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Costs and Benefits of Paid Family and Medical Leave in the District of Columbia

Keywords

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Comments

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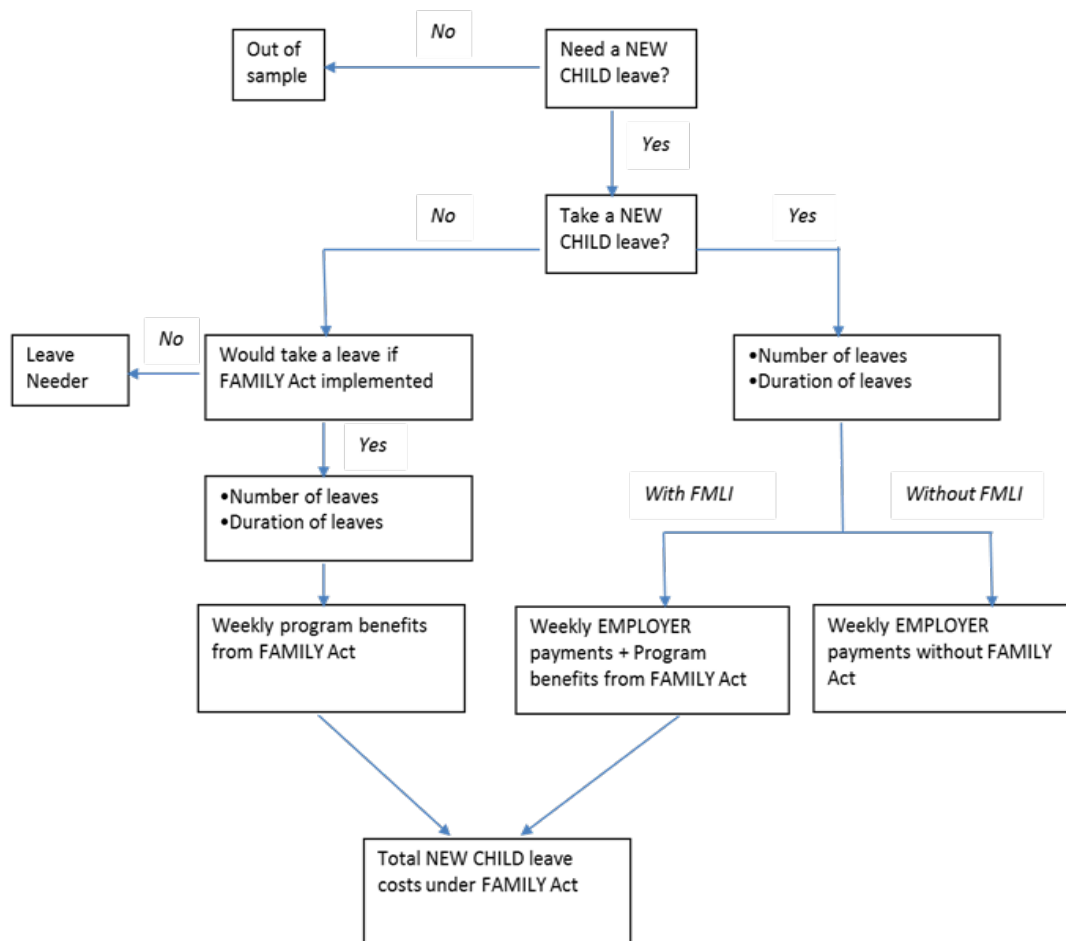
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Policy Scenarios

- Current policy is used as baseline
 - a. DC's FMLA providing 16 weeks of unpaid leave for family and medical needs
 - b. Covered employers of 20 or more and employees who have worked 1,000 hours
- Private employers providing paid family leave similar to the DC government policy
 - a. 8 weeks of fully paid leave for family reasons (new children and family care)
 - b. DC FMLA -- Cover employers of 20 or more and employees who have worked 1,000 hours
- Private employers providing paid family AND MEDICAL leave similar to the DC government
 - a. 8 weeks of fully paid leave for family and medical leaves
 - b. DC FMLA -- Cover employers of 20 or more and employees who have worked 1,000 hours
- Partially paid Federal FMLA
 - a. 12 weeks of partially (66%) paid leave for family and medical leave
 - b. Federal FMLA -- Cover employers of 50 or more and employees who have worked 1,250 hours
- Fully paid Federal FMLA
 - a. 12 weeks of fully paid leave for family and medical leave
 - b. Federal FMLA -- Cover employers of 50 or more and employees who have worked 1,250 hours
- Partially paid DC FMLA
 - a. 16 weeks of partially (66%) paid leave for family and medical leave
 - b. DC FMLA -- Cover employers of 20 or more and employees who have worked 1,000 hours
- Fully paid DC FMLA
 - a. 16 weeks of fully paid leave for family and medical leave
 - b. DC FMLA -- Cover employers of 20 or more and employees who have worked 1,000 hours

Simulation Model: Simplified Example of New Child Leaves



- Using a simulation model we developed (IWPR/LRC Family and Medical Leave Simulation Model) in mid 2005 and updated with current labor force data, Current Population Surveys for 2012-14. Our methodology is based on a sophisticated simulation model that estimates many behavioral patterns and applies them to the specific characteristics of the DC work force.
- We are also able to estimate the number of leaves, the characteristics of the leaves (length, wage replacement) and the characteristics of workers taking leaves.
- Specifically, our model:
 - Estimates probabilities of taking a leave (or multiple leaves) by type of leave, eligibility, and important demographic characteristics of the leave-taker.
 - Estimates length of leave taking by type of leave and degree to which there is employer pay.
 - Simulates paid program leave taking behavior based on family income levels and the existence and level of employer-paid leave benefits.
 - Allows for an analysis of leave takers by gender, age, marital status, race, ethnicity, family income, and other demographic characteristics, both in the absence of a program and with a new plan.
 - Estimates the amount of lost wages, employer pay while on leave, and paid leave program benefits for all leave takers.

Data Used

Simulation model is based on:

- 2000 Family and Medical Leave Act Survey data for the behavioral estimation.
- 2012-2014 Current Population Survey Annual Social and Economic Supplements for the DC area labor force characteristics
- 2013 American Community Survey for adjusting results to the commuting patterns of workers in the DC area by age, race/ethnicity, gender, education, and occupation.

Multiple data sources were used for estimating program take up rates as input to the simulation models.

- California Employment Development Department program statistics on claims filed for short-term disability insurance (SDI) and paid family leave insurance (PFL)
- New Jersey Department of Labor and Workforce Development program statistics on claims filed for temporary disability insurance (TDI) and family leave insurance (FLI)
- 2013 American Community Survey to estimate the number of workers with a child under age one in the household for the population at risk of needing a new child leave
- 2012-2014 Current Population Surveys Outgoing Rotation Groups for estimating the number of workers per year who were absent from work during the survey reference week for (1) Own illness/injury/medical problems, (2) Other family/personal obligation, or (3) Maternity leave to estimate the need for leaves for own serious health conditions, family care demands, and maternity-related disability, respectively.

| Program Take Up Rates Estimated from California and New Jersey | | | |
|---|------------|-------------|-------------------|
| | California | New Jersey* | Used for Modeling |
| Own Health** | 53.2% | 34.8% | 55% |
| Maternity-related Disability** | 36.0% | 25.1% | 36% |
| New Child Bonding** | 45.3% | 28.7% | 50% |
| Family Care -- All Relations** | 5.7% | 11.5% | 15% |
| | | | |
| Average weekly benefit (2012) | | | |
| <i>Disability Insurance</i> | \$464 | \$423 | |
| <i>Paid Family Leave</i> | \$517 | \$487 | |

* Based on claims reported for state plan adjusted for share of NJ workforce covered by state plans (70.5% for TDI and 95.3% for FLI).

** For New Child Bonding, denominator is based on 2013 American Community Survey data for employed individuals with a child under age 1 in the household. For Own Health, Maternity-related Disability, and Family Care, the denominator is based on 2012-2014 Current Population Survey Outgoing Rotation Groups Reason for Absence from Work in the reference week.

Estimated Number of Leaves Taken and Number Accessing Program Benefits Under Different Program Designs

| | Total Leaves Taken | Leaves Accessing Program Benefits |
|--|---------------------------|--|
| Current Policy | 69,958 | NA |
| DC Gov't for Private workers - Family | 77,006 | 9,324 |
| DC Gov't for Private workers - Family & Medical | 74,897 | 28,045 |
| Partially Paid Federal FMLA | 74,417 | 10,952 |
| Fully Paid Federal FMLA | 74,680 | 12,189 |
| Partially Paid DC FMLA | 75,873 | 15,297 |
| Fully Paid DC FMLA | 75,266 | 15,419 |

Source: IWPR estimates for private employers in DC based on IWPR/LRC Family and Medical Leave Simulation Model.

Current Annual Leaves and Total Per Worker Wage Costs by Type of Leave for Private Workers Employed in DC

| | Own Health | Maternity & Bonding | Family Care | All Leaves |
|--|------------|---------------------|-------------|------------|
| Total Leaves | 35,917 | 12,792 | 21,248 | 69,958 |
| Number Receiving Program Benefits | NA | NA | NA | NA |
| Total Annual Cost (millions) | | | | |
| Program Benefits | NA | NA | NA | NA |
| Employer Wage Benefits | \$70.7 | \$28.6 | \$16.7 | \$115.9 |
| Employee Uncompensated Time | \$242.8 | \$101.4 | \$49.2 | \$393.4 |
| Total | \$313.4 | \$130.0 | \$65.9 | \$509.4 |
| | | | | |
| Annual Cost per Total Employees | | | | |
| Program Benefits | NA | NA | NA | NA |
| Employer Wage Benefits | \$125 | \$50 | \$29 | \$204 |
| Employee Uncompensated Time | \$428 | \$179 | \$87 | \$693 |
| Total | \$552 | \$229 | \$116 | \$898 |

Source: IWPR estimates for private employers in DC based on IWPR/LRC Family and Medical Leave Simulation Model.

Leaves and Total Per Worker Wage Costs by Type of Leave Under Program Like DC Government Covering Private Workers in DC for Family and Medical Leaves

| | Own Health | Maternity & Bonding | Family Care | All Leaves |
|--|------------|---------------------|-------------|------------|
| Total Leaves | 38,313 | 14,006 | 22,578 | 74,897 |
| Number Receiving Program Benefits | 19,117 | 6,098 | 2,829 | 28,045 |
| Total Annual Cost (millions) | | | | |
| Employer Wages for Covered Time | \$85.1 | \$29.6 | \$6.1 | \$120.8 |
| Other Employer Wages | \$41.2 | \$18.9 | \$18.7 | \$78.8 |
| Employee Uncompensated Time | \$225.7 | \$89.7 | \$53.3 | \$368.7 |
| Total | \$351.9 | \$138.2 | \$78.1 | \$568.3 |
| | | | | |
| Annual Cost per Total Employees | | | | |
| Employer Wages for Covered Time | \$150 | \$52 | \$11 | \$213 |
| Other Employer Wages | \$73 | \$33 | \$33 | \$139 |
| Employee Uncompensated Time | \$398 | \$158 | \$94 | \$650 |
| Total | \$620 | \$244 | \$138 | \$1,002 |

Source: IWPR estimates for private employers in DC based on IWPR/LRC Family and Medical Leave Simulation Model.

Annual Leaves and Total Per Worker Wage Costs by Type of Leave Under Partially Paid Federal FMLA for Private Workers in DC

| | Own Health | Maternity & Bonding | Family Care | All Leaves |
|--|------------|---------------------|-------------|------------|
| Total Leaves | 37,931 | 13,407 | 23,079 | 74,417 |
| Number Receiving Program Benefits | 7,891 | 2,261 | 800 | 10,952 |
| Total Annual Cost (millions) | | | | |
| Program Benefits | \$29.5 | \$10.6 | \$1.3 | \$41.4 |
| Employer Wage Benefits | \$59.8 | \$25.0 | \$18.4 | \$103.2 |
| Employee Uncompensated Time | \$252.6 | \$101.3 | \$52.0 | \$405.9 |
| Total | \$341.8 | \$136.9 | \$71.7 | \$550.5 |
| | | | | |
| Annual Cost per Total Employees | | | | |
| Program Benefits | \$52 | \$19 | \$2 | \$73 |
| Employer Wage Benefits | \$105 | \$44 | \$32 | \$182 |
| Employee Uncompensated Time | \$445 | \$179 | \$92 | \$715 |
| Total | \$603 | \$241 | \$126 | \$970 |

Source: IWPR estimates for private employers in DC based on IWPR/LRC Family and Medical Leave Simulation Model.

Annual Leaves and Total Per Worker Wage Costs by Type of Leave Under Partially Paid DC FMLA for Private Workers in DC

| | Own Health | Maternity & Bonding | Family Care | All Leaves |
|--|------------|---------------------|-------------|------------|
| Total Leaves | 38,471 | 13,784 | 23,011 | 75,266 |
| Number Receiving Program Benefits | 11,220 | 3,283 | 917 | 15,419 |
| Total Annual Cost (millions) | | | | |
| Program Benefits | \$86.0 | \$31.3 | \$3.9 | \$121.2 |
| Employer Wage Benefits | \$54.1 | \$19.4 | \$17.0 | \$90.5 |
| Employee Uncompensated Time | \$231.7 | \$80.8 | \$52.0 | \$364.5 |
| Total | \$371.7 | \$131.5 | \$73.0 | \$576.3 |
| | | | | |
| Annual Cost per Total Employees | | | | |
| Program Benefits | \$152 | \$55 | \$7 | \$214 |
| Employer Wage Benefits | \$95 | \$34 | \$30 | \$160 |
| Employee Uncompensated Time | \$408 | \$142 | \$92 | \$643 |
| Total | \$655 | \$232 | \$129 | \$1,016 |

Source: IWPR estimates for private employers in DC based on IWPR/LRC Family and Medical Leave Simulation Model.

Percent of Leaves with No Compensation During Family and Medical Leaves for Private Workers in DC

| | Current Policy | DC Government for Family and Medical Leaves | Partially Paid Federal FMLA | Fully Paid DC FMLA |
|-------------------------------|----------------|---|-----------------------------|--------------------|
| Total | 26.8% | 19.9% | 27.1% | 25.8% |
| Gender | | | | |
| Men | 22.1% | 17.9% | 23.4% | 22.2% |
| Women | 30.1% | 21.4% | 29.9% | 28.4% |
| Race & Ethnicity | | | | |
| White | 21.3% | 16.7% | 20.6% | 20.7% |
| Black | 30.8% | 22.5% | 33.0% | 29.9% |
| Hispanic | 38.7% | 26.1% | 38.7% | 36.7% |
| Other/Mixed | 24.7% | 17.8% | 23.9% | 21.9% |
| Age | | | | |
| Less than 35 | 34.3% | 24.3% | 34.8% | 32.0% |
| 35-44 | 23.1% | 19.5% | 24.3% | 22.6% |
| 45-54 | 21.8% | 15.7% | 23.4% | 20.6% |
| 55+ | 26.0% | 18.2% | 22.8% | 26.3% |
| Educational Attainment | | | | |
| HS or Less | 39.0% | 27.3% | 40.2% | 37.7% |
| Some College/Associates | 33.6% | 22.8% | 35.4% | 31.3% |
| Bachelors | 21.9% | 16.7% | 21.7% | 20.5% |
| Postgrad | 17.0% | 14.7% | 16.5% | 17.5% |
| Work Schedule | | | | |
| Part-time | 44.6% | 31.7% | 46.5% | 45.7% |
| Full-time | 23.6% | 17.8% | 23.7% | 22.4% |
| Family Income | | | | |
| < \$25K | 55.4% | 36.2% | 53.8% | 50.0% |
| \$25K - 49.9K | 37.7% | 26.6% | 34.8% | 36.2% |
| \$50K - 74.9 | 26.1% | 19.0% | 27.9% | 27.4% |
| \$75K - 99.9 | 24.0% | 17.5% | 24.9% | 21.9% |
| \$100K+ | 16.3% | 14.2% | 17.4% | 16.3% |

Source: IWPR estimates for private employers in DC based on IWPR/LRC Family and Medical Leave Simulation Model.