

# Family and Medical Leave: Notes on Analyzing H.107

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# H.107 as of Feb. 13, 2019

- Parental and Family Leave
  - Own medical, maternity & bonding, family care;
  - Bereavement (max 2 weeks)
- Maximum benefit is 12 weeks at 100% wage replacement up to twice the livable wage
  - \$1067 per week
- Contribution rate on wages up to \$150,000
  - ~0.7 percent (preliminary)
  - Split between employer and employee
- Self-employed can opt in for 3+ years

# Financing the program

- Contributions on wages go into a Special Fund
  - FY2020 [July 1, 2019] IT development begins
    - Dept of Taxes to collect contributions
    - Dept of Labor to do all other
    - Expenditures in anticipation of receipts for 12 months
  - FY2021 [July 1, 2020] Begin collection of contributions, 15 months prior to benefits
    - State pays  $\frac{1}{2}$  contribution for its employees
  - FY2022 [Oct 1, 2021] Benefits begin
- Special Fund must hold reserve equal to at least 9 months of projected benefit payments and administrative costs for the coming year

# Costs to the State

- State to pay half the contribution rate on State employee wages beginning FY2021

<b>Costs to State for State Employees, FY2018</b>	
# employees	8,396
Avg annual salary	\$62,526
	\$524,968,296
Overtime	\$21,864,300
Total wages	\$546,832,596
Employer pays ~0.35%	\$1,913,914
Source: State of Vermont Workforce Report - FY 2018	

# General fund cost

- The Pay Act established wage increases for State employees in FY2019 and FY2020
  - \$1.9 mil in FY2018 becomes ~\$2.1 mil in FY2021
- General fund pays 40% - 60% of payroll
  - ~\$1 million from General Fund in FY2021

<b>Feb. 2019 Modeling Results (Estimated 2019\$)</b>	
	12 Weeks, 100%
	<b>If 25% of self-employed opt in</b>
<b>Number of Leaves Taken and Receiving Program Benefits</b>	
Own Health	9,829
Maternity & Bonding	4,536
Family Care	1,897
Total	16,282
<b>Weeks Receiving Program Benefits</b>	
Own Health	8.1
Maternity & Bonding	8.2
Family Care	4.5
Overall	8.3
Average Weekly Benefit (2019\$)	\$794
<b>Benefit Cost (est. mil. 2019\$)</b>	
Own Health	\$63.1
Maternity & Bonding	\$29.7
Family Care	\$6.3
Total Benefit Cost (millions)	\$99.2
Administrative (7.5 percent, millions)	\$7.4
Total Cost (millions)	\$106.6
<b>Cost as a Percentage of Wage Base</b>	
	0.72%

Source: Estimates based on IWPR-ACM Family Medical Leave Simulation Model using 2013-2017 American Community Survey and 2012 FMLA Employees survey.

Note: JFO increased values in 2016 dollars reported by IWPR by 10% to represent wage growth between 2016 and 2019.

# Information still to come

- Need estimated IT and personnel costs from the Dept of Taxes
  - Have rough estimates from the Labor Dept.
- More refined contribution rate will come after finishing up a 5-year spreadsheet

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

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

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

	Amount	Index
Max earnings subj to PFL tax, 2020	\$150,000	CPI-U
Earnings up to \$150,000 as share of total, 2017	93%	
Max earnings subj to Soc Sec tax, 2019	\$132,900	Avg Wg Index