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Paid Family and Medical Leave: Cost and Coverage Estimates of Three Choices in Massachusetts, Policy Brief

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Policy Brief

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Background

The birth of a child, a cancer diagnosis, a hip replacement, or serious illness of a parent, spouse or child. Each requires a worker to take an extended, but temporary, period of time off from work. Most workers will experience such an event at some point in their life. Yet the United States is one of the few countries in the world that does not have a national policy on paid maternity leave and remains an outlier among industrial counterparts without any guarantee of paid parental and medical leave.[1] Currently, six states and Washington DC, however, have such paid family and medical leave (PFML) programs or have recently enacted them.[2] Many other states have paid family and medical leave legislation under consideration, including Massachusetts. Paid family leave acknowledges the realities of today's workforce in which many workers struggle to balance work and family, while paid medical leave reduces the economic risk of being out of work for a serious, but short-term, health condition by providing partial pay. Paid leave-taking is associated with a host of positive health outcomes for workers and their families, an increase in men's time engaging in parental care, and reductions in turnover costs for employers.[3]

In states with paid leave programs, workers or both workers and employers contribute to an insurance fund and eligible employees draw from these funds when on leave.[4] In states without paid family and medical leave programs, the costs associated with taking time off from work for a serious own-health condition, to bond with a new child, or to care for an ill-relative are borne by individual workers who take those leaves and their employers. A statewide paid leave program will not cover all the costs of wage replacement for workers on a family or medical leave, but the substantial portions that are covered are spread across the entire covered workforce and are available to all workers who meet the eligibility requirements. In doing so, such a program reduces the individual cost to all workers and employers and, at the same time, reduces inequality among workers by covering workers who did not have any wage replacement prior to a program being established.

This policy brief explores the costs and coverage of three proposed paid family and medical leave programs for Massachusetts. These are House Bill 2172, Senate Bill 1048, and 2018 Initiative Petition C. Each of these proposed programs establishes a contributory fund paid by employers and employees, to be used for eligible workers when they are out of work for their own serious health condition or that of a family member, for pregnancy, or to bond with a new child. The medical leaves considered are for own health reasons, including those related to pregnancy. Family leaves are for bonding with a new child and caring for an ill relative.

Policy Goals

One main policy goal of implementing a statewide paid family and medical leave program is to efficiently extend *coverage* to those who currently do not have any or sufficient access to paid wage replacement and to reduce any short or long-term employment penalties for workers who take short-term leaves to have or bond with a new child or tend to their own or a family member's serious health condition. Another policy goal is to structure a program in which *costs* ensure that the benefits paid to eligible workers on leave provide them with sufficient income to weather the temporary break from employment but also to make sure that the contributions that pay for the program are not too expensive for workers or employers. This means that whichever program Massachusetts adopts, the features should include: 1) broad-based, portable eligibility requirements; 2) a sufficiently high maximum benefit payment as well as a high wage replacement rate, especially for low-wage workers; 3) a job-protected leave that is sufficiently long enough to cover many short-term disabilities and to allow for bonding with a new child; and 4) a non-experienced rated social insurance program that is managed efficiently.

Each of the three programs proposed and analyzed here satisfies these policy goals, but to different extents. Each sets up a social insurance program with uniform contributions from employers and employees; and each uses eligibility requirements that are portable across Massachusetts employers, ensures job guarantee for workers on leave, and proposes sufficient maximum weeks for leaves. As discussed below, the programs differ in terms of how long someone must be employed and contributing to be eligible, replacement levels and rates, and weeks for bonding and caring leaves, which has differing effects on both coverage and costs.

What follows are estimates of the cost of benefits paid, number of leaves taken, leave lengths, and percent of workers with wage-replacement for family and medical leaves for the three proposed program using a sophisticated simulator model (See box on p. 2 for details). No single paid family and medical leave program will perfectly balance the needs of workers and their employers as there is a trade-off between coverage and costs. Yet, in our conclusion, we offer a recommendation on how to combine elements of the proposed programs on the policy table here in Massachusetts that achieve the goal of sufficiently covering workers while keeping costs at affordable levels.

The ACM/IWPR Simulator and Behavior Parameters and Assumptions Used

All the estimates provided here come from the Albelda Clayton-Matthews/Institute for Women's Policy Research (ACM/IWPR) Paid Family and Medical Leave Simulator Model (September 2017 version). *They do not include costs associated with administering a program.*[5] The simulator relies on known leave-taking behavior among workers contained in a 2012 United States Department of Labor (DOL) sponsored survey on family and medical leaves[6] and our own informed decision-making for unknown behavior (such as take-up rates). Using the 2012 DOL survey, we estimate models of the likelihood of an individual taking an FMLA (Family and Medical Leave Act) qualifying leave, and the length of that leave, based on employer pay, the demographic characteristics of leave takers, and the need for a leave. We then use these models to simulate leave-taking, employer costs, and program costs both with and without a state paid leave program, using sample individuals from the five-year American Community Survey (ACS) for 2011-2015 for all employees working in Massachusetts. These estimates are not sensitive to who pays for the program (i.e. if the revenue for benefits are generated through employer or employee contributions or through tax revenues). Documentation on the model is available at http://scholarworks.umb.edu/econ_faculty_pubs/41.

There are two types of parameters that must be specified to generate estimates from the simulator. One identifies the paid leave policy. These policy parameters, as specified in the House and Senate bills and in the Initiative Petition, include the wage replacement rate, maximum weeks of leave, maximum benefit level, waiting period, and eligibility requirements. The other type of parameters designates behaviors beyond those that can be estimated from the DOL survey. These behavioral parameters provide the simulator with decision rules about how people might behave when faced with the option of using a statewide paid family and medical leave (PFML) program. The key behavioral parameters include information about: take-up rates (the percentage of eligible leave takers who use a paid leave program); length of leave once on a program;[7] and use of a program if an employer already provides leave payments that are more generous than the PFML program.

Using the simulator to estimate actual leaves and lengths in California and New Jersey generated some of the information used to calibrate take-up rates and behavior parameters regarding length of PFML program leaves.[8] The take-up rates we use for these estimates are 40% for own health; 95% for pregnancy-related and new-child bonding leaves; and 5% for ill relative leaves. The variation in these take-up rates reflect the type of leave taken (e.g. virtually all mothers who give birth take time off; most own-health leaves are short; far fewer use a program for ill relative leaves as there may be many caretaker substitutes and leave time required is less predictable); and the nature of DOL survey questions about pregnancy and bonding leaves. Take-up rates for own health and ill relative leaves will likely increase over time as employers and employees become more familiar with the program.

The simulator imposes "rationality" on leave takers. That means that weekly program benefits must equal or exceed their next best alternative for someone to choose to use the PFML program when taking a leave. Therefore, if an employer's wage replacement exceeds the amount of the program benefit, the leave taker chooses not to participate in the program. However, it is likely that some employers who already provide full wage replacement would encourage employees to use the PFML program and then "top-off" program benefits to reach full wage replacement. We have built in a behavioral parameter that allows us to input a percentage of employees with full wage replacement who would use a program based on a minimum number of weeks of leave taken. For these estimations, the simulator is directed to randomly select 50 percent of all leavers with full wage replacement taking a leave of four weeks (20 days) or more to use the state-mandated program for as long as the leave is eligible for wage replacement.[9]

The data passed through the simulator come from the U.S. sample of 2011-2015 ACS 5-year Public Use Microdata Samples (PUMS), culling all individuals employed in Massachusetts, regardless of state of residence.[10] Local and federal government employees are excluded from these estimates as state legislation precludes mandating the additional cost that would accompany covering local government workers while federal legislation precludes states from subjecting federal employees to state paid family and medical laws. There are 3,534,331 non-federal and non-municipal government workers employed in Massachusetts, including all self-employed workers (9.8% of all the covered workforce) as each of the three programs estimated here allows self-employed workers to opt into the PFML program (rather than be excluded from or be required to participate). Their inclusion here may bias the results by overestimating the number of leaves taken as not all self-employed workers will opt in, but underestimating the length of leaves as those who do use the program may have a higher likelihood to need and use a paid leave program than those who do not opt in.

Program Parameters

Table 1 summarizes key policy parameters of the House bill, the Senate bill, and the Initiative Petition. These three proposed PFML programs differ from each other in terms of eligibility requirements, weekly benefit cap, maximum weeks of leave, wage replacement rate, and wage contributions to the program.

The House bill and the Initiative Petition use Massachusetts' Unemployment Insurance eligibility requirements which roughly translate into the requirement of having worked 15 weeks and earned $4,300 over the previous year. The Senate bill requires 1,250 hours worked in Massachusetts for the previous year, a requirement similar to that of the FMLA.[11] The Senate bill and the Initiative Petition provide workers with 90 percent (.9 replacement rate) of their weekly earnings replaced while on leave, up to a maximum of $1,000 a week. They both allow up to 26 weeks of medical leave (for own health, including pregnancy reasons) and 16 weeks of family leave (to bond with a new child or care for an ill relative), with a cap of 26 weeks per year. All of the bills rely on a percentage of payroll to fund the program. The Senate bill and the Initiative Petition apply the same payroll contribution limit used for Social Security (Old Age, Survivors, and Disability Insurance), which is adjusted by the federal government. For these estimates, we use the 2015 cap ($118,500) as that year best corresponds to the ACS data used.[12] The House bill uses a sliding scale replacement rate based on the statewide average weekly wage (AWW), which was $1256.47 in 2015. While on leave, workers would receive 90% (.9) of their first $397 (i.e. 30% of AWW) of weekly salary earned plus 33% (.33) of every additional dollar earned up to a total of $650 per week. The House bill has a maximum leave time of 26 weeks for medical leaves and 12 weeks for family leaves and similar to the payroll contributions used to help fund Medicare, subjects all wages earned to payroll contributions. All three bills require a one week (5 day) waiting period before receiving program benefits and have the same covered workforce, which excludes all federal and local government workers and allows self-employed workers to opt into the program. The estimates do not differ if contributions are paid for by the employer, the employee, or some combination of both.[13]

Estimated Costs

Table 2 includes the total number of workers in the covered workforce, estimated total costs of the three programs, average weekly cost per worker (total cost divided by total number in covered workforce), cost as a percent of the total wage payroll subject to contribution of the covered workforce, average weekly benefit paid, total number of leaves eligible and covered by the PFML program, and number of leaves as a percent of the covered workforce. The costs vary from a total of just under $620 million to about $950 million, with an average annual cost per worker ranging from $175 to $269, and an average weekly contribution of $3.37 to $5.16. In each of the three programs these costs would be split between employer and employee.

Contribution rates, or the percentage of wages withheld needed to pay for program benefits, are determined by the dollar value of the annual payroll base divided by the estimated annual total cost.[14] These rates range from 0.33% in the House bill to 0.55% in the Senate bill and 0.61% for the Initiative Petition. The average weekly benefit ranges from $481 in the House bill to $748 in the Senate bill. The estimates of the number of leaves taken over a year that

Table 1. PFML Program Policy Parameters

	House Bill (H. 2172)	Senate Bill (S. 1048)	2018 Initiative Petition
Eligibility (weeks, hours, and/or earnings in Massachusetts over previous year)	15 weeks worked and $4,300 earned	1,250 hours worked	15 weeks worked and $4,300 earned
Maximum weekly benefit payment	$650	$1,000	$1,000
Maximum weeks - Medical leave	26	26	26
Maximum weeks - Family leave	12	16	16
Weekly wage replacement rate	.9 to 30% of AWW*; then .33	0.9	0.9
Waiting period	1 week	1 week	1 week
Employees covered	All private sector employees; state government employees; self-employed	All private sector employees; state government employees; self-employed	All private sector employees; state government employees; self-employed
Wages subject to contribution	All wages	Up to $118,500**	Up to $118,500**

***AWW is the statewide average weekly wage which was $1,256.47 as of October 2015.**

****This is the maximum amount subject to Social Security (Old Age, Survivors, and Disability Insurance) payroll contribution in 2015 and 2016.**

Table 2. Total Estimated Program Costs and Usage			
	House Bill (H. 2172)	Senate Bill (S. 1048)	2018 Initiative Petition
Covered employees	3,534,331	3,534,331	3,534,331
Cost of program (in millions)	$619.0	$867.6	$949.2
Average yearly cost per worker*	$175	$245	$269
Average weekly cost per worker	$3.37	$4.72	$5.16
Payroll contribution rate**	0.33%	0.55%	0.61%
Average weekly benefit paid	$481	$748	$700
Annual program leaves	144,000	126,500	147,400
Program leaves as percentage of employment	4.1%	3.6%	4.2%

*Total cost/covered workforce

**All wages are subject to contributions in the House bill. Contributions in the Senate bill and Initiative Petition are based on wages earned up to $118,500.

Notes: Data are based on September 2, 2017 version of ACM/IWPR Paid Family and Medical Leave Simulation Model.

Estimated costs provided do not include administrative costs.

would be covered under the new PFML programs range from 126,500 under the Senate bill to 144,000 under the House bill, and 147,400 under the Initiative Petition. Program leaves represent between 3.6% and 4.2% of the total covered workforce. Since some workers take more than one leave in a year, the percentage of covered employees taking a leave is between 3.0% and 3.5%. While there are many more leaves taken, only between 21 and 25 percent of those leaves would be covered under any of these PFML programs. There are many reasons why the majority of leave takers would not use a statewide PFML program. Most leaves are short (half of all leaves are for three weeks or less), some employees may have better coverage from their employer, and others might not apply because their leave patterns are unpredictable (as are many ill relative leaves) or because of lack of knowledge of the program.[15]

The main reasons why the costs and average weekly benefits vary among the three programs relate to differing eligibility requirements, maximum benefits, and replacement rates. The House bill and Initiative Petition, using UI eligibility rules, include more part-time workers than the Senate bill's requirement of 1,250 annual hours of employment. As a result, fewer people are eligible and then use the program in the Senate bill so the cost is lower than the Initiative Petition, but those who are eligible have higher income resulting in a higher average weekly benefit.[16] The lower maximum benefit paid as well as the sliding scale in the House bill result in a lower total cost and lower average benefit than the other two programs.

Table 2 includes the average weekly costs and benefits paid. In order to better understand the contribution and benefit levels for particular workers, Table 3 provides the total annual and weekly contribution owed and benefit received by: 1) a worker who receives the median weekly earnings of the covered workforce;[17] 2) a full-time (40-hour a week) minimum wage worker; and 3) someone earning $118,500 a year. The 2011-2015 Massachusetts ACS indicates that 8.6% of the covered workforce earns $118,500 or more while 29.4% earn less than $440 a week (40 hours at $11/hour).

Median Wage Earners

The total weekly contribution for a worker earning the median weekly wage of $776.60 ranges from $2.59 in the House bill to $4.70 in the Initiative Petition. If the contributions were paid equally by the employer and the employee, each would be making an annual contribution of $67.50 (half of $135) to $122 ($244 divided by two). The

Table 3. Annual and Weekly Contribution and Weekly Benefit for Median Earner, Full-time Minimum Wage Earner, and Worker Earning $118,500 Annually									
	Median Wage Earner ($776.60 per week)			Minimum Wage Earner ($11/hour, 40 hours/week)			Worker with Annual Earnings of $118,500		
	Annual contribution	Weekly contribution	Weekly benefit	Annual contribution	Weekly contribution	Weekly benefit	Annual contribution	Weekly contribution	Weekly benefit
House Bill (H. 2172)	$135	$2.59	$471	$76	$1.47	$360	$396	$7.61	$650
Senate Bill (S. 1048)	$223	$4.30	$699	$127	$2.43	$396	$655	$12.60	$1,000
Initiative Petition	$244	$4.70	$699	$138	$2.66	$396	$717	$13.79	$1,000

Notes: Data are based on the September 2, 2017 version of the ACM/IWPR Paid Family and Medical Leave Simulation. Model. These dollar amounts are the total contribution made by both employer and employee. Calculations are based on contribution rates in Table 2. The annual contribution of median and minimum wage earnings are calculated by multiplying weekly rate by 52.

worker earning the median weekly wage of $776.60 would receive $471 (61% of that wage) a week under the House bill and $699 (90% of that wage) under the Senate bill and the Initiative Petition.

Minimum Wage Workers

The weekly cost for a full-time minimum wage worker covered in the program would be between $1.47 and $2.66 a week. If split equally among employer and employee, that amounts to an annual contribution of $38 to $69 by each. Weekly benefits when eligible and on the PFML program for a full-time minimum wage worker earning $440 a week under the House bill would be $360 and only slightly higher at $396 under the Senate bill and the Initiative Petition.

Workers Earning $118,500 (Maximum amount subject to Social Security payroll contribution)

The weekly cost for a worker earning an annual salary of $118,500 (which would also be the contribution cap under the Senate bill and the Initiative Petition) ranges from $7.61 to $13.79 a week (or $198 to $359 annually when split equally between employer and employee). The worker earning $118,500 annually ($2,280 weekly) would get the maximum benefit under all three programs: $650 which would be 23% of that worker's weekly wage and $1,000 which would be 44% of the weekly wage.

Coverage in PFML Programs

Table 4 provides simulator estimates of the number of people who would use the PFML program, the average length of time on the program, and the percentage of workers who would receive any form of wage replacement by the type of leave taken. The vast majority of leaves (about 61 percent) taken using any of the PFML programs are for non-pregnancy own-health related reasons, followed by leaves for a new child (19 percent), pregnancy (about 17 percent) and to care for an ill relative (2 percent). We estimate the average length of leave using the program for all leaves to be between 10.5 and 10.9 weeks. Pregnancy leaves are the longest at about 14.5 weeks, followed by own health leaves at just over 11 weeks. Ill-relative leaves are, on average, the shortest.

The last section in Table 4 provides the percentage of all workers who have any form of wage replacement while on a family or medical leave in the presence of each of these PFML programs. Currently in Massachusetts paid family leave and short-term medical leave for a serious health condition or pregnancy are provided by individual employers that choose to provide this benefit, through union negotiated contracts, or through privately purchased short-term disability insurance policies. This leaves many workers uncovered. In 2016, only 14% of all U.S. workers had access to paid family leave from their employers, 38% had

Table 4. Number of PFML Program Leaves, Average Leave Length while on Program, and Percent of All Leaves with Any Wage Replacement, by Leave Type

	House Bill (H. 2172)	Senate Bill (S. 1048)	2018 Initiative Petition
Program leaves taken			
Own health	87,500	78,500	89,900
Pregnancy	25,700	20,700	26,000
New child	27,500	24,600	28,200
Ill relative	3,300	2,700	3,300
All leaves	144,000	126,500	147,400
Average weeks of leave on program			
Own health	11.0	11.3	11.3
Pregnancy	14.3	14.6	14.5
New child	6.4	6.9	7.2
Ill relative	3.1	3.2	3.3
All leaves	10.5	10.8	10.9
Percent of leaves with wage replaced			
Own health	79.3%	77.6%	79.3%
Pregnancy	93.5%	89.3%	93.5%
New child	94.6%	90.8%	94.5%
Ill relative	75.1%	75.0%	75.2%
All leaves	80.4%	78.8%	80.4%

Note: Data provided here uses the September 2, 2017 version of ACM/IWPR Paid Family and Medical Leave Simulation Model.

access to short-term disability leave, and 68% had paid sick leave.[18] While our simulator relies on DOL survey data and allows us to determine if a worker on a family or medical leave[19] received any wage replacement, we cannot use the survey to estimate what form that pay takes. Therefore, the wage replacement estimates in Table 4 include workers who use vacation days, paid sick days, a disability insurance policy, employer paid family or medical leave, and with the proposed PFML program.

As depicted in Table 5, without a statewide program in place, the simulator estimates that 73.1% of workers have some form of wage replacement. The House bill and Initiative Petition boost that average to 80.4% while the Senate bill increases access to paid leave to 78.8% of all workers on leave.

One of the most important reasons to implement a statewide paid family leave program is to provide this crucial work-related benefit to cover workers who need to take an extended paid family or medical leave but currently have no access to paid leave or insufficient coverage. A troubling aspect of the current landscape of wage-replacement for workers who take family and medical

leave is that they are available unevenly across employers and employees. Three groups of workers are particularly at risk of not being covered. This includes female employees, because they are more likely than male employees to take a leave, especially for a new child. The other two groups are low-wage workers (who tend to younger, non-white, and low-income) and workers employed by smaller companies. Employers prefer to provide this benefit to attract and keep higher wage workers, while many small firms tend to have less capacity to offer this benefit to all of its workers.

Table 5 depicts the percentage of workers by various worker characteristics currently covered and who would be covered with wage replacement under each of the three PFML programs. Black, Latinx, young, poor, near poor, and low-wage workers as well as those who work for small-sized firms are the least likely to currently have any forms of wage replacement, with rates typically at least ten percentage points below the average. All three programs provide a larger boost in access for these workers than their counterparts, narrowing the gap between those with and those without any paid family or medical leave. And while the gap between male and female workers is not wide, the House bill and the Initiative Petition provide near parity.

Table 5. Percent of Workers with Any Wage Replacement by Characteristic of Worker, At Present and Under Proposed PFML Programs

Percent of Wage Replaced	Currently	House Bill (H. 2172)	Senate Bill (S. 1048)	2018 Initiative Petition
Total	73.1%	80.4%	78.8%	80.4%
Sex				
Male	75.1%	81.0%	80.1%	81.2%
Female	71.5%	79.8%	77.6%	79.8%
Race				
White	74.6%	81.3%	79.7%	81.4%
Black	65.5%	75.2%	73.4%	75.6%
Asian or Pacific Islander	75.4%	82.0%	81.3%	82.0%
Latino	61.0%	73.1%	70.3%	73.3%
Age group				
16-24	41.2%	53.5%	48.8%	53.4%
25-44	73.4%	82.6%	80.9%	82.6%
45-64	79.9%	84.4%	83.6%	84.6%
65 & older	68.8%	75.1%	72.4%	75.2%
Family income level				
Above median	85.1%	89.1%	88.5%	89.3%
At or below median	60.0%	71.0%	68.2%	71.0%
Poverty level				
Below Federal Poverty Level (FPL)	26.4%	43.0%	35.5%	43.5%
Between 100-199% FPL	51.4%	67.2%	62.7%	67.2%
200% FPL & above	79.2%	84.9%	83.9%	84.9%
Hourly wage level				
Earns $15 or more	79.8%	85.5%	84.3%	85.7%
Earns less than $15	57.5%	68.4%	65.9%	68.5%
Employer size				
1-9 employees	62.1%	72.1%	69.6%	72.1%
10-49 employees	62.1%	73.1%	70.9%	72.8%
50-99 employees	75.2%	81.8%	80.3%	82.1%
100-499 employees	75.7%	82.3%	80.9%	82.1%
500 or more employees	77.0%	83.3%	81.9%	83.5%

Note: Data are based on the September 2, 2017 version of ACM/IWPR Paid Family and Medical Leave Simulation Model.

Policy Trade-offs

In conclusion, each of the proposed PFML programs provide for more universal coverage for workers with their own serious health conditions, those giving birth, those bonding with a newly born or adopted child, and those caring for an ill relative. And each does so by spreading and sharing the costs across most of the Massachusetts workforce. The programs do, however, vary by costs as well as coverage highlighting the trade-offs involved in designing a program.

It is important to consider the following differences in the proposed paid family and medical leave programs now under consideration by the legislature:

Eligibility Requirements

- The broader the eligibility requirements, the more workers receive coverage; the more workers covered, the higher the costs.

Wage Replacement Rates and Maximum Benefit

- The higher the wage replacement rate and the higher the maximum benefit, the greater the number of program users and longer length of usage, resulting in higher costs.
- Evidence from elsewhere indicates that low-wage workers, some of the workers with the least amount of coverage now, are much more likely to use a paid leave program if the replacement rate is high.[20] A sliding scale replacement schedule would allow for higher replacement rates for lower-waged workers which would increase their participation and reduce the overall cost of a program.

Leave Length Maximum

- The higher the maximum number of weeks allowed, the higher the costs. All three programs provide 26 weeks of medical leave which would cover the vast majority of current medical leaves and is consistent with paid medical leaves in the states that already have a program.[21] Gauging the appropriate length for family leaves is more challenging. The most predictable of these leaves is to bond with a new child and each of these bills provide 12 to 16 weeks of family leave. Nonetheless, in the states with paid family leave programs, far fewer workers use paid family leave programs than they do medical leaves, which implies that the number of weeks allowed will not be a large cost driver.

Balancing Coverage and Costs

All three proposed paid family and medical leave programs contain elements that achieve the key policy goal of extending wage replacement that allow families to balance work, family, and medical needs. To do so will cost money, but even after taking into account administrative costs, we estimate that the total cost will be less than one percent of total payroll. Taking the various trade-offs into account and placing the highest priority on coverage followed by cost, some combination of the three proposed programs, in our opinion, would strike the right balance. Specifically, we suggest usage of the eligibility requirements of the House bill and the Initiative Petition programs of 15 weeks worked and $4,300 (earned in the last year); applying a more generous sliding scale to the weeks covered in the House bill (26 for medical and 12 for family leave), and utilizing the maximum benefit of $1,000 a week contained in the Senate bill and the Initiative Petition. This combination would assure broad-based coverage for workers in need, provide adequate wage replacement, and still remain affordable.

Notes

1 The OECD Database publishes information about paid parental and ill relative leave arrangements in all the OECD countries at www.oecd.org/social/family/database.htm. See PF2.1 *Key characteristics of parental leave systems* and PF2.3 *Additional leave entitlements of working parents* for a country-by-country description of leave provisions. In an extensive survey of legislation in 22 OECD countries, Jody Heymann, Hye Jin Rho, John Schmitt, and Alison Earle find that the United States is the only country that has no guaranteed paid sick leave. (*Contagion Nation: A Comparison of Paid Sick Day Policies in 22 Countries*, Washington DC: Center for Economic and Policy Research at http://cepr.net/documents/publications/paid-sick-days-2009-05.pdf, retrieved December 1, 2015).

2 The states that currently have paid family and medical leave programs are California, New Jersey and Rhode Island. Hawaii and New York have a paid medical leave insurance program. New York recently enacted paid family leave. Washington DC and Washington state also recently enacted paid family and medical leave legislation.

3 For a summary of the benefits associated with paid leave see Barbara Gault et al. *Paid Parental Leave in the United States: What the Data Tell Us About Access, Usage, and Economic and Health Benefits*, Institute for Women's Policy Research, January 23, 2014 https://iwpr.org/publications/paid-parental-leave-in-the-united-states-what-the-data-tell-us-about-access-usage-and-economic-and-health-benefits; and AEI-Brookings *Working Group on Paid Family Leave, Paid Family and Medical Leave: An Issue Whose Time Has Come*, American Enterprise Institute and Brookings Institution, May 2017 www.brookings.edu/research/paid-family-and-medical-leave-an-issue-whose-time-has-come.

4 New York and Hawaii (with only a paid medical leave program) rely on private insurers while all the other states administer their own programs. A Better Balance maintains a comprehensive and up-to-date list of the parameters of state programs at www.abetterbalance.org/resources/paid-family-leave-laws-chart.

5 These costs as well as start-up costs are beyond the scope of what the simulator is designed to do. Administration costs will depend on which entity runs the program, the amount of outreach performed, and to some degree the parameters of the program itself.

6 Jacob Alex Klerman, Kelly Daley, and Alyssa Pozniak, *Family and Medical Leave in 2012: Technical Report, Abt Associates*, prepared for the U.S. Department of Labor (2013).

7 Due to small sample sizes and lack of information on state of residence or work, the publicly provided data from the DOL survey does not allow an accurate measure of leave lengths for those leave takers who use one of the already existing statewide programs. The model was updated in 2016 to allow the user various ways to extend leave lengths that better approximate lengths observed in states with paid family and medical leaves as well as to change the probability of taking a leave with a program in place. These estimates reflect that update and as such leave lengths using the program that are longer than estimated in previous versions of the model and better approximate those of states with paid medical leaves.

8 This is done by running the simulator under various take-up rates and extension of leave options for those states using parameters of their existing programs and using those that are within the ranges that best approximate actual numbers of leaves and leave lengths.

9 There is some evidence that firms do this. In addition, a 2015 Paid Family Leave Market Research report on California's Paid Family Leave program conducted for California's Employment Development Department (www.edd.ca.gov/disability/pdf/Paid_Family_Leave_Market_Research_Report_2015.pdf) finds that between 40%- 50% of women taking paid family leave with incomes over $60,000 used "integrated" benefits – a combination of program and employer pay (p. 41).

10 In addition, a "cloning" device is used to reduce simulation error by creating several duplicates of the same person to run through the simulation. A cloning factor of 30 is used for the estimations here (i.e. each person is run through the model 30 independent times, with the weight of each person reduced by a factor of 30). This reduces the variability of estimates for any given run of the model which uses a "random wheel" spin for probabilities of taking and needing a leave. Still, there will be some variability in results across runs of the simulator, but typically less than 1 percent.

11 Eligibility for the FMLA is more stringent in that it requires workers be employed with the same employer for 1,250 hours and that employer must employ 50 or more employees within a 75-mile radius.

12 The cap in 2016 was also $118,500. However, the 2017 cap rose to $127,200. Using this value reduces the contribution rate in the Senate bill and the Initiative Petition by .009%.

13 Limitation in the DOL survey and the ACS do not allow us to incorporate broader definitions of family members beyond parent, spouse and child.

14 This only accounts for the costs of benefit payment and does not include any administration costs.

15 Other reasons why this occurs are discussed in our 2016 report, *It's About Time: Cost and Coverage of Paid Family Leave in Massachusetts*.

16 The simulation model estimates that 87.5% of all covered workers would be eligible for the House bill and the Initiative Petition PFML programs, while 73.3% of all covered workers would be eligible under the Senate bill. This assumes that all self-employed workers are among the covered workforce (i.e. making contributions) and would be eligible.

17 Determined using the ACS 2011-2015.

18 U.S. Department of Labor, Bureau of Labor Statistics, National Compensation Survey, 2016, Tables 16 and 32. Retrieved September 15, 2017 at www.bls.gov/ncs/ebs/benefits/2016/ownership_civilian.htm.

19 As defined by the Family and Medical Leave Act (FMLA).

20 Eileen Appelbaum and Ruth Milkman, *Leaves That Pay: Employer and Worker Experiences with Paid Family Leave in California* Center for Economic and Policy Research, 2011, http://cepr.net/documents/publications/paid-family-leave-1-2011.pdf.

21 We estimate that 9% of those receiving program benefits take a medical leave that is longer than 26 weeks.

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ABOUT THE CENTER FOR WOMEN IN POLITICS AND PUBLIC POLICY

UMass Boston's Center for Women in Politics and Public Policy at the John W. McCormack Graduate School of Policy and Global Studies promotes and strengthens diverse forms of women's public leadership through its innovative educational programs, action-oriented research, and public forums. In partnership with nonprofit organizations, private companies, and government at all levels, the center works to strengthen democratic values in public life and build a prosperous economy that increases access and opportunity for all. The Center for Women in Politics and Public Policy spearheads the New England Women's Policy Initiative (NEWPI) to ensure economic security for all women and their families with a focus on policy development, policy action, and measuring progress on key policy issues. Paid family and medical leave is a priority issue of the initiative.

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