

CONFIDENTIAL
LEGISLATIVE BILL REVIEW FORM: 2016

Bill Number: S. 254 Name of Bill: An act relating to paid family leave

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

Date of Bill Review: 1/20/2015 Related Bills and Key Players S. 213 – Senator Sirotkin/Sen. Cummings

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. *Describe what the bill is intended to accomplish and why.*

This bill proposes to create a Family Leave Insurance Program within the Department of Labor that will provide employees with six weeks of paid family leave and that will be funded by contributions from employers and employees. This bill also proposes to amend Vermont's existing family leave law to make it applicable to all employers, to clarify certain provisions, and to create an exemption from the law's rehiring requirements for employers with four or fewer employees. "The Family Leave Insurance Special Fund" and "a Family Leave Insurance Program" is also created in the bill.

2. Is there a need for this bill? *Please explain why or why not.*

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. The bill is altering the FMLA provisions in statute, therefore, it would also cover FMLA-covered illnesses and medical conditions.

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

The bill will require additional staff to administer the program, the fund and require adjudication to determine whether or not an applicant is eligible to receive the benefit.

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?

The bill will have an effect on all state government agencies. The State of Vermont is considered an employer by the bill and the State will have to contribute to the fund. As written, this bill would be an increase in cost of the entire state government by having to pay half of the tax, including municipalities.

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)*

The bill implements a payroll tax of .63% of each employee's wages. .315% paid by the employer and .315% paid by the employee (someone who earns \$400 per week will pay \$1.26 per week into the fund and the employer will pay \$1.26 as well). This will add another step in the businesses practices and is a small additional cost to the employer. The small business community will likely oppose the bill.

Please return this bill review as a Microsoft Word document to Jahala.Dudley@vermont.gov & Jessica.Mishaan@vermont.gov

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 life 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?

Many small businesses will likely oppose the bill. Legislators may also oppose the bill because of the increased cost to government.

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

N/A

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.*

The bill requires the percentage of contribution to be .63% and leaves no remedy to make sure the fund remains solvent. For example, if the fund does not collect enough money to keep up with demand, people would not be able to utilize the program as prescribed in the bill. Conversely, if not enough people participate, there could be a surplus in the fund that goes unused. There is not a mechanism to adjust the rate as needed, the only recourse would be to go through Legislature to have the rate changed. This could make the administration of the fund cumbersome. To administering this bill, VDOL would need to have positions created or transferred to VDOL.

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?

No, it creates a new program and a special fund.

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