

# H.66 Estimates

House Ways & Means Committee  
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# Types of Leave

- Own serious health condition
- Family member's serious health condition
- New baby/adoption/foster care
- Military families
- Safe leave
- Bereavement leave



# Benefit eligibility

- Must have contributed to the program
  - Earned wages from which contributions were withheld in 2 of the last 4 quarters
  - Any amount of wages in each quarter is sufficient
- Self-employed individuals have the option to opt-in



# Parameters currently in H.66

Parameters	H.66 Parameters
Types of Leave Covered	Own serious health condition, maternity/parental, family care, safe, and bereavement
Length of Leave Cap	12 weeks (2 of which can be bereavement)
Maximum Weekly Benefit	Vermont Average Weekly Wage (\$1,135 in 2022)
Wage Replacement Rate	90%
Waiting Period	None; Applications must be reviewed and decided upon within 5 days



# Ongoing administrative costs at the Treasurer's Office and Department of Taxes

- The Treasurer's office estimates \$11.0 million in ongoing administrative costs that would be covered by contributions from the Special Fund
  - \$7.0 million for 45-50 FTE's
  - \$4.0 million for ongoing IT support
- The Department of Taxes estimates \$2.0 million in ongoing administrative costs that would be covered by contributions from the Special Fund
  - \$1.8 million for 15 FTE's
  - \$120,000 in ongoing operational expenses
  - \$95,000 annual fee for space
- Overall ongoing administrative costs are estimated to be \$13.0 million annually



# Refund for individuals earning \$25,000 or less

- In the current draft individuals who pay contributions who earn less than \$25,000 can claim a refundable credit
  - Those earning \$15,000 or less can claim \$40 which is approximately equal to what they would be expected to pay for their portion of contributions
  - Those earning between \$15,000 and \$25,000 can claim \$70 which is approximately equal to what they would be expected to pay for their portion of contributions
- An estimated 128,800 individuals would be enrolled earning \$15,000 or less
- An estimated 43,700 individuals would be enrolled earning between \$15,000 and \$25,000



# Funding 12 months of costs plus a 50% reserve before benefits open

- H.66 currently outlines a 6-month period between when contributions start being collected and when benefits become available to enrollees
- This is enough to cover the 50% reserve, but not the 12 months of operations costs the Special Fund should have on hand when benefits open
- There is a 12-month gap in funding that would need to be filled



# Tax base for contributions

- The wage base represents W-2 information collected by the Tax Department and combines wages by SSN for individuals who work multiple jobs
- The self-employed income base is additive and also attaches individuals to their W-2 income (if any) by SSN
- The W-2 wage base is estimated to be approximately \$17.0 billion
- The self-employed income base is estimated to be approximately \$1.9 billion. JFO assumes contributions will be paid on 30% of self-employed net income for a wage base of approximately \$568 million
- The overall tax base for the payroll tax used is approximately \$17.5 billion





# Estimates including refund for individuals earning \$25,000 or less

With refund for individuals earning \$25,000 or less	
Cost of Leave Benefits	\$75,924,257
Ongoing Administrative Costs at the Treasurer's Office and Tax Department	\$13,015,000
Cost of the Refunds for individuals earning \$25K or less	\$8,211,806
<b>Total Annual Cost</b>	<b>\$97,151,064</b>
W2 Wage Base	\$16,978,303,186
Self-Employed Income Base (30%)	\$567,618,796
Total W2 & Self Employed Base	\$17,545,921,982
<b>Tax Rate</b>	<b>0.55%</b>
Value of 12 months of operations plus 50% Reserve	\$145,726,596
Revenue Raised over 6 months of initial collections	\$48,575,532
<b>Gap in funding</b>	<b>\$97,151,064</b>



# Estimates not including refund for individuals earning \$25,000 or less

<b>Without refund for individuals earning \$25,000 or less</b>	
Cost of Leave Benefits	\$75,924,257
Ongoing Administrative Costs at the Treasurers Office and Tax Department	\$13,015,000
<b>Total Annual Cost</b>	<b>\$88,939,257</b>
W2 Wage Base	\$16,978,303,186
Self-Employed Income Base (30%)	\$567,618,796
Total W2 & Self-Employed Base	\$17,545,921,982
<b>Tax Rate</b>	<b>0.51%</b>
Value of 12 months of operations plus 50% Reserve	\$133,408,886
Revenue Raised over 6 months of initial collections	\$44,469,629
<b>Gap in funding</b>	<b>\$88,939,257</b>



# Initial startup costs

- Both the Treasurer's Office and the Tax Department will need to implement IT to administer the benefits program and to collect payroll taxes
- Both will also need to initially hire employees to design and implement their administrative structure
- Many of these expenses will occur before the program opens at which point both would be able to use the Special Fund to cover ongoing expenses
- Initial startup period starts FY24 and runs through the first half of FY27



# Initial Startup Costs

- Overall initial startup costs not covered by contributions is estimated to be \$40.2 million
  - \$35.1 million to the Treasurer’s Office
  - \$5.1 million to the Department of Taxes
  - Need to check with Treasurer’s Office and Tax Department on compressed schedule

<b>Treasury Department</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26 H1</b>	<b>Total</b>
Personnel	\$600,000	\$1,000,000	\$3,500,000	\$5,100,000
IT Setup	\$0	\$30,000,000	\$0	\$30,000,000
Ongoing IT	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$600,000</b>	<b>\$31,000,000</b>	<b>\$3,500,000</b>	<b>\$35,100,000</b>

<b>Tax Department</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26 H1</b>	<b>Total</b>
15 FTE's		\$810,000	\$900,000	\$1,710,000
Upfront Operational Expenses		\$75,000	\$0	\$75,000
Ongoing Operational Expenses		\$120,000	\$60,000	\$180,000
Fee for Space		\$95,000	\$47,500	\$142,500
Upfront IT		\$3,000,000	\$0	\$3,000,000
<b>Total</b>		<b>\$4,100,000</b>	<b>\$1,007,500</b>	<b>\$5,107,500</b>

Thank you!

