor Policy	Oppose Policy	Favor Policy	Oppose Policy	Favor Policy	Oppose Policy	Favor Policy	Oppose Policy
Mothers when they have a baby, adopt, or foster a child	79	19	85	12	82	17	89	9
A serious illness or injury of the employee	78	21	90	8	74	21	86	10
A serious illness or injury of an immediate family member of the employee	61	34	80	14	72	27	81	15
Fathers when they have a baby, adopt, or foster a child	56	41	80	17	77	23	78	19

Vermonters also favor every individual component of paid leave tested. The most favorable component is providing job protection (79 percent strongly favor, 89 percent favor). Even those opposed to a paid leave program favor a component that would provide job protection (67 percent favor).

A solid majority (56 percent) strongly favors allowing use of leave either intermittently or consecutively. With less intensity but overall favorability, a program allowing a maximum wage of about $1,000 per week garners majority support (44 percent strongly favor, 59 percent favor). Vermonters show less intensity regarding the program being required of all employers, no matter their size (42 percent strongly favor, 58 percent favor), and eligibility after 6 months of working (37 percent strongly favor, 52 percent favor) or 1 year of working (43 percent strongly favor, 58 percent favor).

Length of Paid Family and Medical Leave Period

A leave period of 8 weeks is about right to a plurality of adults (39 percent), with 29 percent saying it is too long, and more than a fifth saying it is too short (22 percent). Six weeks is about right for a plurality of adults as well (45 percent), but a third say that is too short (34 percent). About half (49 percent) say 12 weeks is too long, and over two-thirds say 16 weeks is too long (68 percent).

A plurality of those who favor paid leave say that 8 and 6 weeks are about right, but they tend to see 6 weeks as too short compared to 8 weeks. Again, this group is defined as those who said they strongly or not so strongly favored the example proposals described on page 54.

- 6 weeks: 48 percent about right, 41 percent too short, 4 percent too long
- 8 weeks: 44 percent about right, 27 percent too short, 20 percent too long
- 12 weeks: 38 percent about right, 8 percent too short, 43 percent too long
- 16 weeks: 21 percent about right, 4 percent too short, 64 percent too long

Funding the Program and Reimbursing Wages

No clear consensus emerged on wage replacement, with Vermonters split on the appropriate level: 100 percent is either too much (43 percent) or about right (44 percent); 90 percent wage replacement leans to about right (43 percent), but a more than a third say too much (36 percent); 66 percent wage replacement splits between about right (38 percent) and not enough (41 percent). Among those who favor paid leave, half feel wage replacement at 100 or 90 percent is about right (51 and 50 percent, respectively), while 66 percent is not enough (48 percent).

Among those who have taken family or medical leave in the past 5 years, 90-100 percent wage replacement seems about right, while 66 percent is not enough. However, those who have not taken leave say that 100 percent is too much, 90 percent is about right, and 66 percent is not enough.

Exhibit 6: Perceptions on Wage Replacement Levels by Recent Leave Experience

	100% of Salary				90% of Salary				66% of Salary			
	Too Much	Not Enough	About Right	Not Sure	Too Much	Not Enough	About Right	Not Sure	Too Much	Not Enough	About Right	Not Sure
Have Taken Leave in Past 5 Years	38	5	47	10	37	16	41	6	11	44	40	5
Have NOT Taken Leave in Past 5 Years	47	3	41	9	37	10	43	10	13	39	36	11

Regardless of the size of business, employed Vermonters believe that 90-100 percent wage replacement is about right, and 66 percent is not enough.

Exhibit 7: Perceptions on Wage Replacement Levels by Size of Employer

	100% of Salary				90% of Salary				66% of Salary			
	Too Much	Not Enough	About Right	Not Sure	Too Much	Not Enough	About Right	Not Sure	Too Much	Not Enough	About Right	Not Sure
Work in Small Business	40	0	48	12	26	21	44	9	9	59	18	13
Work in Large Business	33	6	58	3	28	15	53	3	7	58	30	4

Solid majorities favor all the funding options tested, although intensity is low for employers paying $5.40 a week (37 percent strongly favor). The most well received funding mechanism is shared by employers and employees (53 percent strongly favor, 75 percent favor). Adults are more favorable toward an employee-funded program that talks about less than one percent of a paycheck rather than the cost per week of $5.40 (49 percent strongly favor compared to 37 percent strongly favor).

While most respondents overall strongly favor it, those ages 50 to 64 (61 percent), older women (61 percent), mothers (61 percent), and women in the Central region (60 percent) are more likely to strongly favor the funding proposal in which employees and employers share responsibility for funding paid family and medical leave.

Most employees of small and larger businesses strongly favor the funding mechanism for which employers and employees share funding. Similarly, most of those who have taken family or medical leave in the past 5 years and those who have not also favor the funding mechanism for which employers and employees share funding.

The only funding mechanism that those who oppose paid leave would favor is employee-funded, but only when it is described as less than 1 percent of an employee's paycheck (51 percent favor). When the employee-funded option is described as employees paying in about $5.40 per week for the average worker, 60 percent of those who oppose paid leave are opposed.

Chapter 4: Economic Impact Analysis

Abstract:

The economic impact analysis estimates the potential benefits through savings in child care, better child health outcomes and lower reliance on public assistance due to the availability of a PFML program in Vermont. This analysis integrates output of the simulation model with the impact estimates of paid leave obtained from the literature to arrive at potential economic savings that can accrue for Vermont. These findings are further complemented by a collection of family profiles focusing on families that experienced recent life events that disturbed their work-life balances and how having access to paid leave helped to cushion the economic impact.

Introduction

A growing body of research has shown that paid family and medical leave is critical for income and economic security for working families. Paid family and medical leave is particularly critical for low income families who may be especially vulnerable to work–family conflicts that paid family and medical leave benefits might help to alleviate. Research also confirms the importance of paid family and medical leave to the health and well-being of young children. The provision of elder care is on the rise, with increasingly larger numbers of workers needing to take longer periods of time away from work to care for their aging parents.

Under federal law, the Family and Medical Leave Act (FMLA) of 1993 allows eligible employees to take job-protected unpaid leave to care for the health of a family member or themselves. Vermont has sought to build on the benefits that FMLA provides by adopting of several policies, including the Vermont Parental and Family Leave Law, the Vermont Small Necessities Law, and the Vermont Flexible Working Arrangements Law. In 2013, the Vermont General Assembly established the Study Committee on Employee-Funded Paid Family Leave ('Study Committee') to study the issue of paid family leave in Vermont. In January 2014, the Study Committee released a report recommending the establishment of an employee-funded program that would provide eligible employees with up to 6 weeks of family or medical leave in a 12-month period. Through a grant provided by the United States Department of Labor Women's Bureau, the Vermont Commission on Women has commissioned a comprehensive study to examine the feasibility of a paid family and medical leave program in Vermont.

Although some Vermont employees have access to employer-provided paid maternity leave or other types of paid leave that provide critical support during such situations, many other employees must face such events without job protection and at a significant loss of income. Paid family and medical leave (hereafter referred to as PFML) offers many benefits to Vermont's employees and employers. Research shows that work-family policies can improve the labor force attachment of women, employee wages, provide support to low income families, and have positive effects on the health of mothers and their children.

This chapter summarizes the economic benefits of PFML policies and programs in Vermont applying three approaches. First, we conduct a literature review of relevant studies in family and medical leave research with a specific focus on studies that present the impacts of paid leave on key labor and health outcomes. Second, we combine these findings with our leave usage estimates from the IWPR-ACM Family and Medical Leave Simulation Model (**Chapter 2** details these estimates) to calculate the economic savings to the state and people of Vermont. We supplement the findings from the analysis with a collection of family profiles that focus on families that experienced recent life events that disturbed their work-life balances and how having access to paid leave helped to cushion the economic impact.

Family and Medical Leave Policies

The Family and Medical Leave Act of 1993 (FMLA) was the first federal legislation in the country that enabled employees to take up to 12 weeks of unpaid, job-protected leave. However,

coverage under the policy is not universal (Fass, 2009), with only half of U.S. workers–an estimated 56 to 60 percent—meeting the law's employee eligibility requirements (Jorgensen & Applebaum, 2014; Klerman et al., 2012). Some states have elected to implement their own FMLA policies, and these policies differ across states in terms of eligibility, qualifying reasons for taking leave (e.g., parents caring for a newborn or adults caring for a sick or elderly family member), whether the worker's job is protected, and the maximum length of time for which leave can be taken (FindLaw, n.d.). In the last decade, several states have implemented PFML policies and programs that provide employees with paid leave that can be taken to care for a newborn or a sick child, spouse, or parent.

California was the first to implement a statewide paid leave policy, which took effect in July of 2004. The policy built on the state's existing Temporary Disability Insurance (TDI) program, which typically provides mothers with 6 weeks of paid leave during or just after pregnancy. The policy allowed 6 weeks of paid leave to care for a newborn or a sick child, spouse (or domestic partner), seriously ill parent, grandparent, grandchild, or sibling. The policy replaces 55 percent of an employee's usual pay (up to $1,129 per week in 2016)[17] and is financed through a payroll tax levied on employees. The state of Washington signed a paid family leave policy in 2007, but the policy has not been implemented due to the lack of a funding mechanism.

New Jersey implemented its family leave insurance program in 2009, which also built on the state's TDI system. New Jersey's program offers 6 weeks of paid leave at a 66 percent replacement rate and up to $615 per week in 2016 as maximum benefit for leaves related to a new child, caring for the health of a family member, or to care for a worker's own disability.[18] Rhode Island's employee-funded paid family leave insurance program was implemented in January 2014 to care for new child, spouse, parent, grandparent or domestic partner. The policy, which is funded by an employee tax, provides up to 4 weeks of paid leave with a maximum weekly benefit of $817[19].

New York enacted its paid family leave insurance program in 2016, which will be effective in 2018 (National Partnership for Women & Families, 2016). Upon implementation[20], the employer- and employee-funded policy will provide up to 8 weeks of paid leave with a weekly benefit rate equal to 50 percent of a worker's average weekly wage, with a maximum benefit equal to 50 percent of the state's average weekly wage.

In 2014, the Study Committee released its report with recommendations for establishing a paid family leave program in Vermont. The committee's recommendations consisted of an employee-

[17] State of California Employment Development Department. (n.d.). *Disability Insurance (DI) and Paid Family Leave (PFL) Weekly Benefit Amounts.* Retrieved from http://www.edd.ca.gov/pdf_pub_ctr/de2588.pdf

[18] New Jersey Department of Labor and Workforce Development, Division of Temporary Disability Insurance. (n.d.). *Guide to Family Leave Insurance in New Jersey*. Retrieved from http://lwd.dol.state.nj.us/labor/forms_pdfs/tdi/WPR-119%20(1-16).pdf

[19] Rhode Island Department of Labor and Training. (n.d.). *Temporary Disability Insurance/Temporary Caregiver Insurance, Frequently Asked Questions*. Retrieved from http://www.dlt.ri.gov/tdi/tdifaqs.htm

[20] The maximum length of paid leave and benefit amount under New York's policy will be gradually increased over the period of 2018 through 2021. By 2021, the policy is expected to provide up to 12 weeks of paid leave with a weekly benefit rate equal to 67 percent of a worker's average weekly wage, with a maximum benefit equal to 67 percent of the state's average weekly wage.

paid program in which eligible employees could take up to 6 weeks of job-protected leave within a 12-month period to care for their personal health, a new child, or another member of their family. To be eligible to receive paid leave benefits, employees must have earned a minimum of $9,079 within the previous 12 months, which was equivalent to working 20 hours per week at the 2013 Vermont minimum wage of $8.70 per hour. Paid leave benefits would be 100 percent of the employee's wages in the base period, with a maximum benefit of two times the livable wage. Funding for the program would be financed through an employee payroll deduction on pre-tax wages.

Paid family leave provides the much-needed support for families to balance their work and family responsibilities. In the absence of a universal federal paid leave policy, some states have taken their own initiative to provide paid family and medical leave as shown above, while many others, such as Vermont, are studying the feasibility of enabling the employees and employers in their state to benefit from a statewide paid leave policy.

Literature Review: Research on Benefits of Family and Medical Leave

This section discusses the literature on the impacts of FMLA and PFML policies on leave use and labor force attachment, child and family health outcomes, and childcare. Overall research indicates that work-family policies such as paid leave can improve the labor force attachment of women, improve their wages, provide support to low income families, have positive effects on child and mother's health, present an important alternative to childcare for families that need to care for a newborn or sick child, and have a positive effect for employers. Below, we present the findings for each key outcome of interest.

FMLA Leave Use and Labor Force Attachment

The research on the effect of maternity leave on employment is well documented, with several empirical studies looking specifically at the impact of leave on employment. Waldfogel (1999) was among the early empirical studies that looked at the effect of FMLA's unpaid leave and job protection benefits on coverage and employment outcomes of women using the Current Population Survey (CPS). The author found that leave use increased with coverage but that leave use had no significant negative effect on women's employment or wages. Baum (2003) found an increased likelihood of mothers returning to their pre-childbirth employer but did not find any effect on increase in leave-taking. Like Baum (2003), Hofferth and Curtin (2003) find that women who had a child post-FMLA return to work more quickly than those whose child was born prior to FMLA, controlling for demographic factors and the economic situation of states.

Baum and Ruhm (2016) studied the effects of California's Paid Family Leave policy (CA-PFL) on leave-taking and leave duration using data from the National Longitudinal Survey of Youth (NLSY). They found that, on average, mothers use around 3 additional weeks of leave and fathers utilize approximately 1 additional week. Rossin-Slater, Ruhm, and Waldfogel (2013) reached similar conclusions in their study of the effect of CA-PFL using the Current Population Survey (CPS). They found that California's paid leave program increased the use of maternity leave among mothers with infants from 3 to 7 weeks along with evidence pointing to leave-taking by less advantaged groups. The above two studies also showed that California's paid leave program is associated

with a higher likelihood of mothers returning to employment after giving birth. They also found an increase in weeks and hours worked by mothers in the medium-term. Byker (2014) found that the CA-PFL increased labor force participation near the birth of a child for mothers with less than a Bachelor's degree but did not find an effect on labor force participation more than a few months before or after the birth of the child.

Houser and Vartanian (2012) used data from the NLSY 1997 to 2009 Panel to show that women who took paid leave after a child's birth reported stronger labor force attachment and positive changes in wages in the year following a child's birth, when compared to those who do not take any leave. They also found reduced likelihood of dependence on public assistance due to paid family leave. Women who used paid leave and returned to work after childbirth were 39 percent less likely to depend on public assistance and were 40 percent less likely to use food stamps in the year following the child's birth, compared to mothers who returned to work without taking leave.

Compared to the United States, other developed countries have relatively more generous leave benefits in terms of wage replacement and the allowed length of leave. Researchers have thus looked at international paid maternity leave mandates to shed light on more generous options. Ruhm (1998) showed that longer leave mandates lead to an increase in employment without decreasing wages. However, the effects became negative with much longer leaves. Lalive and Zweimuller (2009) found that an extension of Austrian paid leave rights from 1 to 2 years decreased maternal employment and wages in the short-term.

Research has also shed light on the aggregate dynamics of employment because of paid leave mandates. Das and Polachek (2015) used CPS data to study the impact on aggregate labor force participation and unemployment rates in California. They found that CA-PFL increased labor force participation for women younger than 42 years in California while also simultaneously increasing the rate and duration of unemployment for younger women due to the aggregate increases in labor force participation. Curtis, Hirsch, and Schroeder (2015) studied labor market transitions of women, ages 19 to 34, using administrative data linked to the U.S. Census Bureau's Quarterly Workforce Indicators. Their study indicates that young women experienced increased churn in the labor market after implementation of the law, as observed through increased job separations and hiring.

Although the findings on the effects of FMLA and leave-taking are mixed, the evidence on mothers returning to the labor force and to their pre-birth employer after pregnancy is strong and consistent across unpaid (FMLA) and paid family leave. The research also shows a lower dependence on public assistance among mothers who have paid leave compared to those who do not. Overall, paid leave benefits employees and employers, improves labor force attachment of women, provides support to low income families, and reduces dependence on public assistance.

FMLA Leave and Child and Family Health

Several studies have shown positive effects of PFML and FMLA on a range of health outcomes of mothers and children. Research shows that mothers who do not spend enough time with their newborn child are at a greater risk of negative effects on their mental and physical health. Chatterji, Markowitz, and Brooks-Gunn's (2013) study of mothers of 6-month old infants revealed that among working mothers, work hours were positively associated with depressive symptoms and parenting stress, and negatively associated with self-rated overall health. Further, Chatterji and Markowitz (2012) found that married mothers whose spouses did not take leave after the birth of a baby experienced higher levels of depressive symptoms. Collectively, paid maternity leave, through its effect on increased lengths of leave, has positive impacts on the physical and mental health of mothers.

Berger, Hill, and Waldfogel (2005) examined whether mothers who return to work within 12 weeks can provide the necessary care to a child. They found that children whose mothers return to work early are less likely to receive regular medical checkups, be breastfed in the first year of life, and have all their DPT/Oral Polio immunizations in the first 18 months. These impacts are stronger when mothers return to work full-time within the first 12 weeks.

Research also shows the benefits of FMLA on new child birthweight and infant mortality. Rossin (2011) finds that FMLA led to a small increase in average birthweight and a large (about 10 percent) reduction in the infant mortality rate. Stearns (2015) studied the impact of the 1978 Pregnancy Discrimination Act, which mandated that states with TDI programs provide around 6 weeks of paid maternity leave for pregnant women and new mothers. Stearns (2015) found that TDI-based paid maternity leave improved infant health, as low birth-weight rates (less than 2,500 grams) fell by 5 percent and preterm birth rates (less than 37 weeks gestation) decreased by 8 percent.

Although the benefits of breastfeeding for both maternal and child health are well established,[21] work commitments of mothers deter adequate breastfeeding (Roe, Whittington, Fein, and Teisl, 1999). Moreover, Dagher et al. (2016), in their study of the interaction of work and breastfeeding among young women (30 years old), found that the risk for breastfeeding cessation was higher for women who returned to work at any time during the 6 months postpartum versus those who did not return. Interestingly, the likelihood of breastfeeding cessation was lower for professional workers, higher among single than married women, and lowest among those with graduate degrees. In addition, lower education categories had a higher risk of breastfeeding cessation by 6 months. Maternity leave is thus likely to help mothers spend more time with their newly born child and subsequently increase the duration of breastfeeding.

[21] The U.S. Agency for Healthcare Research and Quality (AHRQ) found that breastfed infants were at lower risk for acute ear infection, eczema, gastrointestinal infection, hospitalization for lower respiratory tract diseases, asthma, childhood obesity, type 2 diabetes, leukemia, and sudden infant death syndrome.

Childcare

A new birth or a serious illness among older children can create a substantial financial burden on parents. In the absence of paid leave, the needs of newborns and sick children are met either by parents who are forced to forgo earnings or childcare providers, which can come at a substantial cost. Childcare, and high-quality childcare in particular, has been shown to provide important benefits for infants, children, and their families (Burger, 2010; NICHD, 2001; Peisner-Feinberg et al., 2001; Vandell, Belsky, Burchinal, Vandergrift, & Steinbreg, 2010). These benefits include developmental, socioemotional, and behavioral benefits for infants and children and, for parents, the opportunity to pursue professional careers or educational goals.

Despite these benefits, a collection of studies suggests that placing children in childcare at an early age or for many hours per week can have adverse outcomes. Research by Collet et al. (1991) suggests that infants and children are at an increased risk of infectious diseases in the first few months of starting day care. Using a survey of children between the ages of 3 months and 3 years, the authors found that children who had recently begun attending day care had a significantly higher risk of contracting a respiratory infection than children who remained home.

In a review of the literature examining the relationship between parental leave and child health, Galtry (2002) notes that an inability to access parental leave to care for infants may result in potential health disadvantages. Her review of the literature demonstrates that childcare attendance is associated with an increased risk of illness. While most of these illnesses are relatively harmless in the long term, illnesses such as Hepatitis B can pose serious consequences for infants, their families, and society. Galtry (2002) notes that longer parental leave periods may be required to achieve optimal levels of child health.

Research also demonstrates that childcare can have a negative effect on the cognitive and behavioral development of children. Using NLSY data, Baydar and Brooks-Gunn (1991) examined the interactions between maternal employment, a subsequent use of childcare, and the cognitive and behavioral outcomes of children. This analysis of children between the ages of 3 and 4 found that maternal employment and a subsequent use of infancy-care arrangements was associated with detrimental effects on the cognitive and behavioral development of children.

Similarly, Brooks-Gun, Han, and Waldfogel (2002) examined the effect of childcare on a child's cognitive development. Using data from the National Institute of Child Health and Human Development's Study of Early Child Care, the authors found that infants who were in daycare for a greater number of hours during their first year had subsequently lower cognitive scores at age 3. However, in both studies, as well as other childcare studies, the quality of childcare often minimized the occurrence of these adverse outcomes (Ehrle, Tout, & Adams, 2001; Love et al., 2003; NICHD Early Child Care Research Network, 2000).

Collectively, the research on paid leave and childcare demonstrates that placing children in low-quality childcare at an early age or for many hours per week can result in adverse health, cognitive, and behavioral outcomes. Accordingly, PFML policies can potentially provide families

with increased opportunities to care for their infants or sick children while minimizing their exposure to these adverse outcomes.

Effects on Employers

Research on the effects of paid leave mandates on employers is limited. This is mainly due to the paucity of comprehensive national-level datasets to analyze the economic impacts of paid leave mandates. The extant surveys and studies in this topic are conducted in California and New Jersey and primarily shed light on the employer attitudes and experience with paid leave policies in their respective states. Appelbaum and Milkman (2011, 2013) surveyed approximately 250 California firms in 2010 to study employer's experiences with California's paid family leave law. About 90 percent of employers in their survey responded that the law had either a positive effect or no effect on productivity, profit, morale, and costs. When employers were asked how they managed while a worker was out on leave, about two-thirds of the employers responded that they assigned work temporarily to other employees, and less than one-third hired temporary replacements.

Bloustein (2012) conducted a similar survey in New Jersey among the members of the New Jersey Business and Industry Association (NJBIA). She surveyed more than 250 employers and her findings corresponded to those of Appelbaum and Milkman (2011). Overall, businesses primarily covered work for employees on leave by assigning work temporarily to other employees. Employers did not experience any effect on business profitability/performance and employee productivity. This reaction was independent of the size of the business. However, employers had some impact on administrative and overtime pay costs, which varied by business size. Smaller businesses experienced greater administrative costs, while larger businesses experienced higher costs related to overtime pay. Overall, Bloustein found that New Jersey businesses had little trouble adjusting to requirements of the Paid Family Leave law.

Estimated Economic Benefits of Paid Leave for Vermont

Paid family and medical leave has considerable benefits to employees and employers, as the previous section discussed. This section presents the aggregated economic benefits to Vermont under the implementation of a PFML policy.

We present economic benefit calculations for a range of outcomes, including improved child health outcomes, potential poverty reduction, childcare savings, and the savings associated with a reduced need for public assistance benefits. The calculations for economic benefits were obtained by combining estimates of leave-taking from the simulation models under the four policy scenarios identified in the Cost-Benefit report (**Chapter 2** of this report):

1. 2014 Study Committee Benefit Formula with 6 Weeks of Leave
2. Modified Benefit Formula with 6 Weeks of Leave
3. 2014 Study Committee Benefit Formula with 12 Weeks of Leave
4. Modified Benefit Formula with 12 Weeks of Leave

For each of these four policy scenarios, the model provides the estimated number of paid leaves taken during which employees utilize the benefits of the paid leave program to care for their

personal health, a new child, or another member of their family. Chapter 2 includes more information on the simulation model and the different policy scenarios under study. Research has documented considerable positive impacts of paid leave on various outcomes. This section estimates the economic benefits for only a handful of outcomes that were feasible to calculate based on the outputs of the simulation models and the availability of average impact estimates within the literature. The general approach to estimating the economic impacts was to use the impact estimates from the relevant literature in combination with the outputs of leave-taking produced from the simulation models. This approach allowed for the monetization of the average estimated savings to Vermont under each of the four policy scenarios. The following subsections provide detailed discussions for calculating the economic impacts associated with improved child health outcomes, poverty reduction, childcare savings, and a reduced need for public assistance benefits.

Improved Child Health Outcomes

While research has shown that paid leave has lifelong benefits to the mental and physical health of children and mothers through timely immunizations and increased parental bonding and breastfeeding,[22] we focus on the immediate outcome of child birthweight as the first positive impact on a child's future health status. Per the 2013 March of Dimes Vermont Premature Birth Report Card, 6.7 percent of babies born in Vermont are low birthweight (less than 2,500 grams at birth). [23] Premature babies are at an elevated risk for developmental problems and disabilities and are more likely to have learning and behavior problems throughout childhood.

Stearns (2014) finds that TDI-based paid maternity leave reduced the incidence of low birthweight rates by 5 percent. The March of Dimes (2014) estimates that the average cost to businesses of preterm or low birthweight babies during their first year is $55,393, of which $54,149 was paid by health plans. For comparison, care for babies following normal births average $5,085 during their first year, with $4,389 paid by health plans.

Exhibit 1 shows the estimated cost savings from reducing the incidence of low birthweight babies in Vermont by providing paid leave for maternity disability and family bonding leave. Average savings per low birthweight infant are estimated as the cost difference between a normal and low birthweight baby for their first year of care. The estimated costs are calculated on a per child basis, with the estimated savings proportionally allocated for employers and the insurance sector.

[22] Economic Opportunity Institute (2013), "Paid Family and Medical Leave", Retrieved October 15, 2016, from http://www.eoionline.org/work-family/paid-family-and-medical-leave/

[23] March of Dimes Peristats, Retrieved September 15, 2016 from http://www.marchofdimes.org/peristats/ViewTopic.aspx?reg=50&top=4&lev=0&slev=4

Exhibit 1: Estimated Cost Savings Associated with Improved Child Health Outcomes

Improved Child Health Outcomes	2014 Study Committee Benefit Formula 6 Weeks	Modified Benefit Formula 6 Weeks	2014 Study Committee Benefit Formula 12 Weeks	Modified Benefit Formula 12 Weeks
New Child Leave (Births)[24]	1,611	1,553	1,603	1,548
# of Low birthweight infants (6.7%)	107	104	107	103
5% reduction in Preterm births (# of babies born at-term due to PL)	5	5	5	5
Costs saved ($55,393 per child)	**$276,965.00**	**$276,965.00**	**$276,965.00**	**$276,965.00**

The predicted number of leaves for childbirth under the four policy scenarios ranges from 1,548 to 1,611. In 2013, 6.7 percent of the babies born were low birthweight. As previously noted, Stearns (2014) shows that states with pregnancy leave benefits such as TDI/paid family leave may reduce the incidence of low birthweight by 5 percent. The final row of the table shows the estimated cost savings to Vermont due to the reduction in low birthweight infants. These estimates were obtained by multiplying the total costs of caring for preterm and low birthweight children in their first year by the number of infants of normal birthweight likely due to the paid leave policy. The costs across the four policy scenarios do not vary, as the number of births across the different policy scenarios do not vary significantly.

The savings to Vermont due to an increased number of newborn infants that are healthy and have normal birthweight is $276,965.

We further proportionally allocate these savings to the insurance companies and to individuals. As the outputs from the simulation models do not include information on employer-provided health insurance that would be required to attribute savings to employers, the savings are divided between insurers operating in Vermont and the remaining share allocated to individuals.

According to the March of Dimes data, approximately 97 percent of the total cost spent on caring for preterm/low birthweight children is borne by the insurance companies. **Exhibit 2** on the following page shows the proportionally allocated savings due to paid maternity leave to insurance companies and employers. The expanded benefit coverage under the four policy scenarios relative to the current FMLA and family leave scenario greatly improves the cost savings associated with caring for low birthweight infants.

[24] These figures were provided via the IWPR-ACM FML2 simulation models discussed in Chapter 2 of this report.

Exhibit 2: Estimated Cost Savings for Employers and the Insurance Sector Related to Improved Child Health Outcomes

Improved Child Health Outcomes	2014 Study Committee Benefit Formula 6 Weeks	Modified Benefit Formula 6 Weeks	2014 Study Committee Benefit Formula 12 Weeks	Modified Benefit Formula 12 Weeks
Employer Savings (3%)	$8,308.95	$8,308.95	$8,308.95	$8,308.95
Insurance sector savings (97%)	$268,656.05	$268,656.05	$268,656.05	$268,656.05

Potential Poverty Reduction

Children growing up in low-income families face many challenges relative to children from more advantaged families (Wagmiller & Adelman, 2009). Adverse effects early in life, including the family stress induced by bouts of economic insecurity and poverty, can have lasting detrimental effects on emotional and physical health and social and economic outcomes (Economic Opportunity Institute, 2013). The loss of income while on leave can push some families into poverty. However, paid leave benefits could provide some financial security. Exhibit 3 provides estimates of changes in poverty for the different benefit provisions under the alternative PFML policies. The baseline poverty rate in Vermont calculated by the simulation models (refer to **Chapter 2** of this report) is 12.1 percent. More specifically, this figure is the percentage of individuals in Vermont with family incomes that are below 100 percent of Federal poverty level (FPL).[25]

The estimates obtained in row two of Exhibit 3 added the model-based wages paid by the employer to the family's income while a leave-taker in the sample was on leave during the year and subtracted from this amount the value of any uncompensated leave (wages multiplied by the days of unpaid leave used). This adjusted family income during a leave episode was then compared to the family-based poverty thresholds to estimate the base poverty rate (without benefits). Row two of this exhibit is thus the poverty rate without program benefits but including any employer compensation for leave.

The estimate in the third column adds the value of the paid leave benefits to the above adjusted family income, showing the value of family income with the added benefits under the various alternative policies. Comparing this adjusted family income to the poverty level indicates the poverty rate under the paid leave policy scenarios.

As Exhibit 3 shows, adding paid leave benefits brings the poverty rate marginally lower; however, the changes in poverty rates across the policies after adding leave benefits has marginal improvements. Across all leave policies, approximately 1,098 to 3,220 workers and their families receive the financial security of staying above the poverty level due to leave benefits.

[25] 2016 Federal poverty level data was obtained from Obamacare Facts, Retrieved October 21, 2016, from http://obamacarefacts.com/federal-poverty-level/

Exhibit 3: Simulated Poverty Rates under Alternative Family and Medical Leave Programs for Workers in Vermont

Simulated Poverty Rates	2014 Study Committee Benefit Formula 6 Weeks	Modified Benefit Formula 6 Weeks	2014 Study Committee Benefit Formula 12 Weeks	Modified Benefit Formula 12 Weeks
Poverty Rate without Leave Benefits (# of Vermont Workers)	10.98 % [364,283]	11.26% [373,912]	10.85% [362,269]	11.18% [373,535]
Poverty Rates with Leave Benefits (# of Vermont Workers)	10.94% [363,083]	11.23% [372,814]	10.76% [359,049]	11.13% [371,748]
Reduction in the Number of Vermont Workers and their Families below the Poverty Line	1,200	1,098	3,220	1,787

Child Care Savings

In the absence of paid leave, parents with a newborn or sick child face the difficult decision of forgoing earnings to take unpaid sick leave or utilizing childcare providers, which can be both difficult to access due to demand and cost-prohibitive. The demand for and cost of high quality childcare providers are two prominent issues that Vermont parents currently face. A recent study by Let's Grow Kids (2016) found that Vermont lacked sufficient regulated childcare to meet the needs of infants and toddlers, with 79 percent of infants and toddlers lacking access to high-quality programs. This lack of access to high-quality childcare is a prominent factor contributing to the unaffordability of childcare within the state.

In a 2015 report, Child Care Aware of America (2015) ranked Vermont as one of the least affordable states for childcare. Vermont ranked as the third least affordable state for center-based care for a 4-year old, the 10th least affordable state for single-parent households, the 13th least affordable for center-based infant care, and the 16th least affordable for center-based care for school-aged children.

The cost savings associated with childcare were estimated for each of the four policy scenarios by calculating the costs of leaves taken due to a new child or caring for the health of an older child. This section provides an overview of the methodology used to calculate the estimated cost savings for childcare. The estimated costs are detailed on both a statewide and per family basis.

The estimated childcare cost savings were calculated using a multi-step process. In the first step, the cost simulation models provided the estimated number of leaves taken and the estimated number of weeks for which parents would receive benefits under the program. The models estimate that the number of birth and bonding leaves taken would range from 3,741 to 3,790 under the four policy scenarios, while the number of leaves taken to care for an older child would range from 337 to 373.

The number of weeks for which parents could receive program benefits differed considerably across the four policy scenarios. Under the two versions of the 6-week program, parents were estimated to take an average of 5.1 weeks for births or bonding with a new child and an average of 2.9 weeks to care for an older child. Under the two versions of the 12-week program, parents were estimated to take 8.6 to 8.7 weeks for births or bonding and an average of 3.6 to 3.7 weeks to care for an older child. Together, the number of leaves taken and the estimated length of leaves provide key estimates for calculating the childcare cost savings that would result under each of the four policy scenarios.

To account for the fact that not all children attend paid childcare[26], the number of leaves taken were multiplied by the percentage of children enrolled in childcare centers (25.9 percent) or in-home, family childcare centers (14.0 percent)[27]. This step provides an estimated number of leaves for which a parent could elect to utilize the benefits of a PFML program to care for their child as opposed to sending their infant or older child to a childcare center or family childcare. In the final step, the childcare cost savings were calculated by multiplying the number of paid leaves for which a child would have otherwise attended childcare by the average daily cost of childcare for both infants and older children. In Vermont, the average daily cost in 2015 of sending an infant to a childcare center was $45.87 and $32.69 for sending the child to family childcare. In contrast to infant care, childcare for older children is considerably cheaper, with the average daily cost of $41.59 for childcare centers and $30.87 for family childcare.[28]

Exhibit 4 provides the estimated childcare cost savings that parents in Vermont would experience under each of the four policy scenarios. **The implementation of a paid leave program would save Vermont parents an estimated $2.04 to $3.46 million in savings, annually.** These costs vary substantially depending upon the number of weeks that parents could take paid leave under the program. The savings associated with the implementation of a 6-week paid leave program would range from $2.04 to $2.05 million, while the implementation of a 12-week program would produce estimated savings of $3.42 to $3.46 million. On a per family basis, the implementation of a paid leave program would save Vermont families an estimated average of $1,032 to $1,747, annually[29].

[26] Parents utilize a variety of childcare arrangements to care for their children, including both paid (e.g., childcare centers or in-home, family based care) and unpaid, familial arrangements (e.g., parental care or in-home care by a relative).

[27] The percentage of children enrolled in childcare and family childcare centers was obtained from the Child Care Aware of America's (2015) *Parents and the high cost of child care* report.

[28] Annual cost figures were obtained from Child Care Aware of America's (2016) *State Child Care Facts in the State of Vermont*. The annual cost of sending an infant to a childcare center in 2015 was $11,513 while the annual cost of sending an infant to family childcare centers was $8,205. The annual cost of sending a 4-year-old to a childcare center in 2015 was $10,440 while the annual cost of sending a 4-year-old to family childcare centers was $7,749. Each of these annual figures was divided by the number of working days within 2015 (255 working days) to obtain the average daily cost figure.

[29] The estimated savings do not account for additional savings to the state due to reduced demand for the Vermont Child Care Financial Assistance Program. Accordingly, these estimates of the total childcare cost savings should be considered as "conservative estimates".

Exhibit 4: Estimated Childcare Cost Savings

	2014 Study Committee Benefit Formula 6 Weeks	Modified Benefit Formula 6 Weeks	2014 Study Committee Benefit Formula 12 Weeks	Modified Benefit Formula 12 Weeks
Savings for Families with Infants				
Maternity & Bonding Leaves Taken	3,784	3,741	3,790	3,779
Weeks Receiving Program Benefits	5.1	5.1	8.7	8.6
Total Cost Savings for Families Using Infant Care	*$1,959,192.87*	*$1,936,929.31*	*$3,347,451.93*	*$3,299,371.59*
Average Cost Savings Per Family with Infants	*$1,078.85*	*$1,079.07*	*$1,839.26*	*$1,818.84*
Savings for Families with Older Children				
Leaves Taken for Older Children	338	373	337	356
Weeks Receiving Program Benefits	2.9	2.9	3.7	3.6
Total Cost Savings for Older Children	*$91,009.61*	*$100,433.68*	*$115,772.17*	*$118,994.00*
Average cost Savings Per Family with Older Children	*$560.75*	*$562.50*	*$714.86*	*$697.50*
Total Childcare Cost Savings				
Total Child Care Cost Savings (Infants & Older Children)	**$2,050,202.48**	**$2,037,362.99**	**$3,463,224.10**	**$3,418,365.58**
Total Average Child Care Cost Savings Per Family	**$1,036.35**	**$1,032.33**	**$1,747.38**	**$1,722.45**

Savings from Reduced Public Assistance

The research on the effect of paid leave on the use of public assistance is limited. Houser and Vartanian (2012) use the National Longitudinal Study of Youth 1997 Cohort to study the effect of paid leave use on public assistance (defined as cash assistance, food stamps, and other benefits) at the national level. Due to data limitations, the study only included individuals who were 30 years and younger, had a child in the prior year, and were employed for a certain number of weeks in the previous year.

Houser and Vartanian (2012) found a reduced likelihood of dependence on public assistance due to paid maternity leave. Women who used paid family leave and returned to work after childbirth were 39 percent less likely to depend on public assistance and 40 percent less likely to use food

stamps in the year following the child's birth compared to those who returned and did not take any leave. The authors estimated that, compared with not taking a leave following a child's birth, taking paid leave reduced the total amount of public assistance received in that year by $413 for women and $421 for men in their sample.

Exhibit 5 shows the savings in reduced public assistance (defined as cash assistance, food stamps, and other benefits) due to paid leave use among working women with a recent childbirth in Vermont and who return to the labor force within 9 to 12 months after the birth. **The total savings range from $244,909 to $271,754.** These numbers are calculated using the total number of eligible women who are 30 years and below and access the paid leave benefits under the different policies tested. These numbers assume all eligible mothers under 30 years will be receiving public assistance. These estimates likely underestimate the potential savings as they only account for mothers 30 years and under and do not include the likely savings in reduced reliance on public assistance among fathers 30 years and under and among new parents who are older than 30 years.

Exhibit 5: Estimated Savings from Reduced Public Assistance

	2014 Study Committee Benefit Formula 6 Weeks	Modified Benefit Formula 6 Weeks	2014 Study Committee Benefit Formula 12 Weeks	Modified Benefit Formula 12 Weeks
Maternity and Bonding users (30 years and under)	593	658	619	608
Reduced Dependence on Public Assistance ($413)	**$244,909**	**$271,754**	**$255,647**	**$251,104**

Note: *Calculations are for individuals who were 30 years and below, as estimates in Houser and Vartanian (2012), due to data limitations, used only individuals who were under 30 years of age.*

Family Profiles

Five semi-structured interviews with Vermont parents were conducted by the Center for Rural Studies in October 2016. Four of these interviews were conducted on the phone, and one was conducted in person. Each interview lasted approximately an hour and generally followed the script attached with some flexibility for discussion and follow-up questions, as appropriate. The parents interviewed were from five different towns in Vermont: Burlington, Wheelock, Barre, Berlin, and Montpelier. Four were mothers and one was a father; one mother was a single parent, and four interviewees had spouses.

Two respondents left their jobs when they had a baby and did not return to work primarily because it did not make financial sense to work to pay for childcare. Two respondents took unpaid time off and then returned to work between 6 and 12 weeks after having a baby, and one respondent had access to 2 weeks of paid leave, and then returned to work.

Key themes that emerged in the interviews included the financial struggle of taking unpaid time off and the financial consideration of whether returning to work would earn more than the cost of infant care, as well as the difficulty finding an affordable, high-quality childcare provider. Several noted the difficulty of breastfeeding and the challenge of pumping at work. Parents commented on the experience of bonding with their newborn and the difficulty and stress of returning to work or having a spouse return to work immediately after having a baby.

Key Challenges

Difficulty finding and affording childcare for newborn

A common challenge was being able to afford taking unpaid time off but also being able to afford childcare while working. One mother noted, "I went back to work after 6 weeks because we couldn't afford to take unpaid time off. We had to get childcare, which was difficult, especially with me working weekends."

A parent commented that one of the greatest challenges in the early months was "finding someone I could trust with my child. My son was coming home with scratches or bite marks. What else can I do, because I can't afford to pay anybody anymore?"

Several mothers noted the strain of balancing work and newborn parenting on the family unit: "We started to work opposite shifts so someone was always around. We were like single parents moving on opposite sides of the clock, really. It was difficult; the baby didn't have us both around. Somebody was always missing out on things."

A mother said that it was challenging to get support from her husband when he came home from a full day of work, while she had been home with an infant and toddler.
Another said: "It would have been beneficial to the family unit to not have to worry about for a few months; it would make stronger families and communities. I felt like it was my job to suck it up. Everybody in the family could have bonded in a more holistic way if we were all home for a few months, without financial worry".

One mother noted the additional challenges for a single parent: "As a single parent, I'm responsible for everything. I have to wake up and feed my child, get him ready for the day, go to work, then I have to make dinner, pay bills, get my child bathed and clip his nails, get into bed and do it all over again. You can't share any of that burden with anyone. There's no one to wash your child's hair so you can finish the dishes. You have 100 percent of the responsibility"

Medical conditions

One parent discussed the challenges of having a medically fragile newborn. At 5 days old, the child stopped breathing, nearly died, and then spent 3 weeks in the hospital. He needed to be fed every hour to maintain his blood sugar and prevent brain damage and had to be on medication to prevent seizures. The following several years included many visits to neurologists and cardiologists. The mother did not work during this time and said of her husband: "How would

we make it without his paycheck? He took 3 weeks off, my parents stepped in to support me, our first child, and the new ill baby. How do people do this? What would we have done if none of our family was around?"

Another mother who went back to work 6 weeks after having a Cesarean birth said, "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."

One mother had to unexpectedly leave work in the last month of her pregnancy due to having a high-risk pregnancy. This was unpaid time off, which was a financial hardship.

Regarding the challenges of returning to work, a mother said, "It was pretty crazy. I was still nursing so that was a little tricky. But I felt strongly about the work I was doing". Another also commented on the difficulty of pumping and the effect on breastfeeding. The experience upon returning to work was challenging, including no place to pump, which made it difficult to continue breastfeeding. "I stopped breastfeeding when the baby was about 4 months old. I wasn't able to pump or be around my baby, so there was not enough milk production and I couldn't bring it back up."

Financial considerations

Nearly everyone interviewed discussed how they weighed the financial cost of childcare compared to wages when determining whether to work or not after having a baby. Several mothers said that when their child was a newborn, it made more financial sense to stay at home, rather than earn the same or just slightly more than the cost of full-time daycare. Parents also weigh the cost of health insurance, which they must buy if the family does not qualify for state assistance.

When discussing how she decided to return to work after having the baby, a mother said, "It was all financial; we sat down and did a budget." She took 6 weeks off, unpaid, with only her husband working, saying they "really struggled through that time."

One parent noted, "We couldn't afford full-time infant care. Any money I would have made would not have offset the cost of childcare." Another said, "It's expensive! It's hard to afford decent daycare."

Another said: "I worked a lot of holidays which was hard; we couldn't afford childcare because my wages were right around minimum wage."

A father discussed the stress of having to financially support the family while his wife took unpaid time off work to be with their newborns. He says they were living "paycheck to paycheck."

A mother said: “We had resources, we had a house, enough food, we could pay for heating. We are not wealthy, but our basic needs were being met.” She said that they still had financial worry.

Other Key Themes and Priorities

Opportunity to bond with newborn

Parents discussed the desire to spend time bonding with their newborn, and several discussed wanting to have time in the early weeks to be together as a new family: “The ability for families to stay together when babies are infants is good for the strength of the family unit.”

Below are several comments about this experience:

- “Moments when they’re newborns are special, when you can have them in your arms in a rocking chair with a bottle, when they’re so adorable and vulnerable. It goes by so fast. Moments like that make you want to stick around.”
- “If you’ve seen the birth of your child and you’ve held them, you know how special that is. I can’t imagine working somewhere that didn’t allow that.”
- “I would have loved to stay home with them a little bit more.”
- “It’s so fleeting. Infancy and toddlerhood, it’s special to have that time. My children benefitted from the attention of one caregiver full time, I feel so privileged to be able to be that for my kiddos.”

Commitment to instilling values, building a strong family, contributing to strong community

One mother noted the importance of working so that her son would know that his mother was a hard worker and to instill a strong work ethic in him. She expressed her commitment to working to earn money, rather than being dependent on welfare, but the difficulty of doing that financially in the early months of her child’s life.

One parent said: “I’m bringing children into this world that I’m not able to be with. I probably could have done some kind of work, but what am I going to do? Get a job for 3 months and then quit? Who wants to go back to work 6 weeks after having a baby? I want to raise my child, nurture my child, teach my child. I don’t think that’s something that can be done in 6 weeks.”

“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.”

The importance of supportive employers

Parents commented on the importance of employers supporting new parents to take time with their newborns. Several mothers noted that if they could have accessed paid parental leave, they may have been better poised to decide to return to work or stay home based on what was right for the family, rather than based solely on economics.

"In the long run, if I had had an employer who was supportive of building families, I wouldn't have had to be out of work for so long."

"If I had paid leave, I think my career might be in a different spot now, perhaps I would have continued working full time. I wouldn't have felt comfortable putting a 6-week-old or 12-week-old baby in childcare."

"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."

"I would love to have employers talk about it more and educate women who plan on having families. I've never had anybody talk to me about what options there are and what women can do."

"Employers demand so much of your time that someone else ends up raising your child" It was important "finding a job who understood that I'm a mother first, I'm always going to choose my child first. I'm not going to stay here until 7pm because I'm going to go home and read my son a book"

Ideal arrangement, recommendations from parents

One mother noted, "In unexpected medical circumstances, it is so important to have family leave. Having breathing room to know you're financially secure and can concentrate on what is really important. If a kid is diagnosed with an illness, knowing a family can access paid leave is so important for mental health, and the health of the family is key; there are so many stressors on families. I had post-traumatic stress; it would have been easier for my state of mind to know my husband would have access to paid time off."

"When I left (for 2 weeks of paid parental leave) there was staff to replace me. I was able to pick up right where I left off."

One mother commented that it would be ideal for "either parent or both parents to have access to paid leave for a year. Other countries have this. There's so much brain development, growth, bonding when they're so young. Having caregivers available allows a child to be resilient and successful in a childcare setting. If parents knew they had access to paid leave, their ability to access resources would increase. Parents of brand new babies still in the hospital are already thinking about whether their job will be there for them."

From a mother expecting another child, who works for an employer with a paid time off policy: "I plan on taking 12 weeks off, including 2 weeks of paid family leave (not part of vacation or sick time). Short-term disability can be 60 percent of pay for 6 weeks for vaginal delivery or 11 weeks for C-section, and paid vacation time, and then some people with banked hours of family leave that they haven't used can donate them. I'm hoping to not use all the time for maternity leave in

case the baby gets sick at some point. If I get donated time, I should have 25-30 hours of vacation time left over in case the baby or I gets sick. My husband will get 10 days of paid paternity leave. After maternity leave, I can return to work with my child. There's onsite childcare; I will be able to breastfeed the baby during the day."

Conclusion

One of the most striking findings from the family profile interviews was how economically driven the decision was for families about when to leave work and if and when to return to work. Each parent interviewed had made an economic calculation about how long they could afford to take leave from work. In some cases, returning to work after a few weeks was an economic requirement but was not what the parent wanted to do. Early return to work out of economic necessity was also in opposition to the goals of breastfeeding, bonding with a newborn, or taking care of an ill child. The cost of infant childcare in comparison to the wages they would earn at work was also a challenging economic calculation for parents, especially if earning wages would make the family ineligible for Dr. Dynasaur. Other key themes that emerged included the stress and economic strain of not receiving a paycheck, the difficulty finding and affording childcare for a baby, and the focus on bonding as an opportunity to strengthen families and communities.

Chapter 5: Education, Outreach, and Marketing Analysis for Implementation Purposes

The education, outreach, and marketing analysis consists of multi-method research on current business practices for paid family and medical leave, as well as views regarding the implementation of a statewide PFML program and options for developing a program that serves the needs of employees and employers. The analysis consists of three components:

- *Chapter 5A:* A statewide survey of 427 business owners and leaders regarding their business's family and medical leave policies and their support for various options and funding mechanisms for a statewide PFML program.
- *Chapter 5B:* A series of focus groups held with Vermont's business owners and leaders that supplement the information collected through the business survey by providing deeper insight into participants' opinions and beliefs related to paid family and medical leave.
- The findings from the business survey and focus groups are utilized to discuss a collection of themes that could serve as the basis for developing educational materials that further the levels of knowledge and support for a PFML program among the state's business community.

Chapter 5A: Education, Outreach, and Marketing Analysis - Business Survey Findings

Executive Summary

An online survey for Vermont business leaders was administered between September-November 2016 to: a) gauge awareness and support for several different Paid Family and Medical Leave (PFML) program components and b) understand current short-term and long-term leave policies offered by Vermont businesses. A total of 427 business leaders from across the state representing for-profit and nonprofit businesses, numerous business sectors, and various business sizes provided fully completed surveys.

General support for a PFML program was split, with 46.9 percent of businesses supportive of a statewide program and 40.4 percent unsupportive. Survey respondents demonstrated varying levels of support for eligible reasons for taking paid leave under a PFML program. The highest levels of support were for taking paid leave to care for a new baby (41.8 percent of respondents were 'very supportive', while 22.5 percent were 'very unsupportive') and for pregnancy-related complications (42.3 percent of respondents were 'very supportive', while 18.8 percent were 'very unsupportive'). Survey respondents were slightly less supportive (40.5 percent) of taking paid leave to care for one's own chronic or serious health condition and were comparatively less supportive (29.7 percent) of taking paid leave to care for a seriously ill family member. In terms of current policies and practices, 89 percent of Vermont's businesses provide paid short-term leave, such as general Paid Time Off (PTO), paid sick days, paid vacation, and temporary disability insurance. In contrast, long-term paid leave, including paid long-term leave on a case-by-case basis (18.3 percent), paid maternity leave (16 percent), paid paternity leave (9.4 percent), leave for a serious illness or injury (11.7 percent), leave to care for a family member (5.6 percent), and disability insurance (3.7 percent) was less commonly offered.

Business Survey Recruitment

A survey of 30 questions was developed and programmed into Lime Survey by The Center for Rural Studies (CRS) at the University of Vermont (a copy of the survey instrument can be found in Appendix C of this report). CRS obtained an initial mailing list of 9,900 business contacts in Vermont. The survey description and link was mailed to this list on September 23, and reminder emails were sent on October 7 and 12.

As a second form of recruitment, CRS reached out to business umbrella organizations to share the survey with their membership. CRS developed a script for these organizations to use in their outreach and required that the organizations use that exact language to ensure neutrality when sharing the survey link and that the link be shared with all members of the business organization (to prevent the distribution of the survey to certain members or groups with particular viewpoints). Business organizations that shared the survey included the following (the number of members is listed below if that information was provided):

- Vermont Chamber of Commerce (10,000 Vermont businesses and regional chambers)
- The following Chambers of Commerce of: Rutland, Northeast Kingdom, Lake Champlain, Brattleboro, Franklin County, Montpelier, Manchester, and Bennington
- Common Good VT (4,500 nonprofit staff and affiliates)
- Vermont Retail and Grocers Association (1,000 members)
- Vermont Businesses for Social Responsibility (VBSR)
- Main Street Alliance of Vermont
- Change the Story Business Peer Exchange
- Let's Grow Kids
- Women's Business Owners Network
- Vermont Early Childhood Alliance.

The survey description and link was mailed to these business umbrella organizations on September 23, and a reminder email was sent on October 7. CRS also called umbrella organizations and Chambers of Commerce to follow up and request that they share the survey.

Establishment surveys have experienced a general trend in declining response rates within recent years. To further increase the size of the sampling frame and bolster the survey's overall response rate, CRS purchased an additional mailing list of approximately 10,000 Vermont businesses in October. CRS removed email addresses that were included on the first business list and sent the survey to the remaining list of businesses on October 28, with a reminder on November 2. Upon completion of the recruitment process, a total of 538 surveys were collected.

Data Deduplication Process

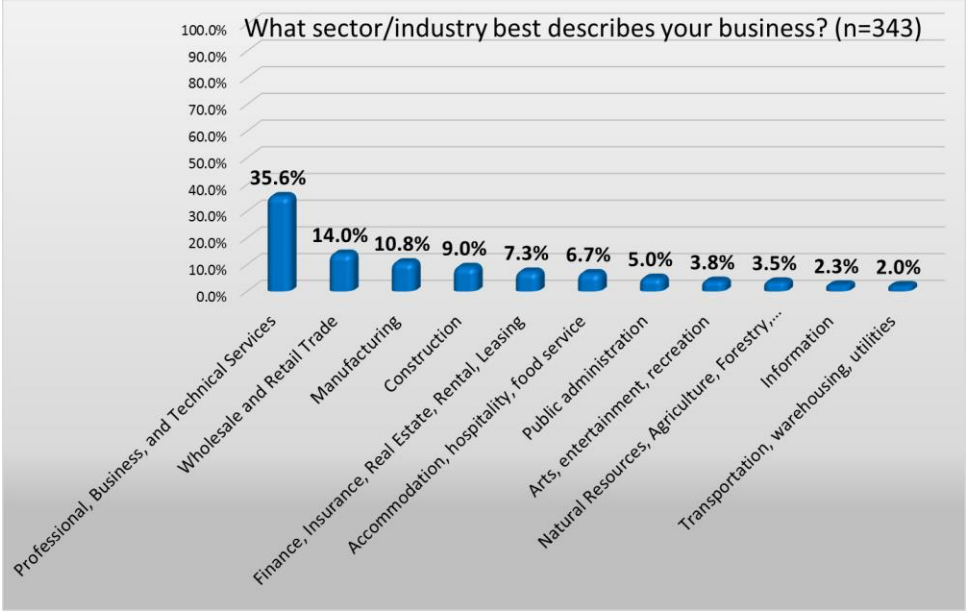
In the next step, CRS implemented a data deduplication process. CRS de-duplicated results by screening for multiple entries from the same IP address or business name and removing the responses from whichever entry had fewer questions answered. Of the 583 total responses, 156 were removed from the analysis if there were duplicate responses from the same IP address or less than one-quarter of responses were completed. Upon completion of the data deduplication

process, CRS determined that 427 surveys were suitable for analysis. As the survey utilized a nonprobability sampling approach to increase the survey response rate, the final sample is not considered to be a fully representative sample. Accordingly, the findings and their generalizability to the broader population of Vermont's businesses should be interpreted with caution.

Analysis of the Sample of Vermont Businesses

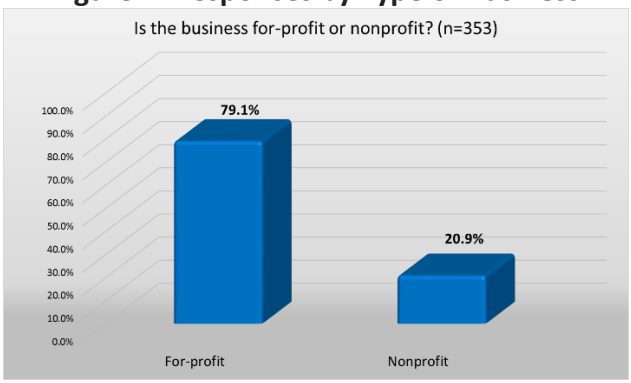
Business leaders from across the state and a range of business sectors responded to the survey. As Figure 1 shows, the sector with the greatest representation was 'Professional, Business, and Technical' (36 percent), followed by 'Wholesale and Retail' (14 percent).

Figure 1. Responses by Sector



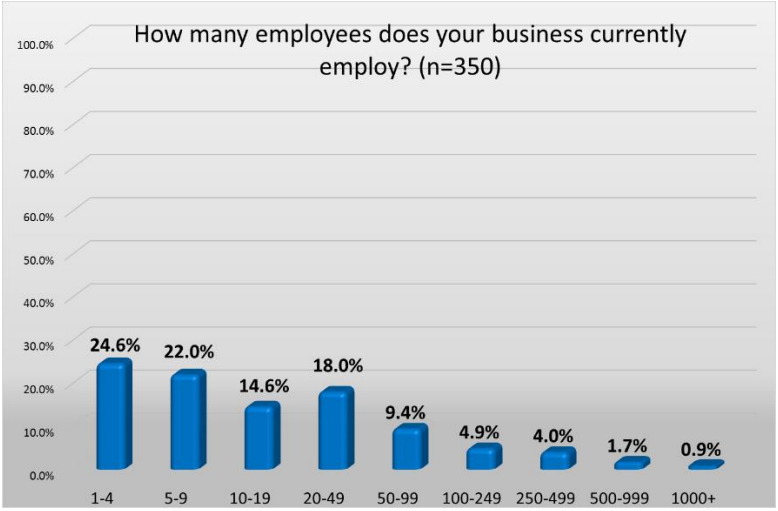
Most businesses that responded to the survey were for-profit businesses (79 percent), while 21 percent were nonprofit businesses.

Figure 2. Responses by Type of Business



The size of Vermont businesses participating in the survey ranged considerably. Businesses with one to four employees had the most responses (24.6 percent), followed closely by businesses with five to nine employees (22.0 percent). More than 61 percent of participating businesses were small businesses with fewer than 20 employees. Only 11.5 percent of participating businesses had 100 or more employees.

Figure 3. Responses by Business Size



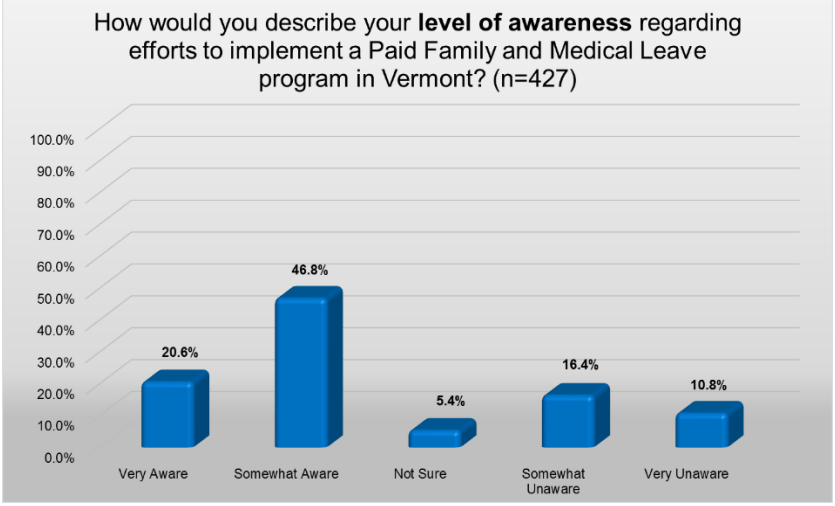
These percentages are largely representative of businesses statewide[30], but with a few notable differences. Statewide, businesses with one to four employees comprise the vast majority of Vermont's businesses at 63.9 percent, followed by businesses with five to nine workers (at 16.2 percent). While the number of businesses with one to four employees within the sample comprise a lower overall percentage of respondents (24.6 percent compared to 63.9 percent), they comprise the largest percentage of sample respondents followed by businesses with five to nine employees. Businesses with fewer than 20 employees are under-sampled in the survey, as these businesses account for 90.1 percent of Vermont's businesses, but account for 61 percent of surveyed businesses. Finally, businesses with 100 or more employees are over-sampled within the survey (comprising 11.5 percent of respondents) while businesses of this size account for 1.6 percent of Vermont's businesses.

[30] Statewide data on the size of Vermont's businesses was obtained from the Vermont Department of Labor's 2015 Size of Firm data, which is available at: http://www.vtlmi.info/indnaics.htm

Key Findings

When asked about their level of awareness regarding efforts to implement a PFML program, 47 percent of respondents were 'somewhat aware'. Most respondents indicated that they were 'very aware' to 'somewhat aware' (67.4 percent), while a combined 27.2 percent of respondents indicated that they were 'somewhat unaware' or 'very unaware'.

Figure 4. Level of Awareness

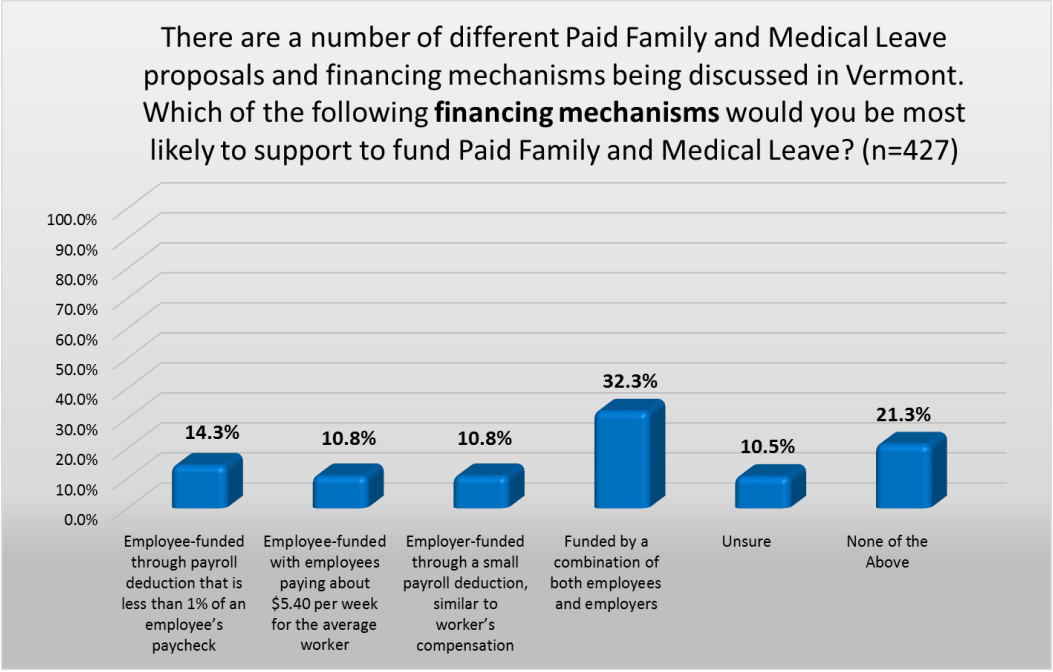


Support for Various PFML Components

The next set of survey questions asked survey respondents about their level of support for various components of a PFML program, including financing mechanisms, benefit levels, lengths of leave, and qualifying reasons for taking leave.

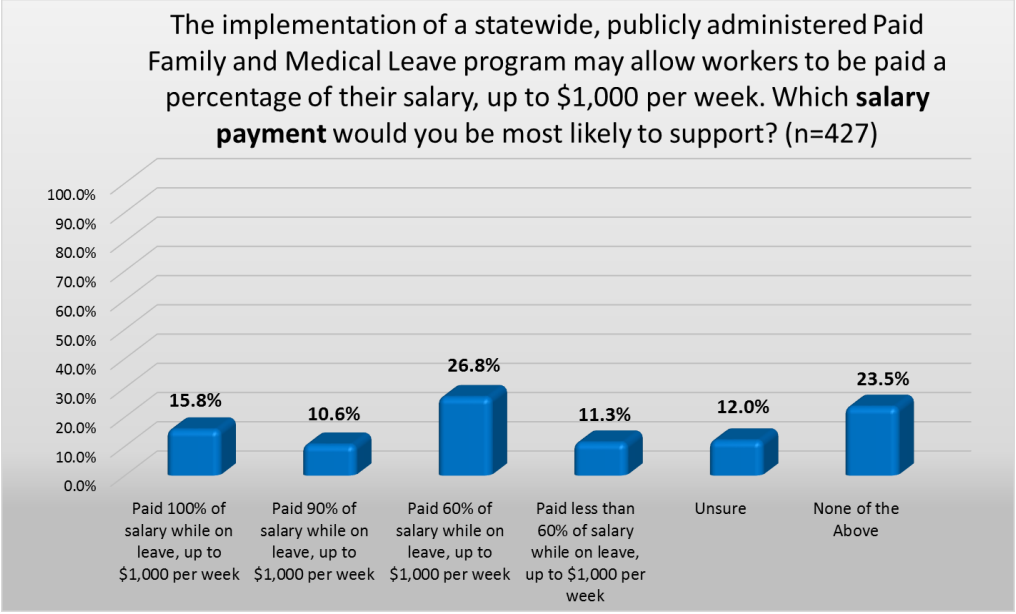
The financing mechanism with the highest level of support was a combination of employer and employee funding, with 32 percent of respondents favoring. In contrast, 14.3 percent of respondents favored an employee-funded option financed by a payroll deduction of less than 1 percent of an employee's paycheck. Respondents showed similar levels of support for an employee-funded option financed by employees paying roughly $5.40 per week, as well as an employer-funded option financed through a small payroll deduction (with levels of support of 10.8 percent for both options). Notably, 21.3 percent of respondents were opposed to all the proposed financing mechanisms.

Figure 5. Preferred Financing Mechanism



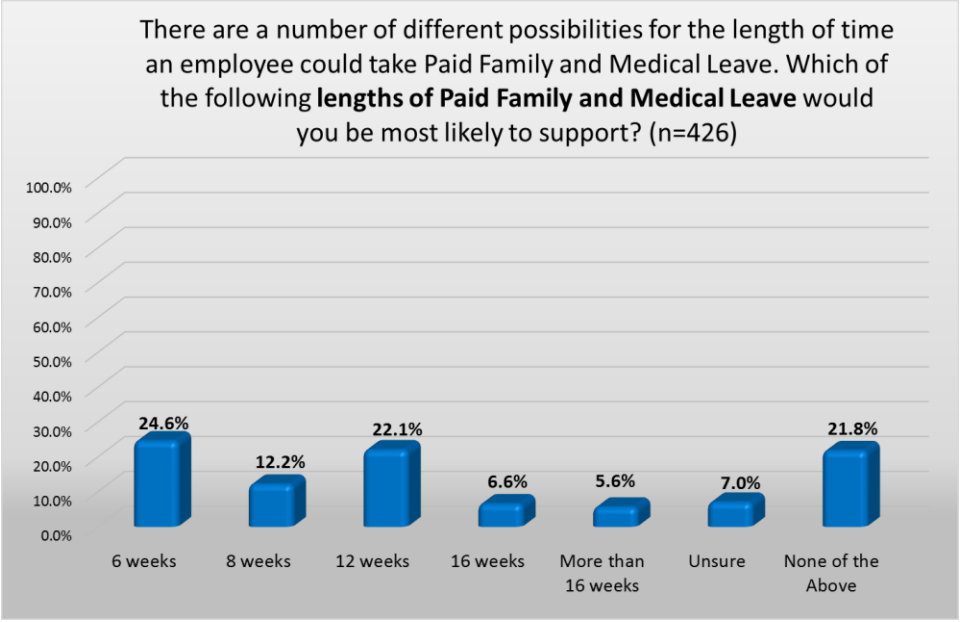
When asked about the level of salary payment that employees could receive while on paid leave, a rate of 60 percent of an employee's salary, up to $1,000 per week, had the highest levels of support. A salary payment of 100 percent of an employee's salary, up to $1,000 per week, had the second highest level of support (15.8 percent). Notably, 23.5 percent of respondents opposed all proposed salary payment options.

Figure 6. Preferred Salary Level



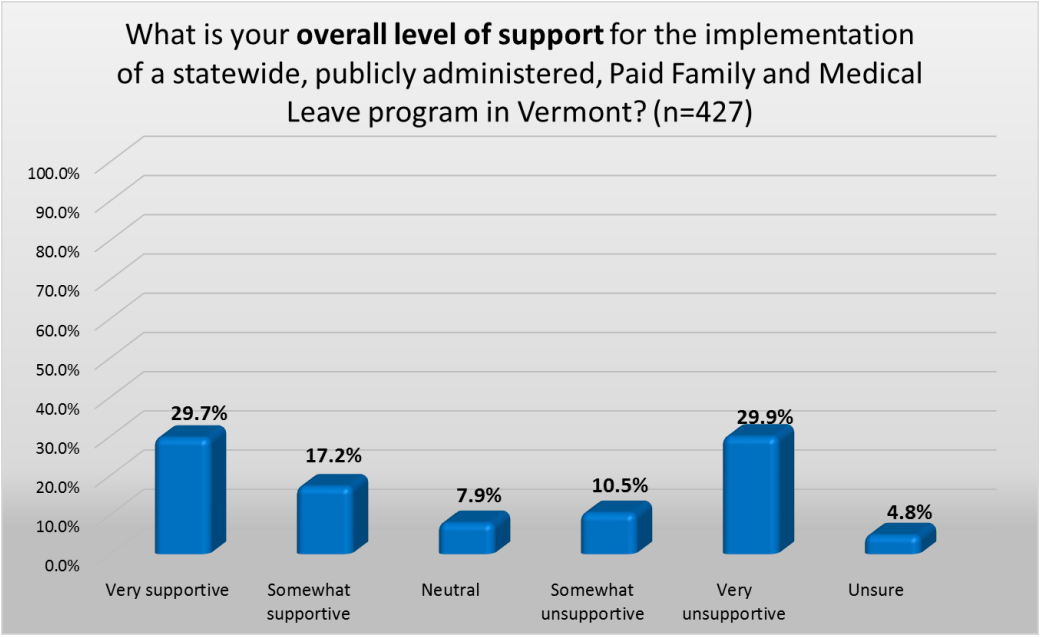
Survey respondents demonstrated considerable differences regarding the preferred maximum length of paid leave under a PFML program. Just under a quarter of business respondents (24.6 percent) would be most likely to support a maximum leave length of 6 paid weeks, followed by 22.1 percent that would support 12 weeks of paid leave. Leave lengths of 8 weeks (12.2 percent) and 16 weeks (6.6 percent) had considerably lower levels of support while, 21.8 percent of respondents would not support any length of leave.

Figure 7. Preferred Length of Leave



When asked about their overall level of support for implementing a statewide, publicly administered PFML program, almost half (46.9 percent) of Vermont's business were supportive[31]. In contrast, 40.4 percent of Vermont's businesses did not support a statewide PFML program. Just under 8 percent of businesses were 'neutral', while just under 5 percent were 'unsure'.

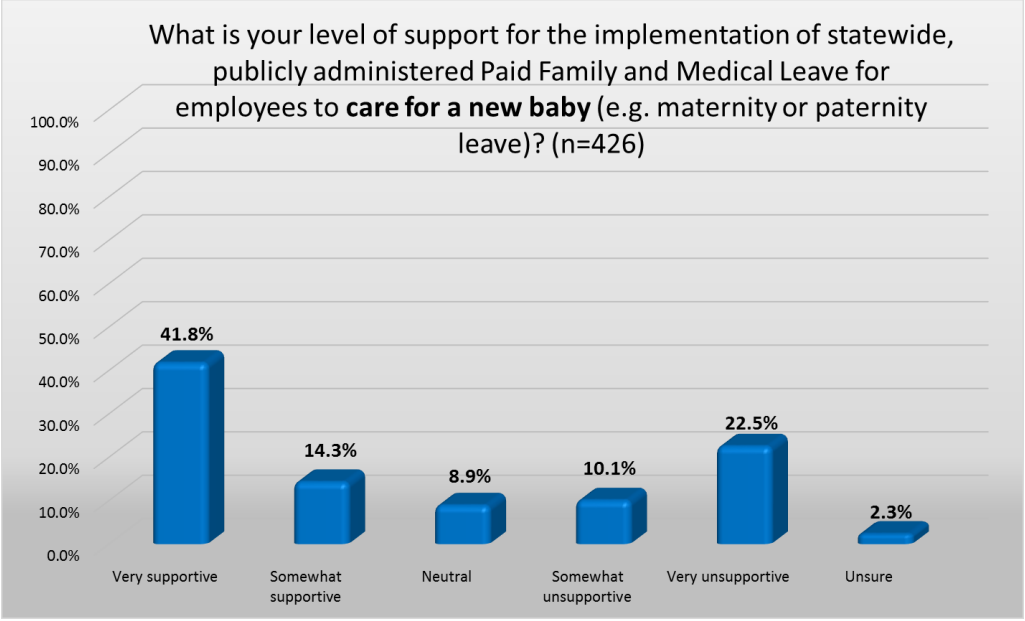
Figure 8. Overall Support for PFML Policy



[31] n=354, includes both very and somewhat supportive and both very and somewhat unsupportive

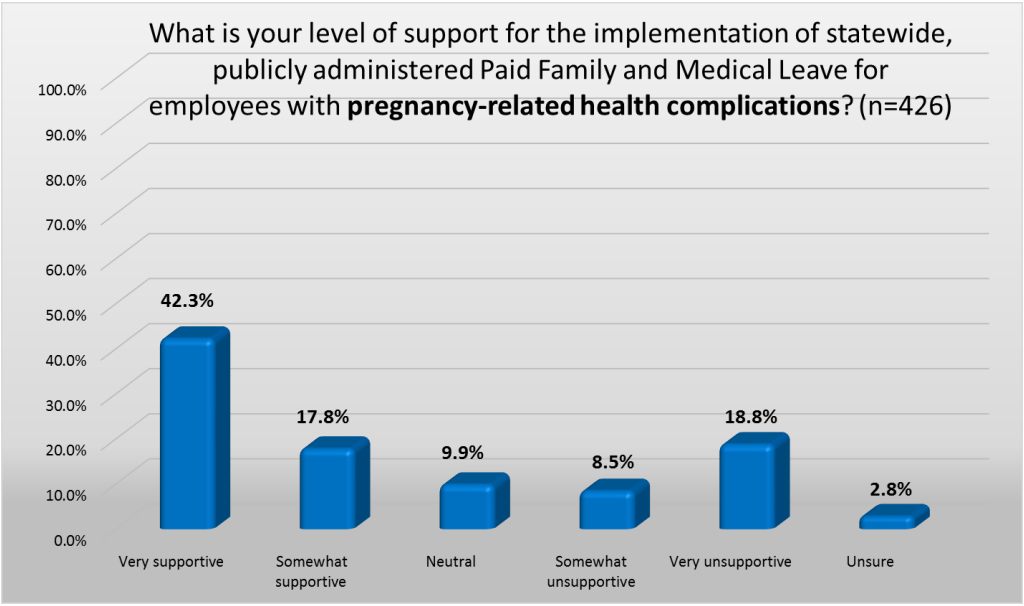
The next battery of survey questions asked respondents about their level of support for various reasons for taking qualifying leave under a PFML program. Many respondents (41.8 percent) were 'very supportive' of Vermont's employees taking leave to care for a new baby.

Figure 9. Support for Parental Leave



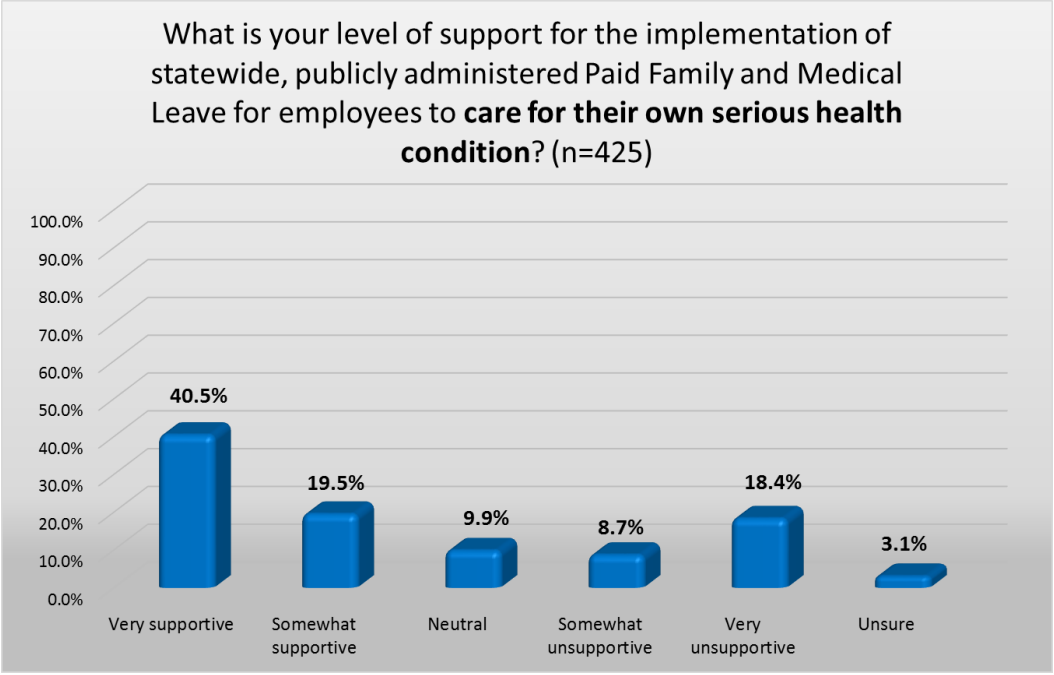
Survey respondents were similarly supportive of employees taking leave for pregnancy-related health complications, with 42.3 percent of respondents indicating that they were 'very supportive'.

Figure 10. Support for Leave for Pregnancy-Related Complications



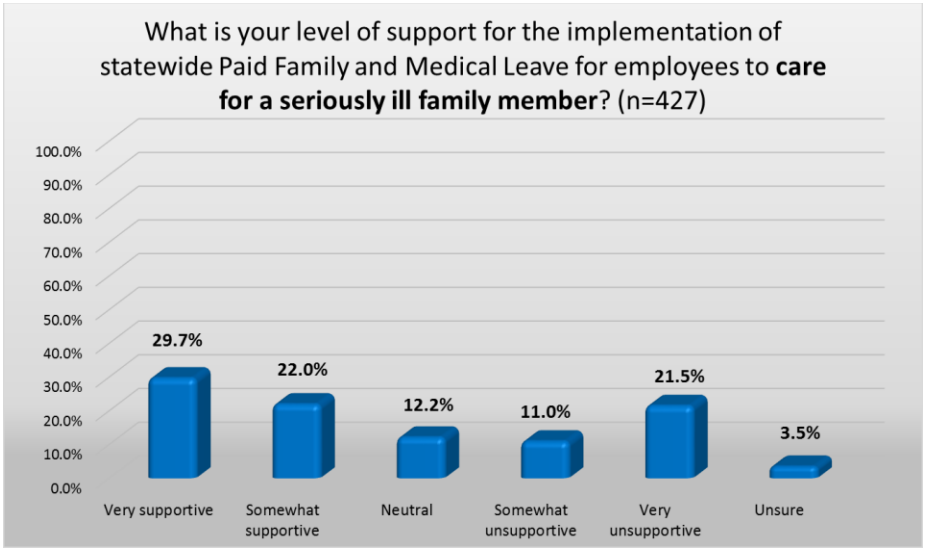
Support for an employee taking leave to care for a serious health condition of their own received similar levels of support, with 40.5 percent of respondents being 'very supportive'.

Figure 11. Support for Leave for Employee's Own Chronic or Serious Health Condition



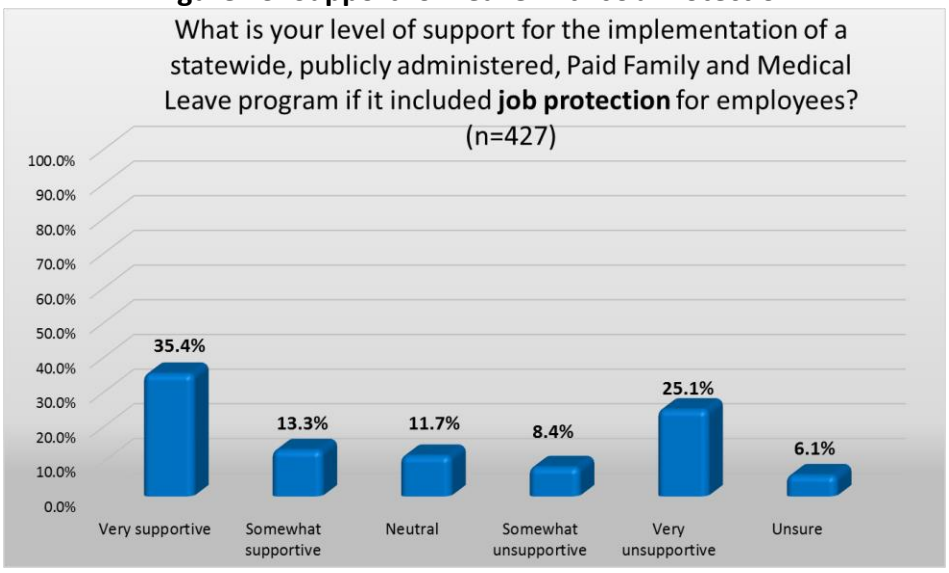
Survey respondents indicated lower levels of support for an employee taking leave to care for a seriously ill family member. A plurality of respondents (29.7 percent) indicated that they were 'very supportive'.

Figure 12. Support for Leave to Care for a Seriously Ill Family Member



Respondents were asked about their level of support for including job protection for employees who took leave under a PFML program. A plurality of respondents (25.4 percent) indicated that they were 'very supportive', while 25 percent were 'very unsupportive' of including job-protection within a PFML program.

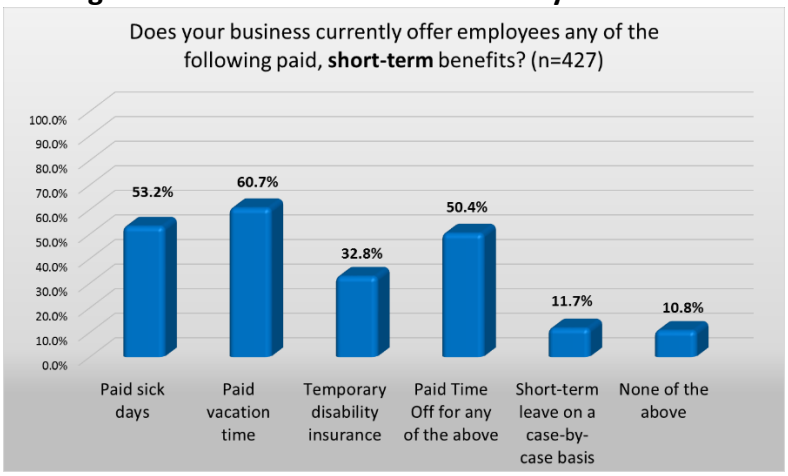
Figure 13. Support for Leave with Job Protection



Types of Paid Leave Provided by Vermont Businesses

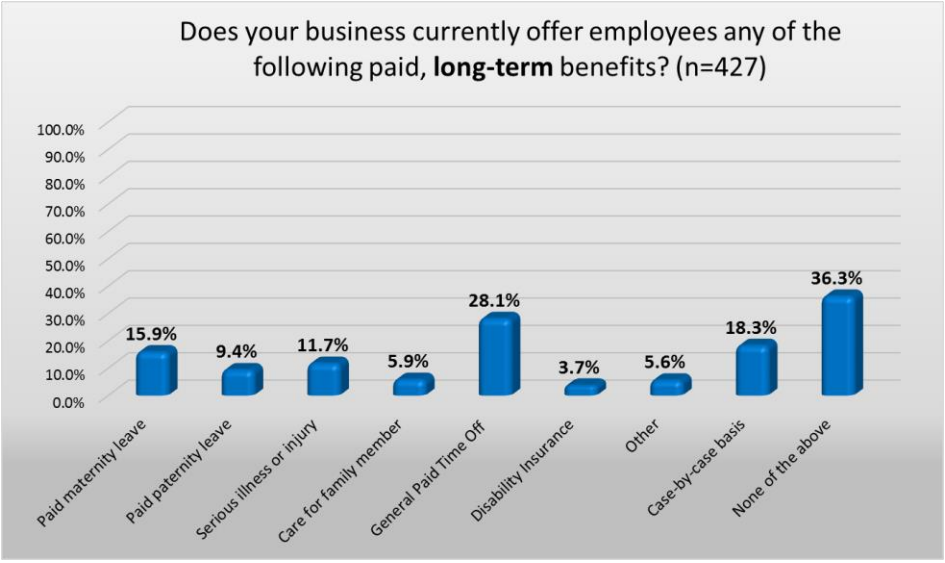
The final battery of survey questions asked respondents about the types of paid leave that their business provided to employees. Respondents were first asked about the types of short-term paid leave that they provided to their employees. Among respondents, 89 percent of Vermont businesses offered some type of short-term paid leave. Paid vacation was the most frequent type, followed by paid sick days, general Paid Time Off (PTO), and paid temporary disability insurance. Just under 12 percent of respondents did not have a formal policy but offered short-term paid leave on a case-by-case basis, while 10.8 percent offered none of these types of short-term paid leave.

Figure 14. Short-term Leave Currently Offered



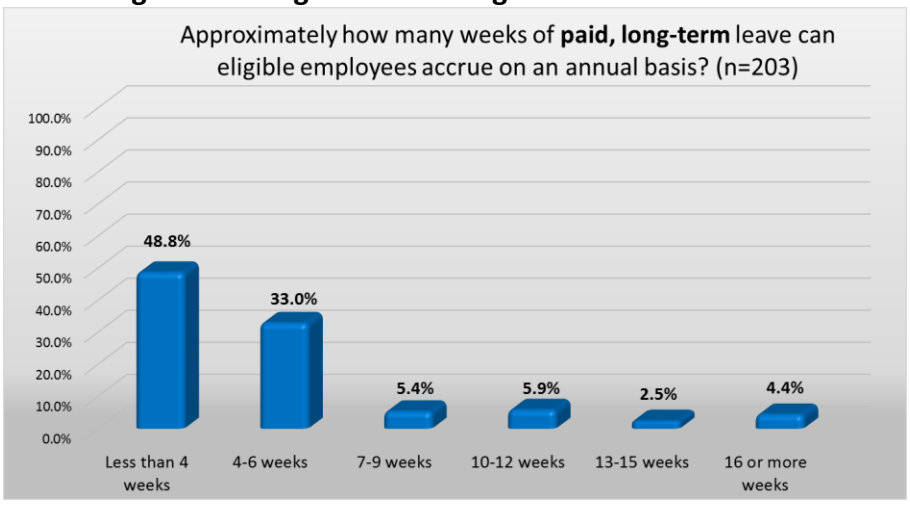
Respondents were then asked about the types of long-term paid leave that they provided to their employees. Just under over 18 percent of respondents did not have a formal policy but offered long-term paid leave on a case-by-case basis. Considerably smaller percentages of responding Vermont businesses offered paid maternity leave (16 percent), long-term leave for a serious illness or injury (11.7 percent), or paid paternity leave (9.4 percent).

Figure 15. Long-term Leave Currently Offered



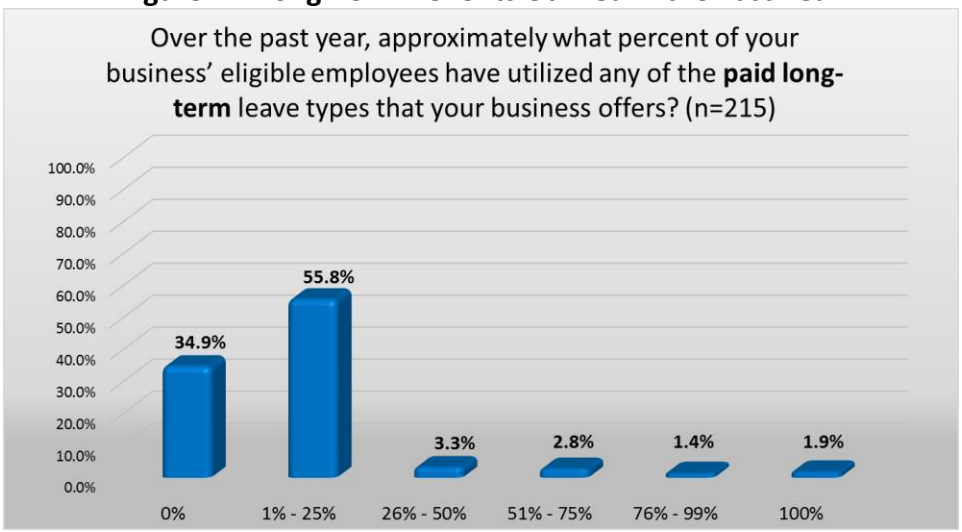
Respondents were next asked about the number of weeks that employees could accrue long-term paid leave on an annual basis. The majority (82 percent) of responding businesses provided less than 6 weeks of long-term paid leave on an annual basis.

Figure 16. Length of Paid Long-Term Leave Available



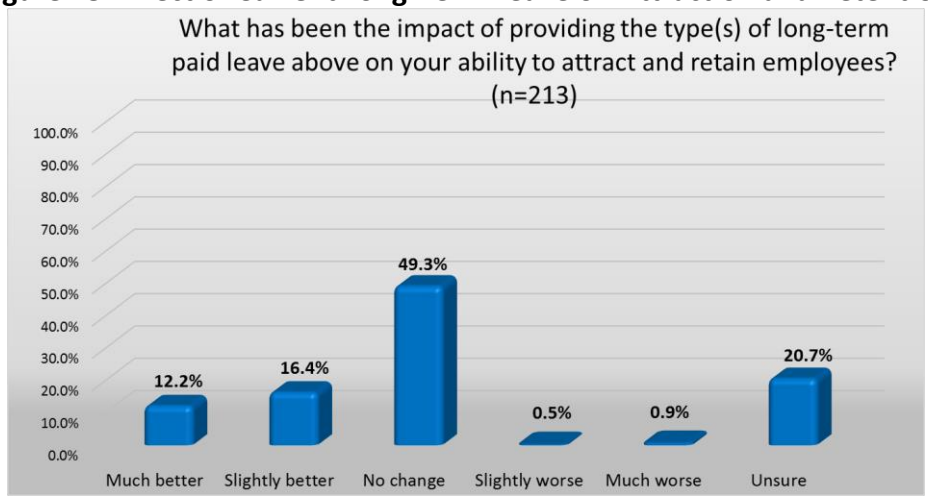
The survey next asked respondents to report the percentage of their business's employees that utilized long-term paid leave within the past year. For greater than 90 percent of the businesses that offered long-term paid leave, less than a quarter of eligible employees had utilized the benefit within the past year.

Figure 17. Long-Term Benefits Utilized in the Past Year



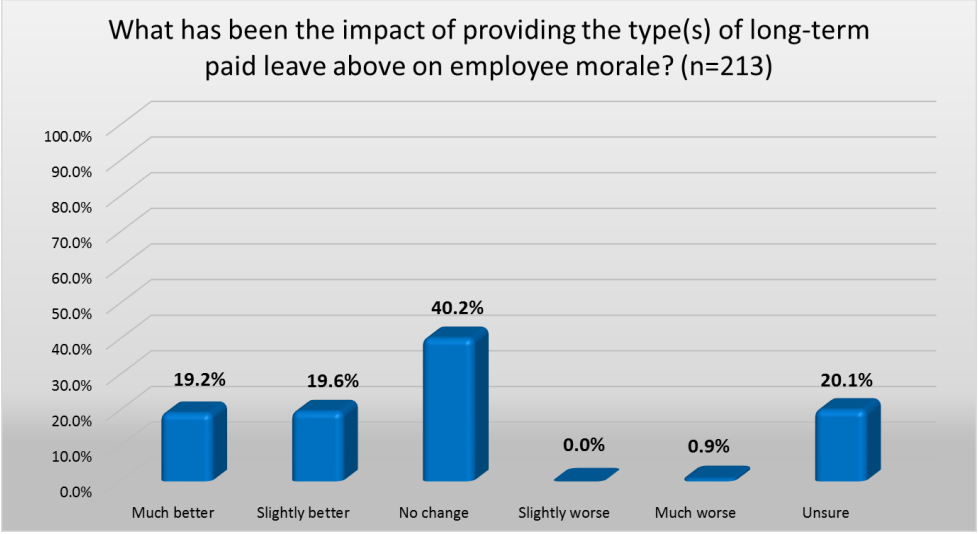
Businesses were next asked about the effect that providing long-term paid leave had on attracting and recruiting employees. Almost half of respondents (49.3 percent) indicated 'no change'.

Figure 18. Effect of Current Long-Term Leave on Attraction and Retention



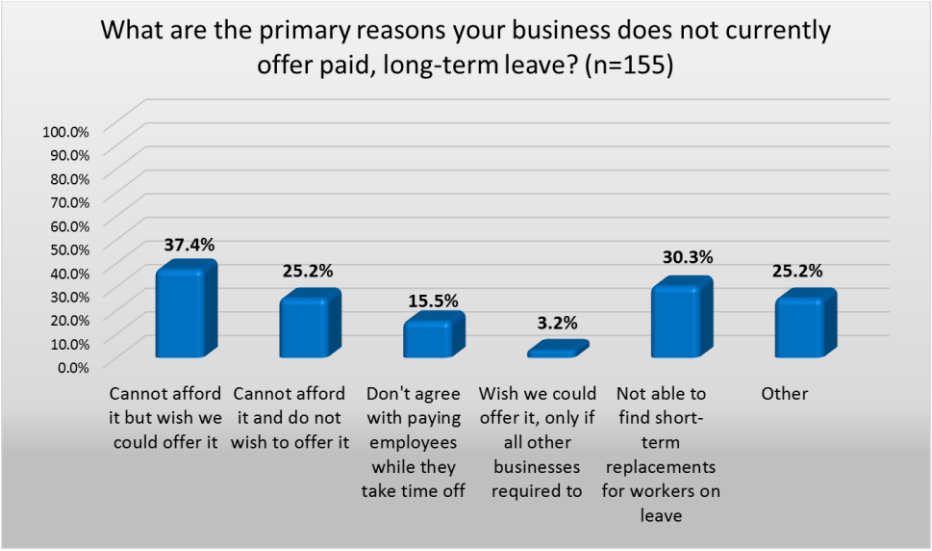
Businesses were also asked about the effect that offering long-term paid leave had on employee morale. Many respondents (40.2 percent) indicated 'no change'; however, a combined 38.8 percent of businesses indicated that employee morale was 'much better' or 'slightly better'.

Figure 19. Effect of Current Long-Term Leave on Employee Morale



A final survey question was posed to businesses that did not offer any type of long-term paid leave. These businesses were asked to provide the primary reason for not currently providing long-term paid leave. Primary reasons for not providing long-term paid leave consisted of the inability to afford paid leave despite a desire to do so (37.4 percent) and the inability to find replacement workers for employees taking leave (30 percent). A variety of 'other' responses were written in, including: concern about abuse of the program and the business having only part-time employees.

Figure 20. Reasons for not Offering Paid Long-Term Leave



Conclusion and Recommendations

Vermont business leaders who responded to the survey were split in their level of support for a Paid Family and Medical Leave policy in Vermont. A recommended next step would be an active outreach and education campaign to inform business owners, employees, and the public about the background and justification for a PFML policy and the details of such a policy for Vermont. For the business community, based on survey comments, framing should focus on the cost of such a policy, as well as an explanation of how small businesses will be supported.

Chapter 5B: Education, Outreach, and Marketing Analysis - Focus Group Findings

Introduction

In an effort to better inform the feasibility of a paid family and medical leave (PFML) policy in Vermont, the IMPAQ team conducted four focus groups throughout the state in the months of September and October 2016. The team gathered data on the views of business owners and leaders on how to develop a paid family and medical leave program that serves the needs of employees and employers. The focus group participants consisted of a diverse group of business owners and leaders, including small business owners, from across the state. The findings of the focus groups supplement the information collected through the business survey by providing deeper insight into participants' opinions and beliefs related to paid family and medical leave. This document provides an overview of the focus groups, including participant demographics, and an analysis of the findings.

Focus Group Overview

During August and September 2016, the University of Vermont's Center for Rural Studies (CRS) worked with IMPAQ to recruit Vermont business owners and leaders to participate in a series of focus groups. Participants were recruited via direct outreach to individual businesses and coordinated outreach to local business associations. Organizations contacted for recruitment purposes included Vermont Businesses for Social Responsibility, the Vermont State Chamber of Commerce, the Lake Champlain Chamber of Commerce, the Rutland Regional Chamber of Commerce, the Northeast Kingdom Chamber of Commerce, and the Vermont Main Street Alliance.

Recruited participants were informed that the objective of the focus groups was to meet with business owners, executives, and human resources professionals from across a variety of industry sectors and business sizes in Vermont to better understand the perspectives of businesses that currently provided paid family and medical leave benefits and the perspectives of those that did not. Four 90-minute focus groups were subsequently conducted during September 2016. Three were conducted in-person on September 12 and 13, and one virtually via teleconference on October 6. In total, 18 Vermont business owners and leaders participated in the four focus groups. **Exhibit 1** provides an overview of the focus groups.

Exhibit 1: Overview of the Focus Groups

Date	Location	Region	Number of Participants (% of All Participants)
September 12 4:00 p.m.	Lake Champlain Regional Chamber of Commerce	Western Vermont	11 (61.1%)
September 13 8:30 a.m.	Rutland Regional Chamber of Commerce	Southern Vermont	4 (22.2%)
September 13 4:00 p.m.	Northeastern Vermont Regional Hospital (in collaboration with the Northeast Kingdom Chamber of Commerce)	Northeastern Vermont	1 (5.6%)
October 6 3:30 p.m.	Virtual	Statewide	2 (11.1%)

The focus group moderator's guide, in Appendix D of this report, provides a detailed overview of the process for organizing and facilitating the focus groups. The protocol details the preparation and recruitment processes, roles and responsibilities of the focus group moderator and note taker, and the list of focus group questions. Appendix E includes sample copies of the participant information questionnaire, and Appendix F contains the informed consent form that participants completed.

Characteristics of Focus Group Participants

Prior to participating in the focus groups, participants were asked to complete the "Participant Information Form," which collected information on their demographic characteristics and level of awareness and support for PFML policies. Participants differed across demographic characteristics at the individual and business levels and across levels of awareness and support for PFML policies. This section provides an overview of the participants' perspectives and opinions.

Participants' Demographic Characteristics

Exhibit 2 presents an overview of the demographic characteristics of the participants.

Exhibit 2: Participants' Demographic Characteristics

Demographic	Percentage of Focus Group Participants
Gender	
Female	59%
Male	41%
Age	
25–34	12%
35–44	35%
45–65	53%
Race/Ethnicity	
American Indian or Alaska Native	0%
Asian or Pacific Islander	0%
Black (African American)	0%
Hispanic (Latin-American)	0%
Non-Hispanic White (Caucasian)	100%
Other	0%
Education	
Some High School or Less	0%
High School Graduate/GED	6%
Some College	6%
College Graduate	41%
Some Post-Graduate Work	6%
Post-Graduate Degree	41%
Position within the Business	
Executive	12%
Human Resources Professional	29%
Owner	53%
Missing	6%

The majority of participating respondents were females (59 percent). Most participants fell into older age groups: 53 percent of participants were 45 to 65 years of age, 35 percent were 35 to 44 years of age, and 12 percent were 25 to 34 years of age. While participants were diverse with respect to gender and age, they were overwhelmingly homogenous in terms of race and ethnicity, with 100 percent of respondents reporting that they were "Non-Hispanic White (Caucasian)." This lack of racial and ethnic diversity among the participants is largely reflective of the Vermont population: U.S. Census Bureau data[32] show that 94.8 percent of the state's residents were classified as "White Alone." Because racial and ethnic minorities were underrepresented in the focus groups, the findings that pertain to race and ethnicity should be interpreted with considerable caution.

[32] U.S. Census Bureau. (n.d.). QuickFacts: Vermont. Retrieved from http://www.census.gov/quickfacts/table/PST045215/50

The majority of focus group participants were highly educated, with 88 percent possessing a college degree or higher level of education (including 41 percent of participants holding a post-graduate degree). The majority of participants were business owners (53 percent), followed by human resources professionals (29 percent), and executives (12 percent).

Business-Level Characteristics

Focus group participants represented considerable diversity at the business level. **Exhibit 3** presents an overview of these characteristics, including business sector, industry, number of employees, and years in operation.

Exhibit 3: Business-Level Characteristics of Participants

Business-Level Characteristics	Percentage of Focus Group Participants
Business Sector	
For-profit	65%
Non-profit	29%
Missing/Not Provided	6%
Industry	
Accommodation, Hospitality, Food Service	17%
Education, Health Care, Social Services	12%
Finance, Insurance, Real Estate, Rental, Leasing	17%
Information	6%
Manufacturing	12%
Other: Building Services, Janitorial	6%
Other: Human Services	6%
Retail	6%
Missing/Not Provided	6%
# of Employees	
1–4	12%
5–9	6%
10–19	17%
20–49	18%
50–99	12%
100–249	23%
500–999	0%
1,000+	6%
Missing/Not Provided	6%
Years in Operation	
Less than a Year	6%
1 Year	6%
2–4 Years	11%
5–9 Years	12%
10–15 Years	6%
16–20 Years	6%
More than 20 Years	53%

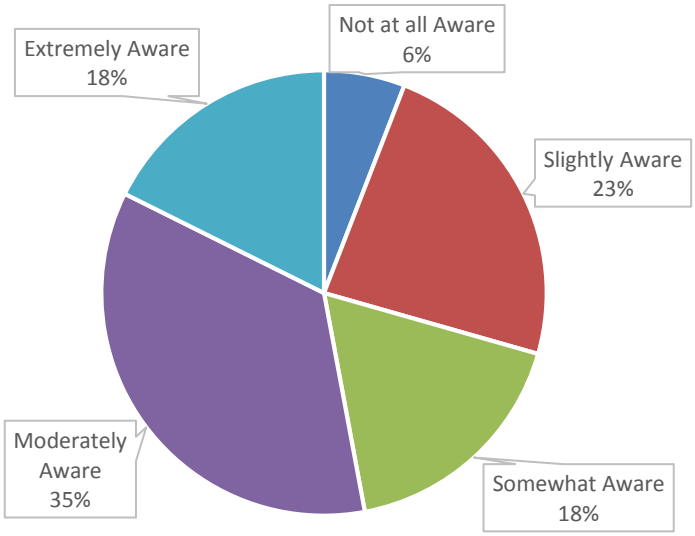
The majority of focus group participants (65 percent) were from for-profit organizations. Participants represented eight different industries in Vermont. Within this group of industries, "Accommodation, Hospitality, Food Service" and "Finance, Insurance, Real Estate, Rental, Leasing" had the largest representation (17 percent each), followed by "Education, Health Care, and Social Services" and "Manufacturing" (12 percent each).

Businesses with 100 to 249 employees accounted for the largest percentage of participants (23 percent) followed by businesses with 10 to 19 employees (17 percent). These businesses varied widely in of the number of years in operation. Most participants represented businesses that had operated for 20 years or more (53 percent), followed by businesses that operated for 5 to 9 years (12 percent) or 2 to 4 years (11 percent).

Awareness and Support for PFML Policies in Vermont

The final set of background questions asked focus group participants about their levels of awareness and support for PFML policies in Vermont. Participants were first asked to describe their level of awareness regarding efforts to implement a PFML policy in Vermont[33]. As **Exhibit 4** shows, participants had different levels of awareness. Overall, most participants were aware of efforts to implement PFML policies, with slightly more than half responding that they were either "extremely aware" (18 percent) or "moderately aware" (35 percent) of PFML policies, followed by "slightly aware" (23 percent) and "somewhat aware" (18 percent).

Exhibit 4: PFML Awareness Level

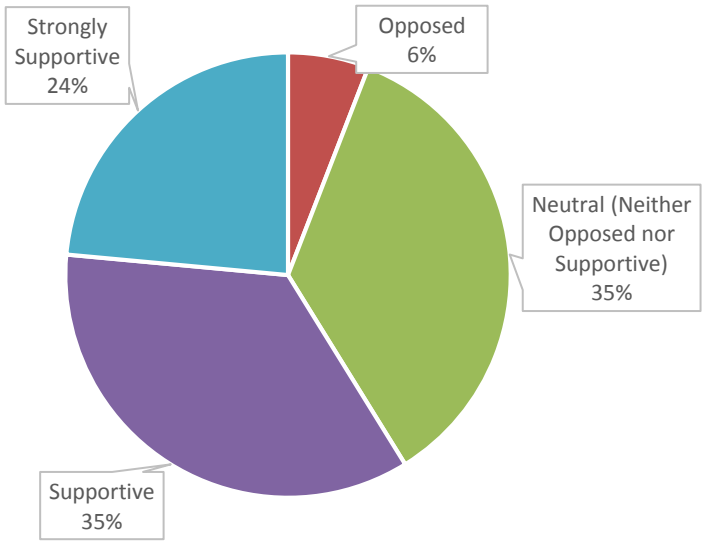


The second question asked participants to indicate their level of support regarding efforts to implement a PFML policy in Vermont. As **Exhibit 5** shows, half of the participants were "supportive" (35 percent) or "strongly supportive" (24 percent) of the implementation of a PFML policy. Thirty-five percent of respondents indicated that they were "neutral (neither opposed nor supportive)," and only 6 percent were "opposed."[34] Overall, these figures suggest that focus group participants were more likely to be supportive of the implementation of a PFML policy in Vermont.

[33] Focus group participants were asked the following question: *On a scale of 1 to 5, where 1 is "not at all aware" and 5 is "extremely aware," how would you rate your level of awareness regarding efforts to implement a PFML policy in Vermont?*

[34] Note: none of the participants indicated that they were "strongly opposed" to the implementation of a PFML policy.

Exhibit 5: PFML Support Level



Analysis of Focus Group Data

Upon conclusion of the focus groups, the IMPAQ team prepared detailed notes from recordings and notes taken during the focus groups. The team used these notes to conduct a qualitative analysis of the data, focusing on common themes and patterns. Predominant opinions and dissenting opinions were of equal interest, as was the intensity of the opinions and viewpoints. In instances in which questions produced rich discussions with multiple perspectives, bullet points are used to detail the participants' perspectives and opinions.

The findings described below align with the ordering of the discussion questions in the focus group protocol. In total, 12 primary questions (as well as associated probing questions) were asked of focus group participants, with the questions organized around 6 domains:

1. Awareness and Concern about Paid Leave
2. Family and Medical Leave within Your Business
3. Practical Impact of PFML on Business Operations
4. Familiarity with Various PFML Policy Options in Vermont
5. Opportunities for Developing a PFML Policy in Vermont
6. Additional Comments

Domain 1: Awareness and Concern about Paid Leave

The first set of questions focused on participants' awareness of, level of support for, and associated concerns about the implementation of a PFML policy in Vermont. When asked about their awareness of efforts to implement a PFML policy, participants demonstrated a wide range of awareness levels, from "slightly aware" to "extremely aware." Participants indicated that their levels of awareness were informed by a variety of information sources, including organizations engaged in the topic (such as Main Street Alliance of Vermont, local chambers of commerce, and the Society for Human Resource Management), as well as traditional media sources (such as the

Rutland Herald) and internet websites (such as Reddit Vermont). Some participants, especially human resources professionals, noted that their awareness of PFML policies was informed by their position within their business, which required them to be familiar with policies that could impact the business. Participants also noted that personal interactions with other stakeholders had increased their level of awareness. These types of interactions included meetings and discussions with staff from organizations and legislative groups involved in the issue. One participant noted that the proximity of his business to the state capitol provided him with frequent opportunities to engage lawmakers, lobbyists, and other stakeholders on the status of PFML policies.

When asked about their level of support for a state-administered PFML policy, focus group participants shared that their level of support ranged from "neutral" to "strongly supportive." Participants said that a variety of reasons were driving their level of support. Those who expressed a neutral opinion cited a need for more information, including specific policy proposals, as a primary factor that prevented them from arriving at a more definitive position.

One participant added that he was skeptical of Vermont taking the lead on the issue of PFML policy, given the state's size, demographics, and track record of ineffectively managing other programs. A participant who rated her level of support as "supportive" would have changed her response to "strongly supportive" if she had more information on how the policy would operate, together with evidence that the policy was beneficial to employers. Participants that were "strongly supportive" cited reasons such as "it's the right thing to do" and "it's humane and long overdue for a wealthy society such as Vermont." Other participants commented that they agreed with the "humanity arguments" but that they needed more details about the program before deciding how strongly they would support the policy.

Participants were next asked about their concerns regarding the implementation of a state-administered PFML policy. Most of the participants' concerns centered on how the state would administer and fund the policy. Specific concerns expressed by participants included the following:

- One participant explained that he was mainly concerned about the funding options—whether the policy would be funded by employers, employees, or a combination of both. An additional concern was the length of leaves that would be provided for eligible employees (e.g., 12 weeks of leave). A third concern was how employers could fill positions left vacant by employees on leave, and whether the state would help fill these positions with temporary employees.
- One participant explained that she was concerned about the state spending a lot of resources to implement the program, "especially given that the implementation of the Affordable Care Act has been so expensive for the state."
- Another participant said that he was concerned about the possible administrative burden the program would have on employers, specifically relating to their time and resources (especially employers with high levels of turnover).

- One participant viewed the intent of the program as laudable, but said that cost and efficiency would be a factor. The participant wondered about the program's overall cost and how it would change over time.
- Another participant expressed concern about the state administering a program "that isn't done at the federal level." She mentioned further concerns about "people moving from other states because of the benefits, which is great, but also has a cost."

Participants were then asked about potential solutions for mitigating their concerns. A variety of potential solutions were identified:

- One participant suggested that the state should study what other states have done and then figure out whether the program can be tailored to Vermont.
- Another participant commented that some of the concerns could be mitigated by involving employers in the development of the policy details.
- One participant explained that cost concerns associated with the policy could be mitigated by knowing not just the direct cost to businesses but also the personal cost to business owners (e.g., property taxes). Thus, "a broad/holistic view of the cost to business owners" should be considered.
- Another participant had the following questions about how the program would affect employers that already provide paid time off:
    - Will the program's benefits kick in before or after the employer provides paid time off?
    - From an administrative standpoint, how will employers implement the program?
    - Will the program be mandatory for all employers, or will employers who already provide paid time off be allowed to opt out?
- One participant noted that it took a decade to pass a policy protecting paid sick days. She thought that it might be easier to pass a paid family leave insurance policy from the employees' side. She further suggested that an employee-sponsored fee would be more feasible than an employer-sponsored fee. Specifically, she thought that if everyone paid a small amount, it would be easier to pass than a property or business tax.
- One participant stated that she absolutely opposed the policy because of the "state-administered" phrase. She said that this responsibility should be left to businesses to work out with their employees, which would allow the policy to be employer-driven and businesses to customize the policy in a way that fits their needs. She further explained that often the state rushes into adopting policies that end up impacting small businesses negatively. In her experience as an HR executive, she has noticed that employers often do care about their employees and want to do the right thing for them, but that "the top-down, one-size-fits-all policy [approach] often results in policies that don't meet the needs of businesses and even the employees themselves."
- Another participant stated that she personally empathized with the plight of workers, but, from her firm's standpoint, she is opposed to the policy because "state mandates often

cause burden to the employers." She noted that the recent sick leave legislation, which requires tracking of employees by employers from the first day of employment, is an added burden to employers "because it will be difficult to track because our company is on a calendar year."

- One participant noted that having a PFML program would be a way to grow Vermont economically, by attracting and retaining employees. However, when she hears the phrase "state-administered," she thinks about "a large bureaucracy that will make the situation worse." She further explained that she supports the policy (with conditions), because she believes it is the right place to start.

Domain 2: Paid Family and Medical Leave Within Your Business

The next set of questions focused on PFML within participants' businesses. Participants were asked whether their business offered PFML and about the associated rationales for offering or not offering PFML benefits.

Most participants indicated that their business did not provide paid family or medical leave to their employees. One participant noted that the company offered 6 weeks of short-term disability with a 70 percent wage replacement. Another participant said that their company offered paid maternity leave with a wage replacement rate of 30 to 70 percent, depending on the employee's tenure with the company. One participant shared that her company provides 3 months of paid leave that is partially funded through short-term disability. After the third month, employees can choose from a tiered set of benefits that are available through the sixth month after the child was born. During this 3-month period, employees can elect to come back to work full-time with a childcare scholarship that fully pays for childcare, work part-time with a scholarship for part-time childcare, or elect to take the 3 months off at a reduced salary rate of around 40 percent. The participant suggested that this flexible, tiered system allows employees to decide what is best for their family.

When asked about the company's rationale for providing paid family or paid medical leave, one participant noted that her company first offered the benefit in the form of maternity leave to retain an employee who had a specialized skill. The company now provides paid family leave benefits to retain its employees. Another participant noted that her business wants employees to return after having babies. She noted that "research shows that if you support your employees, they will stay longer. Employees that use paid family leave stay 25 percent longer than those that don't. People feel better about their work and their employers." One participant stated that his business has a series of policies that are concerned with creating an environment that is family-friendly and recognizes that "people have a life outside of work."

Participants were also asked to share why their business did not provide paid leave and whether any of the reasons for providing paid leave that were shared by other participants would lead them to consider adopting paid family leave or paid medical leave. Many participants indicated that cost was the main factor that prevented them from providing paid leave. One participant explained that "it is difficult for companies in the restaurant industry to provide such benefits

because of cost, and especially when competitors don't provide the same benefit." This participant felt that a PFML policy would provide a "level playing field" that would allow him to be able to pay his employees when they take time off without worrying about the competitive edge of his business. Another participant noted that paid family or medical leave is not offered because her business only has temporary employees. She noted that it would be nice to offer the benefit to future full-time employees, but she does not know how the business would pay for it. Several participants noted that their business did not provide paid family or paid medical leave, because the business was already providing generous paid leave benefits. Examples of these benefits include:

- General paid time off (PTO) of 5 to 15 days that employees could use "however they want."
- PTO that allows employees to accrue 6 to 9 weeks, depending on tenure.
- A combination of vacation, sick days, and 401K benefits that are more robust than their competitors. The business felt that providing additional benefits in the form of paid family or paid medical leave would hurt its competitive edge.

Domain 3: Practical Impact of PFML on Business Operations

The third set of questions focused on the practical impact of PFML on the operations of participants' businesses. Participants were asked about the positive and negative impacts of providing paid family or medical leave on the business and any associated concerns.

Since most participants indicated that their business did not provide paid family or medical leave to their employees, information obtained on the impacts on businesses was limited. However, responses from three participants with businesses that do provide paid family or medical leave offer the following important insights into the impact on business operations:

- One participant provided detailed insight into her business's paid maternity program, which has been in place for the past 2.5 years. The participant shared that she had not noticed a cost burden, because employees are provided with wage replacement based on their tenure (with employees that have been with the company for 1 to 2 years receiving 30 percent wage replacement). She further noted that, due to the business's small size (12 employees), filling in for an employee that is on leave is easy for her to do. The business thus does not have to deal with the hiring and training of new employees. The participant noted that the paid maternity program helps with the recruitment of new employees, because the business primarily employs women in their 20s and 30s.
- Another participant indicated that the impact on his business has been very positive, and that employees have a general understanding that they "pick up the slack when others leave to make sure the work gets done." He suggested that his employees have a lot of loyalty to the business because they know that their income is secure and their job will be there when they return.
- One participant recalled that, while researching paid family and medical leave policies, her company found that implementing a PFML policy would not impose any direct costs on the business, as its employees could fill in for one another. She suggested that her company has

an incredibly supportive staff who knows that if something were to happen to them, others would subsume their responsibilities.

Participants who represented businesses that did not offer paid leave were then asked whether they had specific concerns about the practical impact of paid family or medical leave on their business. Participants shared the following concerns:

- One participant explained that his biggest concern is related to the transitional staffing when an employee is on leave. He was particularly concerned about the ability to find someone who is qualified but willing to work for only a short duration. The participant asked whether it would make sense for the business to hire the individual for a short-term period and then pay them unemployment when the employee on leave returned to the job.
- Another participant explained that, in the medical field, managing staffing is difficult when an employee goes on leave under the current PTO that the company offers (which ranges from 6 to 9 weeks). Therefore, if the PFML policy provided employees with benefits that were in addition to the benefits offered by the company, staffing appropriately would become even more difficult. Furthermore, the policy would likely increase costs because the business would have to hire more individuals on a regular basis to meet their staffing needs.
- Another participant explained that, in the hardware industry, hiring more workers is not feasible because their business is season-based. Other employees normally fill in when someone is on leave by working overtime, which is a time-and-a-half rate. Extended leave is thus a serious cost for the business to consider.
- One participant said that her biggest concerns would be the economics and where to find temporary workers to fill in for employees on leave. She raised the question of how temporary employees could be both found and trained.
- Another participant also said that economics would be the biggest concern. In growing her business, she also must think about the requirements of the Affordable Care Act (ACA). She explained that the ACA was preventing employers from growing their businesses because they could not afford to provide health insurance to their employees. She stated that, as with the ACA, "PFML will solve one problem but cause another." She suggested that the policy should be carefully thought through to ensure its effectiveness and that it works as intended.

Domain 4: Familiarity with Various PFML Policy Options in Vermont

The next set of questions asked participants about their familiarity with various PFML policy options that have been considered by the Vermont legislature in recent years. The first question again asked respondents about their familiarity with Vermont's efforts to implement a PFML policy. Participants unanimously indicated that they were unfamiliar with any specific PFML policies that have been proposed in recent years.

Participants were then asked about the funding mechanisms for a PFML policy, noting that various PFML policy options had proposed that qualifying leaves be funded by employers, employees, or a combination of both. Participants were asked to share their views regarding the

most effective option for funding a PFML policy that meets the needs of employers and employees. Participants shared the following responses:

- One participant explained that employees in the service industry earn very little and that taking more money out of their paychecks to pay for the policy would be disingenuous. The participant thus tended to favor the employer-paid option through "slimmer bottom lines or slimmer executive pay." The participant further explained that if businesses were to fund employee leaves, the costs would be universally reflected in the cost of goods and services rather than in particular industries or employers.
- Another participant asked what it would mean for employees to pay for the policy. "Would employees be able to move the benefits from one employer to another? In addition, would there be a waiting period for benefits when the employee moved from one employer to another? "
- Another participant stated that he favored a policy that would allow an employee to take paid leave regardless of the employer.
- One participant explained that since this is "a benefit to the workers and a form of insurance, the workers should pay for it."
- Another participant explained that it would be difficult to implement the program for businesses that bordered neighboring states (such as New Hampshire) that do not have a paid leave mandate.
- One participant proposed exempting low-wage workers from paying for the program.
- Another participant said that while there is an employee-funded option, employers would ultimately fund the policy. She explained that the PFML policy approach is "myopic" and should take the needs of employers and employees into account.
- One participant said that employees and employers cannot afford to fund the program, but "if all of the large corporations were paying their fair share of taxes, there would be enough money to fund the program."
- Another participant said that it would be more appealing to do a combination of an employer- and employee-funded option, but developing and implementing such an option would be a challenge.
- One participant also noted that he would like to see a blend of employer and employee contribution. He stated, "I think the more you spread the pain, the least resistance you'll get." He added that both parties should be responsible for providing this form of income security, as it benefits both groups.

Domain 5: Opportunities for Developing a PFML Policy in Vermont

The fifth set of questions asked participants for their opinions on how a PFML policy could be effectively developed to meet the needs of employers and employees. Participants were asked to comment on which components they considered the most important in the development of a PFML policy in Vermont. Participants shared the following responses:

- One participant noted the importance of including both maternity and paternity leave as part of the program.
- Another participant recommended including stakeholders that can help provide details on or answers to policy questions during the development phase rather than after the program has been developed.
- Another participant questioned how the implementation of the program would affect the cost of elder care in both the short- and long-term. For example, would the state see long-term savings in the cost of Medicare because family members would be able to care for elderly instead of hiring caregivers?
- One participant explained that in her industry she sees the elderly suffering because family members are unable to take care of them due to limited PTO benefits. Thus, the PFML policy should also include individuals that are caring for sick loved ones.
- Another participant suggested that there are a variety of ways to implement a policy, including:
    - Having all employees contribute a small amount out of every paycheck into a fund administered by a third party. She added that this fund would have to be fully paid up to a certain percentage of the poverty line (e.g. 400 percent would be about $80K/year.)
    - An additional option would be the adoption of company policies that allow employees to donate some of their PTO to other employees. This kind of policy would not cost employers.
- One participant agreed that having a third-party administrator (other than the government) would be beneficial. He noted that it is important to figure out the maximum amount to be paid (e.g. 100 percent or 60 percent) to determine how much money needs to be raised. He thought that capping those with high incomes would be problematic, and that the policy should be structured so that employee contributions and benefits are relative to their income.

Participants were then asked to share recommendations regarding the development of a PFML policy that could be shared with the Vermont Commission on Women (VCW) and other stakeholders. Participants shared the following recommendations:

- "[Look] at how European countries have implemented PFML policies that provide generous leave benefits. In addition, VCW and other stakeholders should look at what other states have done, as well as the impact of these PFML policies on neighboring states."
- "A diversity of perspectives should be included, not just business owners. For example, the perspectives of unions, disadvantaged workers, and people with disabilities, among others, should be included."
- One participant said that a key component would be "to really listen to Vermont businesses and … [ask] them what is and is not working." Further, the policy should be as effective as

possible in achieving its purpose and "as realistic as possible and less bureaucratic as possible." For example, if there is a company already offering the benefits that are being mandated, "the state should leave them alone and not impose [an additional] mandate."

- Another participant said that it would be important to make the policy flexible and start small. For example, the policy could start by offering 2 days or a week of paid leave. She explained that the program should not be a "one size fits all" and that, if it is, it should be small so that all employers can meet the requirements.
- One participant noted that there is no easy answer, but that the state needs to talk to businesses of all sizes.
- Another participant said that an honest conversation between the state and businesses would be helpful in "bridging the adversarial relationship that the two entities currently have." She explained that such a conversation could be followed by developing pilot PFML programs that are tailored to businesses of varying sizes to see what would be effective and what wouldn't be (instead of having a one-size-fits-all policy). She elaborated that developing and implementing a PFML policy in a step-by-step process with measurable outcomes "would be the best way to go," so that it can be easier to know what works and allow for replication.
- One participant proposed asking current and potential small business owners about what PFML policy options would work for them, since the state "has an abysmal track record of supporting small businesses."
- Another participant noted that those with middle incomes should not be forgotten. "Benefits often crush those that have student loans and childcare, etc. These individuals are really supporting the economy and have no help."
- One participant suggested collecting stories and data that demonstrate how paid leave will help families and employers by creating stability for both.
- A participant said that the PFML policy development and implementation process "should not be too lengthy" and "without viable outcomes," or else employers "would start to check out."

Domain 6: Additional Comments

Participants were invited to share any additional comments related to PFML policies in Vermont with VCW. Participants overwhelmingly declined to make any additional comments. However, one participant wanted to share that she found it difficult to engage in the discussion, because there was not a specific policy proposal being discussed. She thought that, as a next step, having another focus group to discuss a specific policy proposal would be helpful.

Educational Outreach Opportunities

The findings from the business survey and the focus groups provide a comprehensive understanding of the degrees of awareness, knowledge, and support for the implementation of a PFML program among Vermont's business leaders and owners. While the findings demonstrate much support among Vermont's businesses, opportunities exist for developing effective communication strategies that could be used to further the levels of understanding and support. Accordingly, key themes identified via the business survey and focus groups could be utilized to develop educational materials, including fact sheets, brochures, presentations, and policy briefs, among others. This section identifies a collection of themes that could serve as the basis for developing educational materials that could be leveraged to further the levels of knowledge and support for a PFML program among the state's business community.

Utilizing Empirical Research on the Benefits of PFML Policies

Throughout the focus groups and qualitative comments collected via the business survey, Vermont businesses demonstrated a strong appreciation for empirical research on PFML policies. On multiple occasions, business owners and leaders cited empirical facts and figures on the benefits of PFML policies for employers and employees. This final report has provided an overview of the peer-reviewed literature on PFML policies, which demonstrates positive effects for employers (including increased employee retention) and employees (including increased labor force attachment, higher wages, and positive health effects). The development of educational materials that effectively leverage the extant peer-reviewed literature as well as recent and forthcoming research from the U.S. Department of Labor's 'Paid Family and Medical Leave Findings Symposium[35]' and the 'Worker Leave Analysis and Simulation Study' can provide Vermont's businesses with an improved, empirically-driven understanding of how PFML policies benefit employers and employees.

Highlighting the Experiences of States and Countries that Have Implemented PFML Policies

Business owners and leaders participating in the focus groups and business survey often cited the importance of examining the experiences of other states and countries that implemented PFML policies. Over the past two decades, considerable empirical research has been conducted on the effects that the implementation of PFML policies has had on employers and employees. This body of empirical research has generally found positive effects on the employers and employees residing in states (Bartel, Rossin-Slater, Ruhm, Stearns, & Waldfogel, 2015) and countries (Ruhm, 1996) that implemented a PFML program. The recent research findings, lessons learned, and successes shared by other state paid leave grantees during DOL's 'Paid Family and Medical Leave Findings Symposium' offer another critical opportunity for providing Vermont's business owners and leaders with a detailed understanding of a PFML program. The development of educational materials highlighting the experiences and impacts of implementing a PFML

[35] Information and resources from the U.S. Department of Labor's 'Paid Family and Medical Leave Findings Symposium' can be accessed via the following website: https://www.dol.gov/wb/paidleave/index.htm

program in other states and countries can provide an additional opportunity for furthering the levels of understanding and support among Vermont's businesses.

Detailing the Minimal Costs of a PFML Program on Businesses

The anticipated costs of implementing a PFML program on Vermont's businesses was a prominent reason for opposition among focus group and survey participants. Business owners and leaders cited concerns related to the impact of a PFML program on the narrow profit margins of Vermont's small businesses, on the competitive landscape among Vermont's businesses and businesses in nearby states, as well as the possibility that the program's costs could lead to businesses closing or relocating to a nearby state. Many of these concerns may be driven by misconceptions that the implementation of a PFML program will lead to significant increases in the number of leaves taken by Vermont's workers and the associated costs of these leaves. However, the findings from the cost-benefit, financing, eligibility, and benefit modeling report show that the estimated number of leaves and the associated costs of the PFML program are likely to be lower than those anticipated by Vermont's business owners and leaders. The estimates that the total number of leaves under the program would marginally increase by 6 to 7 percent and that the total cost of the program would range between 0.47 and 0.93 percent of payroll earnings could play a critical role in alleviating many of these cost concerns.

Providing an Improved Understanding of the Administrative Requirements for Vermont's Businesses Under a PFML Program

An additional prominent area of concern among business owners and leaders was the extent of administrative burden that could be imposed on Vermont businesses through the implementation of a PFML program. Businesses participating in the survey and focus groups questioned the amount of time and resources that would be necessary for compliance, and expressed concerns regarding the administrative costs associated with compliance-related activities, including paperwork requirements. These concerns can be attributed, in part, to a lack of detailed program specifics provided through the focus groups and business survey. Providing Vermont's businesses with a detailed understanding of the administrative requirements and costs associated with the implementation of a PFML program could help increase support for a PFML program by minimizing concerns that the program would impose considerable administrative requirements.

Chapter 6: Conclusion

Paid family and medical leave policies provide employees with the economic security to take extended time off to care for their own health of that of a family member. However, access to paid family and medical leave policies among workers is more often the exception than the rule. The Vermont Commission on Women commissioned this comprehensive study to examine the feasibility of implementing a paid family and medical leave program in Vermont. This study assessed the feasibility of implementing a PFML program within Vermont that meets the needs of employers and employees. The study's multi-method approach of simulation models, an implementation feasibility analysis, business and public opinion surveys, and focus groups, provides a detailed understanding of the feasibility of implementing a PFML program and addresses key questions that stakeholders raised previously. Notable findings from each of the study's components include:

Cost-Benefit Analysis: Under the 4 program scenarios, the number of workers receiving paid leave would range from 13,286 to 13,465. The average weekly benefit would vary from $623 to $730 per worker, depending on the type of program implemented. The total program costs are estimated to range from $40.5 million (0.47 percent of total earnings) to $79.4 million (0.93 percent of total earnings). Implementing a paid leave policy in Vermont would attenuate inequality across social and demographic groups in access to paid leave for family and medical reasons. More specifically, the number of paid leaves taken by low-income workers would increase by 20 percent, while leaves taken by workers in small establishments would increase by 24 percent, and the number of paid leaves taken by workers in families near the poverty threshold would increase by 38 percent.

Implementation Feasibility Analysis: The implementation feasibility analysis integrated research on possible implementation models for the PFML program along with a public opinion survey that examined public views toward a PFML program utilizing a sample of 500 Vermont adults. The research on implementation models found that the costs of administering a self-funded PFML program would range from $2.8 million to $5.5 million, depending on the type of program implemented. An analysis of other states and local governments with PFML programs revealed that the majority administer PFML programs through departments that administer other benefit programs, which suggests that the Department of Labor would be an appropriate agency for administering Vermont's PFML program. The analysis also found that mandating employers to provide coverage through a private plan may be more expensive than a state-managed program. A mandated private insurance provision might prove especially expensive for small employers relative to a state-administered plan, as costs to cover all workers as a share of total compensation would be over 2 percent in firms with fewer than 10 employees and 1.44 percent in firms with 10-19 employees.

The survey of 500 Vermont adults provided important insight into the levels of support for a PFML program. Most adults believed that it is very important for Vermont to establish a program to guarantee access to paid family and medical leave, while a third supported leaving things as

they currently are, with employers choosing whether to provide paid leave. A maximum leave length of 8 weeks was supported by a plurality, while Vermonters were split over the appropriate level of wage replacement (with pluralities supporting 90 to 100 percent replacement rates). Solid majorities favor all the funding options tested, including: employer- and employee-funded (75 percent favor), employee-funded (69 percent favor funding of less than 1 percent of an employee's paycheck, while 63 percent favor a funding rate of about $5.40 per week per average employee), and employee-funded (68 percent).

Economic Impact Analysis: Calculations of the economic impacts of implementing a PFML program were combined with a collection of family profiles detailing the experiences of working Vermont families that experienced life events that disturbed their work-life balances. The economic impact calculations suggest that the implementation of a PFML program could produce $2.56 million to $4.01 million in annual savings for Vermont. The estimated savings include $2.0 million to $3.5 million in annual childcare savings; $277,000 in savings due to an increased number of Vermont's newborn infants that are healthy and have normal birthweights; a lower-bound estimate of $245,000 to $272,000 in annual savings in reduced public assistance among Vermont's working women with a recent childbirth; and an estimated 1,098 to 3,220 Vermont workers with improved financial security that keeps 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 and if and when to return to work. Other key themes that emerged included the stress and economic strain of not receiving a paycheck, the difficulty of finding and affording childcare, and the focus on bonding as an opportunity to strengthen families and communities.

Education, Outreach, and Marketing Analysis: The survey and focus groups of Vermont's business owners and leaders provide a comprehensive understanding of current business practices and views regarding PFML policies and options for developing a program that serves the needs of employees and employers. The survey of 427 business owners and leaders found that 46.9 percent of surveyed businesses supported a statewide PFML program, while 40.4 percent were opposed. Pluralities of Vermont's businesses favored a funding mechanism that combined employer and employee funding (32 percent) and a 60 percent wage replacement level (27 percent). Vermont's business owners and leaders were also asked to provide insight into the types of paid leave offered to their employees. The vast majority (89 percent) of surveyed businesses offered some type of paid short-term leave, such as general Paid Time Off (PTO), paid sick days, paid vacation, and temporary disability insurance. In contrast, long-term paid leave, including paid long-term leave on a case-by-case basis (18.3 percent), paid maternity leave (16 percent), paid paternity leave (9.4 percent), leave for a serious illness or injury (11.7 percent), leave to care for a family member (5.6 percent), and disability insurance (3.7 percent) was less commonly offered. Among the majority of Vermont businesses that offered paid long-term leave, less than a quarter of eligible employees had utilized the benefit within the previous year. The focus groups found a high level of support for implementing a state-administered PFML policy among participating business leaders and owners. Most participants noted that their primary concern centered on how the state would administer and fund a PFML policy. In developing a

PFML program, participants recommended that the state examine the impacts on other states and countries that have implemented a PFML program and consider diverse perspectives (including business and non-business perspectives).

Together, the study's various components provide a detailed understanding of the feasibility of implementing a PFML program within Vermont. The study solicits comprehensive feedback from employers regarding the implications of a PFML program on their operations along with feedback from families regarding the program's potential impact on their daily lives. This study thus informs the development of an effective PFML program with the potential for broader buy-in from diverse constituencies.

References

Appelbaum, E., & Milkman, R. (2011). *Leaves that pay: Employer and worker experiences with paid family leave in California.* Washington, DC: Center for Economic and Policy Research.

Appelbaum, E. & Milkman, R. (2013). *Unfinished business: Paid family leave in California and the future of U.S. work-family policy*. Ithaca, NY: ILR Press.

Bartel, A., Baum, C., Rossin-Slater, M., Ruhm, C., & Waldfogel, J. (2014). *California's paid family leave law: Lessons from the first decade*. Retrieved from https://www.dol.gov/wb/resources/california_paid_family_leave_law.pdf

Bartel, A., Rossin-Slater, M., Ruhm, C., Stearns, J., & Waldfogel, J. (2015). *Paid family leave, fathers' leave-taking, and leave-sharing in dual-earner households* (No. w21747). Cambridge, MA: National Bureau of Economic Research.

Baruch, Y., & Holtom, B. C. (2008). Survey response rate levels and trends in organizational research. *Human Relations*, *61*(8), 1139-1160.

Baum, C. L. (2003). The effects of maternity leave legislation on mothers' labor supply after childbirth. *Southern Economic Journal*, 772-799.

Baum, C. L., & Ruhm, C. J. (2016). The effects of paid family leave in California on labor market outcomes. *Journal of Policy Analysis and Management*, *35*(2), 333-361.

Baydar, N., & Brooks-Gunn, J. (1991). Effects of maternal employment and child-care arrangements on preschoolers' cognitive and behavioral outcomes: Evidence from the Children of the National Longitudinal Survey of Youth. *Developmental Psychology*, *27*(6), 932.

Berger, L. M., Hill, J., & Waldfogel, J. (2005). Maternity leave, early maternal employment and child health and development in the US. *The Economic Journal*, *115*(501), F29-F47.

Brooks–Gunn, J., Han, W. J., & Waldfogel, J. (2002). Maternal employment and child cognitive outcomes in the first three years of life: The NICHD study of early child care. *Child Development*, *73*(4), 1052-1072.

Burger, K. (2010). How does early childhood care and education affect cognitive development? An international review of the effects of early interventions for children from different social backgrounds. *Early Childhood Research Quarterly*, *25*(2), 140-165.

Byker, T. S. (2016). The economics of gender paid parental leave laws in the United States: does short-duration leave affect women's labor-force attachment? *The American Economic Review*, *106*(5), 242-246.

Chatterji, P., Markowitz, S., & Brooks-Gunn, J. (2013). Effects of early maternal employment on maternal health and well-being. *Journal of Population Economics*, *26*(1), 285-301.

Chatterji, P., & Markowitz, S. (2004). *Does the length of maternity leave affect maternal health?* (No. w10206). Washington, DC: National Bureau of Economic Research.

Child Care Aware of America. (2015). *Parents and the high cost of child care: 2015 report.* Arlington, VA.

Child Care Aware of America. (2016). *State child care facts in the state of: Vermont.* Arlington, VA.

Collet, J. P., Ducruet, T., Floret, D., Cogan-Collet, J., Honneger, D., & Boissel, J. P. (1991). Daycare attendance and risk of first infectious disease. *European Journal of Pediatrics*, *150*(3), 214-216.

Curtis, E. M., Hirsch, B. T., & Schroeder, M. (2014). Evaluating workplace mandates with flows versus stocks: an application to California paid family leave. *Andrew Young School of Policy Studies Research Paper Series*, (14-10).

Das, T., & Polachek, S. W. (2015). Unanticipated Effects of California's Paid Family Leave Program. *Contemporary Economic Policy*, *33*(4), 619-635.

Ehrle, J., Tout, K., & Adams, G. C. (2001). *Who's caring for our youngest children? Child care patterns of infants and toddlers*. Washington, DC: Urban Institute.

Fass, S. (2009). *Paid leave in the States: a critical support for low-wage workers and their families*. New York, NY: Columbia University, National Center for Children in Poverty

FindLaw. (n.d.). *Federal vs. state family and medical leave laws* [Blog Post]. Retrieved from http://employment.findlaw.com/family-medical-leave/federal-vs-state-family-and-medical-leave-laws.html

Galtry, J. (2002). Child health: An underplayed variable in parental leave policy debates? *Community, Work & Family*, *5*(3), 257-278.

Glynn, S., Goldin, G., & Hayes, J. (2016). *Implementing paid family and medical leave insurance: Connecticut*. Washington, DC: Institute for Women's Policy Research. Retrieved from https://www.ctdol.state.ct.us/FMLI%20report%20for%20CT.pdf

Groves, R. M. (2011). Three eras of survey research. *Public Opinion Quarterly*, *75*(5), 861-871.

Halperin, L. (2001). *Parental family leave guide*. Vermont Governor's Commission on Women. Retrieved from http://women.vermont.gov/sites/women/files/pdf/Parental_Family_Leave_Guide.pdf

Hofferth, S. L. & Curtin, S.C. (2003). *The impact of parental leave statutes on maternal return to work after childbirth in the United States* (OECD Social, Employment and Migration Working Papers No. 7). Paris, France: OECD Publishing. Retrieved from http://dx.doi.org/10.1787/826588878522

Houser, L., & Vartanian, T. P. (2012). *Pay matters: The positive economic impacts of paid family leave for families, businesses and the public*. New Brunswick, NJ: Center for Women and Work, Rutgers, The State University of New Jersey. Retrieved from http://www.nationalpartnership.org/research-library/work-family/other/pay-matters.pdf

Jorgensen, H., and Appelbaum, E. (2014). *Expanding federal family and medical leave coverage: Who benefits from changes in eligibility requirements?* (No. 2014-02). Washington, DC: Center for Economic and Policy Research (CEPR).

Klerman, J. A., Daley, K., and Pozniak, A. (2012). *Family and medical leave in 2012: Technical report*. Cambridge, MA: Abt Associates Inc.

Klerman, J., & Leibowitz, A. (1997). Labor supply effects of state maternity leave legislation. In F. Blau & R. Ehrenberg (Eds.), *Gender and family issues in the workplace* 65-85). New York, NY: Russell Sage.

Lalive, R., & Zweimüller, J. (2009). How does parental leave affect fertility and return to work? Evidence from two natural experiments. *The Quarterly Journal of Economics*, *124*(3) 1363-1402.

Let's Grow Kids. (2016). *Stalled at the start: Vermont's child care challenge*. Burlington, VT.

Love, J. M., Harrison, L., Sagi-Schwartz, A., Van IJzendoorn, M. H., Ross, C., Ungerer, J. A. & Constantine, J. (2003). Child care quality matters: How conclusions may vary with context. *Child Development, 74*(4), 1021-1033.

March of Dimes. (2016). *Quick facts: birthweight*. Retrieved from http://www.marchofdimes.org/peristats/ViewTopic.aspx?reg=50&top=4&lev=0&slev=4

Monaco, Kristen. (2015). Disability insurance plans: Trends in employee access and employer costs. U.S. Department of Labor, Bureau of Labor Statistic's *Beyond the Numbers, 4*(February), 4. Retrieved from http://www.bls.gov/opub/btn/volume-4/disability-insurance-plans.htm

National Partnership for Women & Families. (2016). *State paid family leave insurance laws*. Retrieved from http://www.nationalpartnership.org/research-library/work-family/paid-leave/state-paid-family-leave-laws.pdf

New Jersey Department of Labor and Workforce Development, Division of Temporary Disability Insurance. (n.d.). *Guide to family leave insurance in New Jersey*. Retrieved from http://lwd.dol.state.nj.us/labor/forms_pdfs/tdi/WPR-119%20(1-16).pdf

NICHD Early Child Care Research Network. (2000). Characteristics and quality of child care for toddlers and preschoolers. *Applied Developmental Science, 4*(3), 116-135.

NICHD Early Child Care Research Network. (2001). Nonmaternal care and family factors in early development: An overview of the NICHD Study of Early Child Care. *Journal of Applied Developmental Psychology*, *22*(5), 457-492.

Paid Family Leave Study Committee. (2014). *Report of the Study Committee on Employee-Funded Paid Family Leave*. Retrieved September 1, 2016 from http://www.leg.state.vt.us/reports/2014ExternalReports/296055.pdf

Peisner-Feinberg, E. S., Burchinal, M. R., Clifford, R. M., Culkin, M. L., Howes, C., Kagan, S. L., & Yazejian, N. (2001). The relation of preschool child-care quality to children's cognitive and social developmental trajectories through second grade. *Child Development*, *72*(5), 1534-1553.

Pichler, S., & Ziebarth, N. R. (2016). *The pros and cons of sick pay schemes: Testing for contagious presenteeism and noncontagious absenteeism behavior* (No. w22530). Washington, DC: National Bureau of Economic Research.

Ramirez, M. (2012). *The Impact of Paid Family Leave on New Jersey Businesses* [PowerPoint Slides]. Retrieved from http://bloustein.rutgers.edu/wp-content/uploads/2012/03/Ramirez.pdf

Rhode Island Department of Labor and Training. (n.d.). *Temporary Disability Insurance/Temporary Caregiver Insurance, frequently asked questions*. Retrieved from http://www.dlt.ri.gov/tdi/tdifaqs.htm

Roe, B., Whittington, L. A., Fein, S. B., & Teisl, M. F. (1999). Is there competition between breast-feeding and maternal employment? *Demography*, *36*(2), 157-171.

Rossin, M. (2011). The effects of maternity leave on children's birth and infant health outcomes in the United States. *Journal of Health Economics, 30*(2), 221-239.

Rossin-Slater, M., Ruhm, C. J., & Waldfogel, J. (2013). The effects of California's paid family leave program on mothers' leave-taking and subsequent labor market outcomes. *Journal of Policy Analysis and Management, 32*(2), 224-245.

Ruhm, C. J. (1996). The economic consequences of parental leave mandates: Lessons from Europe (No. w5688). Washington, DC: National Bureau of Economic Research.

State of California Employment Development Department. (n.d.). *Disability Insurance (DI) and Paid Family Leave (PFL) weekly benefit amounts.* Retrieved from http://www.edd.ca.gov/pdf_pub_ctr/de2588.pdf

State of California, Employment Development Department. (2016). *May 2016 Disability Insurance (DI) Fund forecast.* Retrieved from http://www.edd.ca.gov/About_EDD/pdf/edddiforecastmay16.pdf

Stearns, J. (2015). The effects of paid maternity leave: Evidence from Temporary Disability Insurance. *Journal of Health Economics, 43*, 85-102.

Study Committee on Employee-Funded Paid Family Leave. (2014). *Report of the Study Committee on Employee-Funded Paid Family Leave* (Submitted to the House Committee on General, Housing and Military Affairs and the Senate Committee on Economic Development, Housing and General Affairs). Retrieved from http://www.leg.state.vt.us/reports/2014ExternalReports/296055.pdf

University of Minnesota. (2016). *Paid Family & Medical Leave Insurance: Options for Designing and Implementing a Minnesota Program.* Retrieved from https://mn.gov/deed/assets/paid-family-medical_tcm1045-186560.pdf

U.S. Department of Labor. (2015). *DOL Factsheet: Paid Family and Medical Leave.* Retrieved September 15, 2016 from https://www.dol.gov/wb/paidleave/PDF/PaidLeave.pdf

U.S. Department of Labor, Bureau of Labor Statistics. (2016a). *Employee benefits survey: Life, short-term disability, and long-term disability insurance benefits, March 2016*. Retrieved from http://www.bls.gov/ncs/ebs/benefits/2016/benefits_life.htm

U.S. Department of Labor, Bureau of Labor Statistics. (2016b). *Employee benefits survey: Paid leave benefits, March 2016.* Retrieved from http://www.bls.gov/ncs/ebs/benefits/2016/benefits_leave.htm

Vandell, D. L., Belsky, J., Burchinal, M., Steinberg, L., & Vandergrift, N. (2010). Do effects of early child care extend to age 15 years? Results from the NICHD study of early child care and youth development. *Child development, 81*(3), 737-756.

Vermont Department of Labor. (2014). *2013 Fringe benefit study*. Retrieved from http://www.vtlmi.info/2013FringeBenefitStudy.pdf

Vermont Legislative Joint Fiscal Office. (2015). *Basic needs budgets and the livable wage*. Retrieved from http://www.leg.state.vt.us/jfo/reports/2015%20Basic%20Needs%20Budget%20report%2001-15-2015.pdf

Wagmiller Jr., R.L. & Adelman, R.M. (2009). *Childhood and intergenerational poverty: The long-term consequences of growing up poor.* New York, NY: National Center for Children in Poverty. Retrieved from: http://www.nccp.org/publications/pdf/text_909.pdf

Waldfogel, J. (1999). The impact of the family and medical leave act. *Journal of Policy Analysis and Management, 18*(2) 281-302.

Washington State. (2016). *HB 1273 Family & medical leave insurance.* (Multiple agency fiscal note). Retrieved from https://fortress.wa.gov/FNSPublicSearch/GetPDF?packageID=43932

Wilson, F. A., Wang, Y., & Stimpson, J. P. (2014). Universal paid leave increases influenza vaccinations among employees in the US. *Vaccine*, *32*(21), 2441-2445.

Appendices

Appendix A: Study Limitations

The key objective of this research effort is to provide Vermont with information on the feasibility of implementing a paid family leave program. The approach undertaken here employed different methodological components to gather critical information that will help the state better understand the needs associated with implementing a paid leave program that benefits employers and employees. The different components of this study included:

- Gauging the interest and views of the public and businesses regarding a paid leave policy
- Calculating the use of leave and associated potential cost of benefits and program administration under the different leave program scenarios
- Estimating potential economic benefits to the state due to a paid leave policy
- Providing a summary of personal accounts of families facing difficult life events that have or would have benefited from paid leave

The approaches are tailored to the research questions to shed light on the different components of the feasibility study; however, there are some caveats in interpreting the results given the underlying assumptions and inherent limitations of the methodologies used. For instance, public surveys often face a challenge regarding the degree to which the survey's participants are representative of the population of interest and whether the findings from the survey can be viewed as generalizable to the broader public. While the public opinion survey considered the generalizability of the sample, the employer opinion survey faced certain challenges. Given the general trend in declining response rates among establishment surveys (Groves, 2011; Baruch & Holton, 2008), the research team utilized a snowball sampling approach that leveraged business associations across Vermont to increase response rates. The membership of these associations is comprised of similarly motivated businesses, and membership is likely to differ across associations. The resulting effect is a reduced generalizability of the survey to the broad-based business sector within Vermont. While the research team has taken the necessary steps to mitigate the associated bias and bolster generalizability, the survey's findings should be interpreted carefully.

The simulation models used to estimate the number of leaves and the associated costs also have notable limitations. The data used to model the behavioral parameters are based on national surveys that override any specific relations between leave-taking that may be unique to a state. However, the research team elected to utilize the national survey data as it was determined to be the best data available for use within the simulation models. Moreover, given the lack of information on possible individual behavioral responses to the different policy parameters across the policy scenarios studied (which is beyond the control of the research team), the simulation model assumes that the behavioral responses remain the same when the policy environment changes. This simplifying assumption is justifiable given the paucity of data to estimate such changes. The estimates of leave usage that the model provides are based on a publicly available dataset for the period of 2009 through 2013 that is rich but slightly out of date. The model projections on leave-taking under the different family leave policies and the estimates on the associated costs should be viewed within the context of these limitations.

The simulation model assumptions also carry forward to the economic impact analysis as it relies on the leave usage numbers from the simulation models. The economic impact analysis combines the simulation model's leave usage estimates with the economic impact estimates of leave-taking found in the academic literature to calculate the economic benefits of the different paid family leave programs. Although the impact estimates of leave-taking are obtained from reliable academic literature, these estimates are likely to have their own limitations due to the nature of data used in the research and the generalizability of these impact estimates to a larger population. The economic benefits of implementing a PFML program reported in this study are thus obtained under a set of behavioral assumptions. The interplay of leave benefits and individual health outcomes, labor decisions, and decisions whether to use government benefits is highly complex, and modeling these dependencies is beyond the scope of this study.

These limitations aside, this study provides a detailed understanding of the feasibility of implementing a PFML program within Vermont. The study provide objective, unbiased research that solicits comprehensive feedback from employers regarding the implications of a PFML program on their operations along with feedback from families regarding the program's potential impact on their daily lives. This study thus informs the development of an effective PFML program with the potential for broader buy-in from diverse constituencies.

LRP LAKE RESEARCH PARTNERS

Vermont Commission on Women
Paid Family and Medical Leave – Draft Questionnaire
September 2016

N=500 adults statewide

Splits: A, B, C, D

Goal timing: 16 minutes
Current timing: 16 minutes

Hello. My name is _____. I'm calling for Vermont Opinion Surveys. We are conducting a public opinion survey, and I would like to ask you some questions concerning the issues facing our nation and local communities. We are not selling anything, and I will not ask you for a contribution or donation. May I please speak with the (MALE/FEMALE) 18 years or older in your household who celebrated a birthday most recently?
{**CONFIRM RESPONDENT IS OVER AGE 18.**}

Q1. [**DO NOT READ. RECORD GENDER.**]
Select one

Male 1
Female 2

Q2. Before we begin, I need to know if I have reached you on a cell phone, and if so, are you in a place where you can talk safely? [**IF NOT ON A CELL PHONE, ASK:**] Do you own a cell phone?
Select one

Yes, cell and can talk safely 1
Yes, cell and cannot talk safely {**TERMINATE**} 2
No, not on cell, but own one 3
No, not on cell and do not own one 4
Don't know /refused 5

Q3. {**Split Sample A**} There are a variety of different paid family and medical leave proposals being discussed in Vermont. For example, do you favor or oppose a program that entitles workers 6 weeks per year of paid family and medical leave that men and women can use when they need to care for a new baby or adopted child, need to care for a seriously ill family member, or when they have a serious illness? This program will be paid through a small deduction from employees' paychecks. This program would be different from paid sick days which are for short-term illness or injury. {**If favor/oppose, ask:**} is that strongly or not strongly favor/oppose?
Select one

Strongly favor 1
Not strongly favor 2
Not strongly oppose 3
Strongly oppose 4
(don't know) 5

Q4. {**Split Sample B**} There are a variety of different paid family and medical leave proposals being discussed in Vermont. For example, do you favor or oppose a program that entitles workers 6 weeks per year of paid family and medical leave that men and women can use when they need to care for a new baby or adopted child, need to care for a seriously ill family member, or when they have a serious illness? This program will be paid for by employers. This program would be different from paid sick days which are for short-term illness or injury. {**If favor/oppose, ask:**} is that strongly or not strongly favor/oppose?
Select one

Strongly favor 1
Not strongly favor 2
Not strongly oppose 3
Strongly oppose 4
(don't know) 5

Q5. Thinking about PAID family and medical leave, do you believe that ROTATE: _we should leave things they way they are now with some employers choosing to provide their employees paid leave on their own and some not providing paid leave OR _the state of Vermont should have a statewide paid family and medical leave program that is available to everyone
Select one

Employers provide at will 1
State program for everyone 2
(don’t know) 3

Q6. {**Split sample C**} Current state and federal law allows many workers to take 12 weeks of UNPAID leave to care for a newborn or newly adopted child, a seriously ill family member, or for their own serious health condition. Some states have established insurance programs to provide workers with PAY during these leaves. How important is it for Vermont to establish an insurance program to guarantee access to PAID family and medical leave – very important, somewhat important, a little important, or not important at all?
Select one

Very important 1
Somewhat important 2
A little important 3
Not important at all 4
(Don't know) 5

Q7. {**Split sample D**}How important is it for Vermont to establish an insurance program to guarantee access to PAID family and medical leave – very important, somewhat important, a little important, or not important at all?
Select one

Very important 1
Somewhat important 2
A little important 3
Not important at all 4
(Don't know) 5

Q8. Now I am going to ask you some questions about specific policies that the state could consider. Would you favor or oppose a proposal that includes paid leave for [**read options**] If favor/oppose, ask: is that strongly or not so strongly favor/oppose?
Select one for each option
Column:

Strongly favor 1
Not so strongly favor 2
Not so strongly oppose 3
Strongly oppose 4
(don't know) 5

a. mothers when they have a baby, adopt, or foster a child
b. fathers when they have a baby, adopt, or foster a child
c. a serious illness or injury of the employee
d. a serious illness or injury of an immediate family member of the employee

Q9. Now I am going to read different lengths of time that a statewide paid family and medical leave program could last. For each, please tell me if that time period sounds too long for paid family and medical leave, too short, or about the right amount of time for paid family and medical leave. If you are not sure, just let me know and we will move on. {**Randomize**}
Select one for each option
Column:

Too long a period for leave 1
Too short a period for leave 2
About the right amount of time for leave 3
Not sure 4

a. 6 weeks
b. 8 weeks
c. 12 weeks
d. 16 weeks

Q10. Now, I'm going to read you some individual potential components of a paid family and medical leave proposal. For each one, please tell me if you favor or oppose it. If you are not sure, please say so. Here is the first one: {**RANDOMIZE**} [**If favor/oppose, ask:**] is that strongly favor/oppose or not so strongly favor/oppose?
Select one for each option
Column:

Strongly favor 1
Not so strongly favor 2
Not so strongly oppose 3
Strongly oppose 4
(don't know) 5

a. Employees are eligible if they have worked for 20 hours a week on average for the past six months
b. This applies to all employers no matter how many employees they have
c. The maximum wage the program will pay out is about $1,000 a week
d. All employees can return to their job or a comparable job after taking family or medical leave
e. After benefits begin, the leave may be used intermittently or consecutively by the day or week during the 12-month period.
f. Employees would be eligible to take leave as long as they have worked x weeks in the past year

Q11. The implementation of a statewide, publicly administered Paid Family and Medical Leave program may allow workers to be paid a percentage of their salary, up to $1,000 per week. I'm going to read some options of salary payments while on leave. For each option, please tell me if you think being paid that percentage of your salary would be too much, not enough, or about right. Please tell me if you are not sure.
Select one for each option
Column:

Too much 1
Not enough 2
About right 3
Not sure 4

a. Paid 100% of salary while on leave, up to $1,000 per week
b. Paid 90% of salary while on leave, up to $1,000 per week
c. Paid 66% of salary while on leave, up to $1,000 per week

Q12. There are a number of different ways to fund a paid family and medical leave program that are under consideration. I am going to read different ways to fund the program. For each, please tell me if you favor or oppose it. {**If favor/oppose, ask:**} Is that strongly or not so strongly favor/oppose?
Select one for each option
Column:

Strongly favor 1
Not so strongly favor 2
Not so strongly oppose 3
Strongly oppose 4
(don't know) 5

a. {**Split Sample C**} Employee-funded through a payroll deduction that is less than 1% of an employee's paycheck
b. {**Split Sample D**} Employee-funded through employees paying in about $5.40 per week for the average worker
c. Employer-funded through a small payroll deduction, similar to worker's compensation
d. Funded by both employers and employees
e. The remaining questions are for statistical purposes only.

Q13. Generally speaking, do you think of yourself as a Republican, a Democrat, an Independent or something else? [**IF REPUBLICAN/DEMOCRAT:**] Do you consider yourself a strong or a not-so-strong (Republican/Democrat)? [**IF INDEPENDENT:**] Would you say you lean more towards the Republicans or more towards the Democrats?
Select one

Strong Democrat	1
Not-so-strong Democrat	2
Independent - lean Democrat	3
Independent	4
Independent - lean Republican	5
Not-so-strong Republican	6
Strong Republican	7
(Other)	8
(Don't know)	9
(Refused)	10

Q14. What is your age?
Enter a number

Q15. [**IF AGE IS REFUSED**]: I am going to read you some categories. Please stop me when we get to your category.
Select one

18-24 years	1
25-29 years	2
30-34 years	3
35-39 years	4
40-44 years	5
45-49 years	6
50-54 years	7
55-59 years	8
60-64 years	9
65-69 years	10
70-74 years	11
Over 74 years	12
(Refused)	13

Q16. What is the last year of schooling that you have completed? {**do not read**}
Select one

1 - 11th Grade	1
High School Graduate	2
Non-College Post H.S.	3
Some College	4
College Graduate	5
Post-Graduate School	6
(Refused)	7

Q17. What's your employment status? Are you...[**READ OPTIONS**]?
Select one

Employed full time	1
Employed part time	2
Unemployed	3
Homemaker or stay at home parent	4
Student	5
Retired	6
(Disabled)	8
(Other)	9
(Refused)	10

Q18. Thinking back over the past five years, have you or your spouse had to take time off or reduce your hours at work to care for a new child, a seriously ill family member, or your own serious illness, or has a family member needed to take time off work to care for you? {**[IF YES:} Was that to care for a new child, an ill family member, or your own illness, or some combination of these? {ALLOW MULTIPLE RESPONSES}**
Select all that apply

Yes, for a new child	1
Yes, for a family member	2
Yes, for own illness	3
Yes, family member cared for me	4
No, none of these	5
(Would have taken time off or reduced hours, but couldn't)	6
(Refused/don't know)	7

Q19. Thinking ahead over the next five years, how likely is it that you or your spouse will have to take time off or reduce your hours of work to care for a new child, a seriously ill family member, your own serious illness, or that a family member will need to take time off to care for you --are you almost certain to take time off or need a family member to take time off, will you probably take time off or need a family member to take time off, are the chances about 50-50, are you probably not going to take time off or need a family member to take time off, or are you definitely not going to take time off or need a family member to take time off?
Select one

Almost certain	1
Probably	2
50-50	3
Probably not	4
Definitely not	5
(Refused/don't know)	6

{**If employed (1 or 2 in Q17), ask:**} You said you are employed. I have a few questions.

Q20. How many people work at your employer? If you are not sure, try to guess.
Enter a number

4 or fewer 1
5 to 14 2
15 to 49 3
50 to 99 4
100 or more 5
(don't know) 6

Q21. How many hours a week do you typically work
Enter a number

Fewer than 20 1
21 to 40 2
More than 40 3
(it depends) 4
(don't know) 5

Q22. I am going to read a list of benefits that your workplace may offer. For each, please tell me if you have that benefit, you do not have that benefit or if you are unsure. {**Randomize**}
Select one

Have benefit 1
Do not have benefit 2
Not sure 3

a. Maternity leave
b. Paternity leave
c. Parental leave
d. Temporary disability insurance
e. Paid sick days
f. Paid vacation time
g. Paid time off

{**RESUME ASKING ALL**}

Q23. Are you married, unmarried with a partner, single, separated, divorced, or widowed?
Select one

Married 1
Unmarried with Partner 2
Single 3
Separated 4
Divorced 5
Widowed 6
(Don't Know) 7
(Refused) 8

Q24. Do you have any children under the age of 18 living at home with you?
Select one

Yes 1
No 2
(Refused) 3

Q25. In which of the following ranges does your total annual household income fall, before taxes?
Select one

Below 20 thousand 1
Between 20 and 30 thousand 2
Between 30 and 40 thousand 3
Between 40 and 50 thousand 4
Between 50 and 75 thousand 5
Between 75 and 100 thousand 6
Between 100 and 150 thousand 7
Between 150 and 200 thousand 8
More than 200 thousand 9
(Don't Know) 10
(Refused) 11

Q26. [**IF REFUSED OR DON'T KNOW**] Could you tell me if your annual household income is below or above 50 thousand dollars?
Select one

Below 50 Thousand 1
Above 50 Thousand 2
(Don't Know) 3
(Refused) 4

Appendix C: Business Survey

Introduction

You have been invited to participate in a survey of Vermont businesses about their views regarding the development of a paid family and medical leave program by the state of Vermont. This survey is part of a research study being conducted on behalf of the Vermont Commission on Women (VCW) to assess the feasibility of paid family and medical leave in Vermont.

This survey is being administered by an independent research team, the University of Vermont's Center for Rural Studies and IMPAQ International, and will ask about your views regarding the state of Vermont developing a paid family and medical leave program that serves the needs of both employees and employers. The survey will also ask you about the policies and practices of your business regarding leave for your employees.

Confidentiality

All of the information you provide in the survey will be kept private and will be used for research purposes only. Your name or business will never be used in any reports. Only members of the research team will have information about you. Your individual responses will not be shared with Vermont Commission on Women or other state agencies. Your answers will be combined with the answers of other survey participants.

Survey Questions

Q1. How would you describe your level of awareness regarding efforts to implement a Paid Family and Medical Leave Program in Vermont?

- Very Unaware
- Somewhat Unaware
- Not Sure
- Somewhat Aware
- Very Aware

Q2. There are a number of different Paid Family and Medical Leave proposals and financing mechanisms being discussed in Vermont. Which of the following financing mechanisms would you be most likely to support to fund Paid Family and Medical Leave?

- Employee-funded through payroll deduction that is less than 1% of an employee's paycheck
- Employee-funded with employees paying about $5.40 per week for the average worker
- Employer-funded through a small payroll deduction, similar to worker's compensation
- Funded by a combination of both employees and employers
- Unsure
- None of the Above

Q3. The implementation of a statewide, publicly administered Paid Family and Medical Leave program may allow workers to be paid a percentage of their salary, up to $1,000 per week. Which of the following salary payments would you be most likely to support?

- Paid 100% of salary while on leave, up to $1,000 per week
- Paid 90% of salary while on leave, up to $1,000 per week
- Paid 60% of salary while on leave, up to $1,000 per week
- Paid less than 60% of salary while on leave, up to $1,000 per week
- Unsure
- None of the Above

Q4. There are a number of different possibilities for the length of time an employee could take Paid Family and Medical Leave. Which of the following lengths of Paid Family and Medical Leave would you be most likely to support?

- 6 weeks
- 8 weeks
- 12 weeks
- 16 weeks
- More than 16 weeks
- Unsure
- None of the Above

Q5. What is your overall level of support for the implementation of a statewide, publicly administered, Paid Family and Medical Leave program in Vermont?

- Very Supportive
- Somewhat Supportive
- Neutral
- Somewhat Unsupportive
- Very Unsupportive
- Unsure

Q6. What is your level of support for the implementation of statewide, publicly administered Paid Family and Medical Leave for employees to care for a new baby (e.g. maternity or paternity leave)?

- Very Supportive
- Somewhat Supportive
- Neutral
- Somewhat Unsupportive
- Very Unsupportive
- Unsure

Q7. What is your level of support for the implementation of statewide, publicly administered Paid Family and Medical Leave for employees with pregnancy-related health complications?

- Very Supportive
- Somewhat Supportive
- Neutral
- Somewhat Unsupportive
- Very Unsupportive
- Unsure

Q8. What is your level of support for the implementation of statewide, publicly administered Paid Family and Medical Leave for employees to care for their own serious health condition?

- Very Supportive
- Somewhat Supportive
- Neutral
- Somewhat Unsupportive
- Very Unsupportive
- Unsure

Q9. What is your level of support for the implementation of statewide, publicly administered Paid Family and Medical Leave for employees to care for a seriously ill family member?

- Very Supportive
- Somewhat Supportive
- Neutral
- Somewhat Unsupportive
- Very Unsupportive
- Unsure

Q10. What is your level of support for the implementation of statewide, publicly administered Paid Family and Medical Leave program if it included job protection for employees?

- Very Supportive
- Somewhat Supportive
- Neutral
- Somewhat Unsupportive
- Very Unsupportive
- Unsure

Q11. Does your business currently offer employees any of the following paid, short-term benefits?

- Paid sick days
- Paid vacation time
- Temporary Disability Insurance
- Paid Time Off that can be used for any of the above
- No formal policy to offer the above benefits, but employees may receive paid, short-term leave on a case-by-case basis

Q12. Does your business currently offer employees any of the following paid, long-term benefits?

- Paid maternity leave
- Paid paternity leave
- Serious illness or injury
- Care for family member
- General Paid Time Off
- Disability Insurance
- Other
- Case-by-case basis
- None of the above

Q13. Over the past year, approximately what percentage of your business' eligible employees have utilized any of the long-term paid leave types that your business offers?

- 0%
- Between 1% & 25%
- Between 26% & 50%
- Between 51% & 75%
- Between 76% & 99%
- 100%

Q14. Approximately how many weeks of paid, long-term leave can eligible employees accrue on an annual basis?

- Less than 4 weeks
- 4-6 weeks
- 7-9 weeks
- 10-12 weeks
- 13-15 weeks
- 16 or more weeks

Q15. What has been the impact of providing the type(s) of long-term paid leave above on your ability to attract and retain employees?

- Much Better
- Slightly Better
- No Change
- Slightly Worse
- Much Worse
- Unsure

Q16. What has been the impact of providing the type(s) of long-term paid leave above on employee morale?

- Much Better
- Slightly Better
- No Change
- Slightly Worse
- Much Worse
- Unsure

Q17. What is/are the primary reason(s) your business does not currently offer paid, long-term leave?

- We cannot afford it but wish we could offer it
- We cannot afford it and do not wish to offer it
- We do not agree with paying employees while they take time off
- We wish we could offer it, but only if all other businesses are also required to do so
- We are not able to find short-term replacements for workers on leave

Q18. Does your business currently offer employees any of the following types of unpaid leave?

- Unpaid maternity leave
- Unpaid paternity leave
- Serious illness/injury
- Care for family member
- Case by case basis
- Comply with FMLA
- Other
- None of the above

Q19. Over the past year, approximately what percentage of your business' eligible employees have utilized any of the types of unpaid leave that your business offers?

- 0%
- Between 1% & 25%
- Between 26% & 50%
- Between 51% & 75%
- Between 76% & 99%
- 100%

Q20. What has been the impact of providing the type(s) of unpaid leave above on your ability to attract and retain employees?

- Much Better
- Slightly Better
- No Change
- Slightly Worse
- Much Worse
- Unsure

Q21. What has been the impact of providing the type(s) of unpaid leave above on employee morale?

- Much Better
- Slightly Better
- No Change
- Slightly Worse
- Much Worse
- Unsure

Q22. What sector/industry best describes your business?

- Accommodation, Hospitality, Food Service
- Arts, Entertainment, Recreation
- Construction
- Finance, Insurance, Real Estate, Rental, Leasing
- Information
- Manufacturing
- Natural Resources, Agriculture, Forestry, Fishing, Hunting, Mining
- Professional, Business, and Technical Services
- Public Administration
- Wholesale and Retail Trade
- Transportation, Warehousing, and Utilities

Q23. What is your role in the business?

- Owner
- Chief Executive Office, Chief Operating Officer, or Equivalent
- Human Resource Professional
- Board Member

Q24. In what zip code is the business headquartered?

Q25. Is the business for-profit or nonprofit?

- For-profit
- Nonprofit

Q26. Number of employees who are?

- Full-time: Total_____ Women_____ Men_____
- Part-time: Total_____ Women_____ Men_____
- Temporary: Total_____ Women_____ Men_____

Q27. How many employees does your business currently employ?

- 1-4
- 5-9
- 10-19
- 20-49
- 50-99
- 100-249
- 250-499
- 500-999
- 1,000+

Vermont Commission on Women

Vermont Paid Family and Medical Leave Feasibility Study

Focus Group Moderator's Guide

FOCUS GROUP MODERATOR'S GUIDE

1. Focus Group Overview

As part of the broader study being conducted to assess the feasibility of a paid family and medical leave (PFML) program in Vermont, the IMPAQ team will conduct three focus groups in different regions throughout the state. An overview of the focus groups to be conducted is presented below.

1.1 Purpose of the Focus Group Sessions

The purpose of the focus group sessions is to learn about the views of business owners and leaders on how to develop a paid family leave program in Vermont that serves the needs of both employees and employers. The IMPAQ team will ask focus group participants questions about their degree of awareness and understanding of, and support for, a state-based PFML program.

1.2 Focus Group Participants

To the extent possible and practical, each focus group will include 8-12 participants representing a diverse group of business owners and leaders from across the state.

1.3 Participant Selection

The IMPAQ team will work closely with the University of Vermont's Center for Rural Studies (CRS) to identify potential participants for the focus group sessions. IMPAQ will provide CRS with specific guidance for identifying potential participants, focusing on approximately 50 business owners, executives, and human resources professionals from across a variety of industry sectors and business sizes to invite to participate in the focus group(s).

2. Moderator and Note Taker Roles and Responsibilities

The IMPAQ team conducting the focus group will include a moderator who will lead the discussion and a note-taker who will support the focus group session logistics and be responsible for capturing the key points and detailed discussion. On the following page, we provide an overview of the roles of the moderator and the note-taker.

2.1 Role of the Moderator

The moderator's role includes:

- Ensuring room arrangements are made and that participants are invited with sufficient notice
- Arriving 15-30 minutes prior to focus group to ensure room is arranged appropriately
- Greeting participants
- Explaining study and purpose of the focus group to participants
- Moderating pacing of the focus group to ensure that all topics are covered as thoroughly as possible
- Facilitating the discussion to ensure the group stays on topic and that all participants have a chance to give their input
- Thanking participants at the end of the focus group

2.2 Role of the Note Taker

The note taker's role includes:

- Arriving 15-30 minutes prior to the focus group to set-up room
- Helping to greet participants
- Distributing and collecting Participant Information Sheets (PIS) and Informed Consent and Agreement to Participate forms
- Taking notes and operating the recorder during the focus group (if applicable)
- Ensuring comments are accurately captured
- Collecting all flip chart sheets and documenting the statements in the notes as appropriate

3. Focus Group Preparation

The IMPAQ team will work closely with the host site to ensure that appropriate facilities are available for the focus group sessions and that the facilities will be arranged in a way suitable for the sessions.

3.1 Room Arrangements

Below is a list of requirements for the rooms where the focus group sessions will be held:

- Focus group sessions should be held in a conference/training room that allows for confidential conversations to take place
- The room should be easily accessible to focus group participants
- The room should be large enough to accommodate 10-14 individuals comfortably
- To facilitate conversation, participants should be seated around a conference table, in a U-shape, or chairs in a circle
- Each room should have at least one flip chart and markers

3.2 Pre-Group Logistics

The Moderator and the Note Taker should greet participants as they arrive and ask them to take a seat and make themselves comfortable. If there are refreshments, encourage participants to help themselves.

The Note Taker should distribute the ***Informed Consent and Agreement to Participate Form*** and the ***Participant Information Form*** to each participant and ask him or her to complete the form while waiting for the focus group to begin. These documents:

- Request background information about the participants
- Describe the meeting format
- Detail the privacy protections that will be provided to participants
- Give the potential participant an opportunity to decline to participate

The Moderator and the Note Taker should ask participants if they need any help in completing the forms.

4. Focus Group Protocol

The Moderator should formally welcome the focus group participants to the discussion and explain the purpose of the focus group and standard procedures (see below):

4.1 Opening and Introduction

The Moderator should read the following statement:

Thank you for coming today. My name is [MODERATOR NAME] and this is [NOTE TAKER NAME]. We work for IMPAQ International. We are part of a team of organizations that have been contracted by the Vermont Commission on Women to lead this session.

My role, for the most part, is to make sure that we get through our agenda, keep to the time frame and make sure that you all have a chance to share your experiences. [NOTE TAKER NAME] will help me do these things, and will also be taking notes. In addition, we will be audiotaping the session, which will ensure that we record the discussion accurately. The discussion session today will last for about 1.5 hours.

The purpose of this focus group is to learn about the views of business owners and leaders on how to develop a paid family leave program that serves the needs of both employees and employers. We are conducting focus groups at 3 locations throughout Vermont. The results of these group discussions will be included in a PFML feasibility study that will be submitted to the Vermont Commission on Women.

It is important that we hear from you about your awareness and understanding of, and support for, a state-based PFML program so that solutions can be identified for developing a paid family leave program that meets the needs of employers and employees.

I know that some of you have gone out of your way to be here, and we genuinely appreciate your interest and willingness to share your experiences. We are eager to learn about your perspective on paid family and medical leave as well as your recommendations for developing a program that meets the needs of employers and employees.

4.2 Participant Confidentiality

The Moderator should read the following statement:

Confidentiality and anonymity means that we will not share or use your name, address, or any other identifying information in reports or other materials related to this study. We will not identify any of the participants by name. All of the information we collect here today is confidential. All data will be pooled with data from similar sessions with participants in other focus groups being held throughout Vermont and published in aggregate form only.

4.3 Participant Consent and Agreement

The Moderator should read the following statement:

> *The Informed Consent and Agreement to Participate form will be our record that you have agreed to participate in the focus group and that you have agreed to be tape-recorded. Do you have any additional questions about the focus group or about the consent and participation form? If you do not have any further questions and have not signed and dated the consent form, please do so now.*
>
> *Please pass the signed Informed Consent form and the completed Participant Information Form forward.*

After all participants have signed and turned in the Informed Consent and Participant Information Forms, hand out nametags (first name only) to all participants.

4.4 Focus Group Definition and Working Procedures

The Moderator should read the following statement:

> *Let me begin our discussion by reviewing a few ground rules about how we will conduct the session.*
>
> *This focus group is a way for us to listen to people and learn from them. During this discussion, we would like you to focus on topics that are of particular interest to us. We are interested in what everyone has to say about our discussion topics. If someone throws out an idea that you want to expand on, or if you have a different point of view, please feel free to speak up. Occasionally, I may have to interrupt the discussion in order to bring us back to a particular topic to make sure that we cover everything on our agenda.*
>
> *There are a couple of common-sense guidelines that we will follow during this session:*
>
> 1. *In this type of group setting, it is important for everyone to get involved and express their opinions openly. We want all of you to express your honest opinions about the discussion topics—we are interested in multiple points of view on the topics. There may be differences of opinion, but there are no right or wrong answers and we are not here to resolve any issues you may bring up.*
>
> 2. *Please do not hold "side conversations"—don't talk individually to other participants during the session. We want to be able to hear from everyone, and we want you to hear what everyone else has to say. Because we are also recording the session, it would really help us if you could speak up so that everyone can hear*

you. I would also very much appreciate it if you would state your first name the first couple of times you speak.

If there are no other questions, let's begin the discussion.

4.5 Focus Group Discussion Questions

I. Participant Introductions

Ask each participant to introduce him or herself and to briefly tell the group something about themselves, such as a favorite activity. The Moderator should start with his or her own introduction and favorite activity.

During this process, the Note Taker should make sure that the recording equipment is working appropriately and that the microphone is picking up all voices in the room.

II. Awareness and Concern about Paid Leave

This first set of questions is focused on your awareness and concerns about PFML. Before we begin, we'd like to take a moment to provide some clarification on a few key issues that we'll be discussing throughout this focus group. Sick leave is commonly used by employees to care for the health of themselves or a family member over a short period. In contrast, family leave allows employees to take longer-term leave to care for their own health needs or those of family members, or to care for a new child (e.g., maternity and paternity leave). Through the national Family and Medical Leave Act and the Vermont Family and Medical Leave Laws, eligible employees can take unpaid, job-protected family and medical leave. During our discussion, our focus will be on policy options that build upon these policies by offering earned paid family and medical leave for eligible employees.

1. On a scale of 1 to 5, where 1 is "not at all aware" and 5 is "extremely aware," how would you rate your level of awareness regarding efforts to implement a PFML policy in Vermont? Please explain.
    - How did you first learn about efforts to implement a PFML policy in Vermont?
        - Is this your main source of information? If not, what is your main source of information?

2. On a scale of 1 to 5, where 1 is "strongly opposed" and 5 is "strongly supportive," how would you rate your level of support for a state-administered PFML policy in Vermont? Please explain.
    - What are the primary reasons driving your level of support?

3 What, if any, are your concerns regarding the implementation of a state-administered PFML policy in Vermont?

- What are the primary causes of these concerns?
- What are potential solutions for mitigating these concerns?

III. Paid Family and Medical Leave within Your Business

The next set of questions is focused on PFML within your business.

1. Does your business currently offer paid family leave or paid medical leave to employees?
   - What are the eligibility requirements that employees must meet in order to utilize paid family leave or paid medical leave within your business?
   - What percentage of your employees have access to paid family or paid medical leave?
   - How many hours of paid family or paid medical leave can your employees access within a year?
   - To what extent does your business offer flextime, or flexible working arrangements that allow employees to alter their work schedules?

2. For those of you with businesses that currently offer paid family or paid medical leave, what was your rationale for doing so?
   - For those of you with businesses that do not currently offer paid family or paid medical leave, have any of the aforementioned reasons led you to consider adopting paid family or medical leave?

IV. Practical Impact of PFML on Business Operations

The next set of questions is focused on the practical impact of PFML on your business' operations

1. How would you describe the impact, if any, of paid family or medical leave on your business?
   - Can you tell us more about the positive impacts?
   - Can you tell us more about the negative impacts?
   - What has been the impact of providing paid family or medical leave on the following factors:
     - Employee recruitment and retention?
     - Employee morale?

2. For those of you with businesses that do not currently offer paid family or medical leave, are there specific concerns that you have about the practical impacts on your business?

- Can you tell us more about these concerns?
- Do you have an alternative program(s) that allows your employees to take paid time off if needed? Please elaborate?
    - What has been impact of this program on your business and employees?

V. Familiarity with Various PFML Policy Options in Vermont

This next set of questions asks about your familiarity with various PFML policy options that have been considered by the Vermont Legislature in recent years.

1. What is your familiarity with Vermont's efforts to implement a PFML policy in recent years?

- Of the proposed policies, are there specific policies that you find to be more or less favorable?
    - If so, why?

2. Various PFML policy options have proposed that qualifying leaves be funded by employers, employees, or a combination of both. In your view, what is the most effective option for funding a PFML policy that meets the needs of both employers and employees?

- What was your reason for your recommendation?

VI. Opportunities for Developing a PFML Policy in Vermont

This set of questions asks for your opinion on how a PFML policy can be effectively developed in Vermont to meets the needs of employers and employees.

1. In your view, how can a PFML policy be developed to meet the needs of Vermont employers and employees?

- Which components would you consider as the most important in the development of a PFML policy in Vermont?

2. If you could provide a list of recommendations for developing a PFML policy to VCW and other stakeholders, what would you recommend?

- What was your rationale for identifying these specific recommendations?

VII. Closing

1. Are there any other topics related to PFML policies in Vermont that we have not covered?

5. Post-Focus Group Activities

1. Thank the group for their participation and remind the group that this information will be handled in accordance with applicable privacy laws and individual names will not be used in any reports.

2. Coordinate with the Site Host/Coordinator regarding any final issues related to the focus group.

Appendix E: Participant Information Form

*[**Note:** Responses will be kept private to the extent permitted by law.]*

What is your gender?

☐ Female ☐ Male

How old are you?

☐ 18 to 24 years
☐ 25 to 34 years
☐ 35 to 44 years
☐ 45 to 65 years
☐ 65+ years

What is your race/ethnicity?

☐ American Indian or Alaska Native
☐ Asian or Pacific Islander
☐ Black (African American)
☐ Hispanic (Latin-American, Mexican)
☐ Non-Hispanic White (Caucasian)
☐ Other (Please Specify) _____

What is the highest level of education you have completed?

☐ Some high school or less
☐ High school graduate/GED
☐ Some college
☐ College graduate
☐ Some post-graduate work
☐ Post-graduate degree

What is your role within the business?

☐ Owner
☐ Executive
☐ Human Resources Professional
☐ Other (please specify): _____

Is your business a for-profit or non-profit?

- ☐ For-profit
- ☐ Non-profit
- ☐ Other (please specify): _____

In what industry does your business operate?

- ☐ Accommodation, hospitality, food service
- ☐ Arts, entertainment, recreation
- ☐ Construction
- ☐ Education, Health Care, and Social Services
- ☐ Finance, Insurance, Real Estate, Rental, Leasing
- ☐ Information
- ☐ Manufacturing
- ☐ Natural Resources, Agriculture, Forestry, Fishing, Hunting, Mining
- ☐ Professional, Scientific, and Technical Services
- ☐ Public administration
- ☐ Retail
- ☐ Transportation, warehousing, utilities
- ☐ Other (please specify): _____

How many employees does your business employ?

- ☐ 1-4
- ☐ 5-9
- ☐ 10-19
- ☐ 20-49
- ☐ 50-99
- ☐ 100-249
- ☐ 250-499
- ☐ 500-999
- ☐ 1,000+

How many years has your business been in operation?

- ☐ Less than a year
- ☐ 1 year
- ☐ 2-4 years
- ☐ 5-9 years
- ☐ 10-15 years
- ☐ 16-20 years
- ☐ Greater than 20 years

How would you describe your level of awareness regarding efforts to implement a PFML policy in Vermont?

- ☐ Not at all aware
- ☐ Slightly aware
- ☐ Somewhat aware
- ☐ Moderately aware
- ☐ Extremely aware

How would you describe your level of support regarding efforts to implement a PFML policy in Vermont?

- ☐ Strongly opposed
- ☐ Opposed
- ☐ Neutral (neither opposed nor supportive)
- ☐ Supportive
- ☐ Strongly supportive

Appendix F: Informed Consent And Agreement To Participate

You are being asked to participate in this focus group to assist with the study to assess the feasibility of a paid family and medical leave program in Vermont. Please read this informed consent and agreement to participate form carefully and ask as many questions as you like before you decide whether you want to participate in this focus group session. You are free to ask questions at any time before, during, or after your participation in this session.

Project Title: Vermont Paid Family and Medical Leave Feasibility Study

Facilitator: <insert name>

Note Taker: <insert name>

Purpose of the Focus Group: To capture, in your own words, your experiences, perceptions, and views as a business owner or leaders on how to develop a paid family and medical leave program in Vermont that serves the needs of both employees and employers.

Procedures: You will be asked to share your experiences and honest opinions about your experiences during a 90 minutes session.

Privacy and Anonymity: All of the information we collect in the survey will be kept private and will be used for research purposes only. Your name will never be used in any reports. Only members of the study team will have information about you. Your individual responses will not be shared with the Vermont Commission for Women or other state agencies. Your answers will be combined with the answers of other focus participants. Your responses are protected from disclosure by federal statute [P.L. 107-347, Title V Confidential Information Protection and Statistical Efficiency Act of 2002 (CIPSEA)].

Participant Consent and Agreement: I have read the information presented above about the focus group being facilitated by IMPAQ International. I have had the opportunity to ask any questions related to this study, to receive satisfactory answers to my questions and any additional details I wanted.

I am aware that I have the option of allowing my interview to be tape recorded to ensure an accurate recording of my responses.

I am also aware that excerpts from the interview may be included in a report, with the understanding that the quotations will be anonymous.
With full knowledge of all foregoing, I agree, of my own free will, to participate in this focus group session and to keep in confidence information that could identify specific participants and/or the information they provided.

☐ YES ☐ NO

I agree to have my interview tape recorded.
☐ YES ☐ NO

I agree to the use of anonymous quotations in any reports that comes from this focus group session.
☐ YES ☐ NO

Participant Name: _____ (Please print)

Participant Signature: _____ Date: _____

Witness Name: _____ (Please print)

Witness Signature: _____ Date: _____