

CONFIDENTIAL
LEGISLATIVE BILL REVIEW FORM: 2016

Bill Number: S. 213 Name of Bill: An Act relating to parental leave insurance

Agency/ Dept: Labor Author of Bill Review: Anne M. Noonan

Date of Bill Review: 1/20/15 Related Bills and Key Players H. 187, S. 254

Status of Bill: (check one): Upon Introduction As passed by 1st body As passed by both

Recommended Position:

Support Oppose Remain Neutral Support with modifications identified in #8 below

Analysis of Bill

1. Summary of bill and issue it addresses.

This bill proposes to establish a private insurance system for the provision of up to five weeks of paid leave for the birth or adoption of a child.

2. Is there a need for this bill?

This topic has become increasingly popular on the national level. The United States is the only “advanced” country that does not have paid family leave. The proponents of the bill argue there is a need for this bill because it is very difficult to take time off to raise your child especially if you are a lower income earner.

3. What are likely to be the fiscal and programmatic implications of this bill for this Department?

The bill proposes that workers’ compensation insurers provide this disability insurance. It is not clear that such an insurance product currently exists. It may make more sense to require the use of a traditional disability policy (like New York State does) rather than expect a new product to be developed. Input from The Department of Financial Regulation (DFR) should be obtained.

The Department of Labor is the enforcement agency for this bill. The bill proposes to use VDOL’s workers’ compensation division to enforce and resolve disputes that may arise from this bill. This would add more work onto the Workers’ Comp division and would complicate an already heavy workload group.

The bill also would require VDOL to review and approve self-insurance plans, which will require hiring additional staff with specific knowledge of disability insurance and the risks involved.

4. What might be the fiscal and programmatic implications of this bill for other departments in state government, and what is likely to be their perspective on it?

This proposal has broad implications for all of state government as the State is a large employer and would be subject to the requirement of this bill. In addition, the bill also assigns duties to DFR. The additional duties assigned to DFR may create staffing issues.

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5. What might be the fiscal and programmatic implications of this bill for others, and what is likely to be their perspective on it? *(for example, public, municipalities, organizations, business, regulated entities, etc)*
Employers, especially small employers, are likely to oppose this bill. Approximately 90% of Vermont employers have 19 or fewer employees, and the cost of this insurance on top of workers' compensation premiums and health insurance premiums may be difficult for them to manage. Without knowing what the likely insurance premium would be for this type of insurance, it is difficult to estimate the actual fiscal impact on employers.

6. Other Stakeholders:

6.1 Who else is likely to support the proposal and why?

Children advocate groups and lower income earners are likely to support this bill because it effects the child's early development. Lower income earners often do not have any kind of access to paid time off for the birth of their child. Therefore, they are unable to take sufficient time off to bond with the child.

6.2 Who else is likely to oppose the proposal and why?

Small businesses will claim this is yet another expense/burden put upon them and the bill could likely put some out of business.

7. Rationale for recommendation: *Justify recommendation stated above.*

Although the concept of paid leave for the birth or adoption of a child is good, as written this bill should not be supported because it requires an insurance product that may not exist, and does not address the additional costs to administer the program nor address the cost to the state of Vermont as an employer.

8. Specific modifications that would be needed to recommend support of this bill: *Not meant to rewrite bill, but rather, an opportunity to identify simple modifications that would change recommended position.*

Consider requiring employers to provide all employees with a short term disability policy similar to the requirement in New York state. Such a policy is reportedly not overly expensive, and could address the issue without reinventing the wheel. In addition, the provisions must be added to provide additional staffing to VDOL and DFR and identify a funding source for those staff. VDOL would likely need two additional positions to enforce the provisions of this bill.

9. Will this bill create a new board or commission AND/OR add or remove appointees to an existing one? If so, which one and how many?

Secretary/Commissioner has reviewed this document: _____ **Date:** _____