NEW JERSEY POLICY PERSPECTIVE

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Boosting Families, Boosting the Economy: How to Improve New Jersey's Paid Family Leave Program

By Amy Dunford
Kathleen Crotty Fellow
info@njpp.org

In 2008, New Jersey became the second state to adopt a paid family leave policy. Nearly a decade into the Family Leave Insurance (FLI) program, it's a clear success, having replaced over half a billion dollars in lost wages for hundreds of thousands of New Jerseyans who needed to take time off to be with a new child or sick family member.

And yet this trailblazing program is falling short of its potential, with serious repercussions for New Jersey's families and its economy.

With modest tweaks, New Jersey lawmakers could remove the barriers that stop many people from taking advantage of the program, make it possible for many more hardworking women and men to take the paid time off for which they're eligible – with measurable benefits for families, employers and the state's economy.

Specifically, lawmakers should:

- Increase the current two-thirds wage replacement
- Raise the very low cap on earnings while on leave
- Include job protection for those taking leave
- Expand outreach efforts to ensure greater awareness of the program
- Allow workers to take 12 weeks of paid leave
- Expand the definition of family that is eligible for leave

PAID FAMILY LEAVE KEY FACTS

Who's Covered? All workers covered by the state's unemployment insurance program who have worked 20 or more "base weeks" or earned $8,400 or more in a "base year"

What's Covered? Bonding with a new biological or adopted child and care for a family member with a serious illness

How Much Do You Get? Workers get two-thirds of their average weekly wages replaced, up to a cap of $633 per week

How Long Can You Take It? Up to 6 weeks

Who Pays for It? Benefits are funded solely by employee contributions, via a payroll tax of 0.1% on the first $33,500 of annual earnings, capped at $33.50 per year, or 64 cents a week

What Else? The paid leave is not "job protected," meaning that your employer does not have to hold your job for you

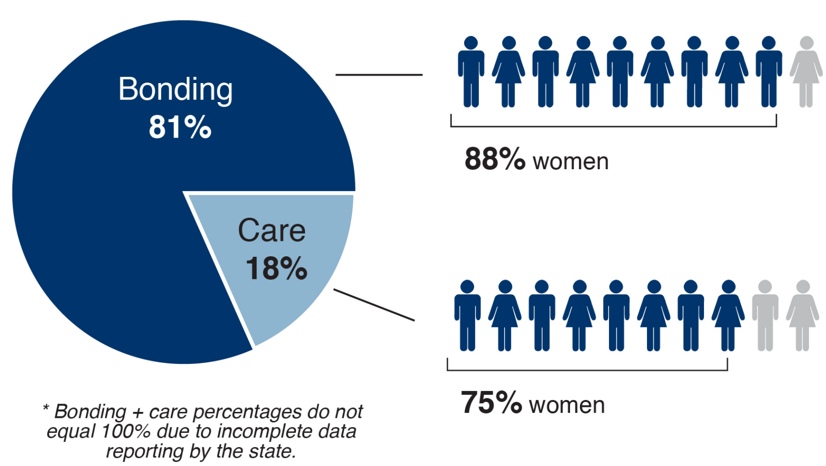
The Lay of the Family Leave Land

In 1993, the federal government enacted the Family and Medical Leave Act (FMLA), which provides up to 12 weeks of *unpaid* leave to some workers to attend to their own serious illness or care for a seriously ill family member or new child. Moreover, FMLA protects workers from being fired while they are on leave. To be covered by FMLA, one must work at a private company with 50 or more employees and have logged a certain number of hours in the past year.[1] New Jersey has had a similar law since the early 1990s.[2] Some companies do provide leave, but nationally *only 12 percent* of all private-sector employees have paid family leave.[3]

In 2008, New Jersey became the second state to adopt a paid family leave policy; the law went into effect on July 1 the following year. The program provides workers with a percentage of their full pay for up to six weeks to care for a sick relative or bond with a new baby or adopted child. The program is fully funded by employees through a modest payroll tax deduction (currently capped at an annual, per-worker max of $33.50). Unlike the FMLA, New Jersey FLI does not protect workers from losing their jobs when they are on leave.

From mid 2009 through 2015[4], more than 200,000 FLI claims were approved, paying out $507.1 million in benefits.[5] Eighty-one percent of the claims paid out have been for bonding with a new child and 18 percent have been used to care for an ill family member (numbers don't equal 100 percent due to incomplete data reporting by the state – see page 8 for more on this problem).[6] [7] New Jersey women have used paid family leave far more than men, making up 86 percent of all eligible claims.[8]

New Jersey Paid Family Leave is Mostly Used to Bond with New Children, and is Mostly Used by Women



Source: NJPP analysis of NJ Department of Labor and Workforce Development data

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Wage Replacements Are Too Low for New Jersey Workers

New Jersey's paid family leave policy design undermines the intention of the program, since just two-thirds of a workers' weekly salary is replaced – up to a meager cap of $633 per week.

This maximum reimbursement is equivalent to a salary of $32,000 a year, which is about the same as New Jersey's true poverty standard (200 percent of the federal poverty level) for a two-person family ($32,040).[9] For many New Jersey families, taking that kind of financial hit (particularly while absorbing the costs associated with a new child or sick relative) is simply not possible without falling behind on bills and/or being unable to afford everyday expenses.

Take a low-paid worker making $600 a week, or about $15 an hour if they are working 40 hours a week. On leave, the two-thirds replacement rate would provide that worker just $400 a week, the equivalent to $10 an hour – a decrease that an already-struggling family could ill afford.

Even for higher-paid families, a few weeks of missing pay can cause financial instability. A New Jersey family with one adult and a child needs around $1,000 per week (about $52,000 a year) just to get by.[10] Today, a worker earning that much would lose $367 a week by taking paid family leave – a full 37 percent of his or her pay. The wage replacement levels are so low that paid family leave is simply unaffordable, even for middle-class families, many of whom still live paycheck to paycheck in high-cost New Jersey – and who could see their income drop by more than a third while on leave.[11]

The bottom line: $633 a week is not enough to make ends meet in New Jersey. The state's paid family leave policy puts many workers below the poverty level for the duration of their leaves, and pushes people who are already struggling deeper into poverty.

The two other states with up-and-running paid family leave programs – which, like New Jersey, are among the most expensive states to live in[12] – set workable standards that New Jersey should emulate.

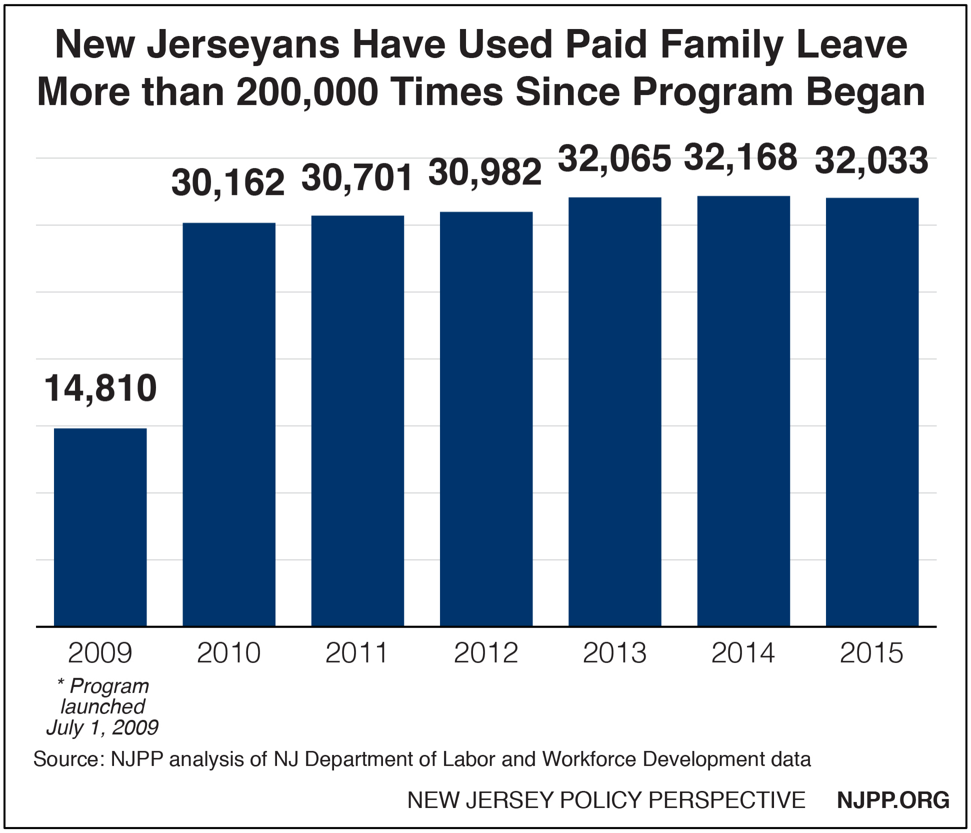
California's current weekly cap is $1,173 and Rhode Island's is $817, both higher than New Jersey's cap of $633.[13] In Rhode Island, the cap is set at 90 percent of the average weekly salary. In contrast, New Jersey's is set at 53 percent of the average weekly salary from two years prior.[14] California's cap can be no more than 1.5 the statewide average weekly wage; it is currently at about 100 percent of the statewide average weekly wage of $1,164.51 in 2017.[15]

Although they both have higher wage replacement *caps* than New Jersey, California and Rhode Island both have lower wage replacement *rates* than New Jersey's 66 percent (two-thirds) rate – at least at the moment. California's inadequate 55 percent wage replacement rate has been increased to 70 percent for low-wage workers and 60 percent for all other workers.[16] For now, Rhode Island's replacement rate is 60 percent. That said, it's worth noting that the latest jurisdiction to pass paid family leave – the District of Columbia – will have a wage replacement rate of 90 percent for the city's lowest-paid workers. (See page 11 for more on D.C.'s law.)

Increasing New Jersey's wage replacement rate would help low-income workers the most, while increasing the wage cap would help middle-class workers the most.

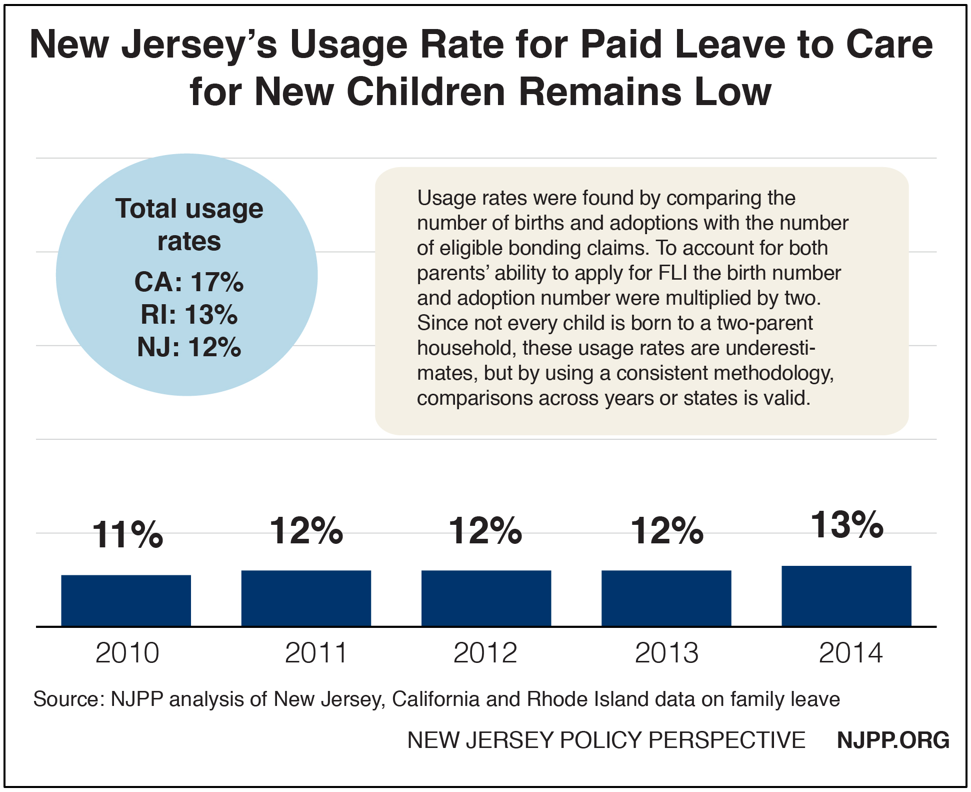
Too Few New Jerseyans Use Paid Family Leave

Participation in New Jersey's Family Leave Insurance program is very low, in large part because so many workers can't afford to take it. The lack of job protection and anemic outreach also help explain why usage is low. On average about 31,000 New Jerseyans have used paid family leave in each full year of its existence.[17]



This means that only an estimated 12 percent of eligible new parents are using New Jersey Family Leave Insurance.[18] In addition, the usage rate for new parents has remained close to flat since the introduction of paid family leave – rising to just 13 percent in 2014 from 11 percent in 2010.

This is lower than California's overall rate of 17 percent[19] and Rhode Island's overall rate of 13 percent.[20] [21] What's more, California's usage rate continues to increase each year, rising to 20 percent in 2014 – and we can expect Rhode Island's to do the same, since the 13 percent rate is based only on data from the first year of the program. In 2015, Rhode Island saw a 33 percent increase in the number of claims filed.[22]



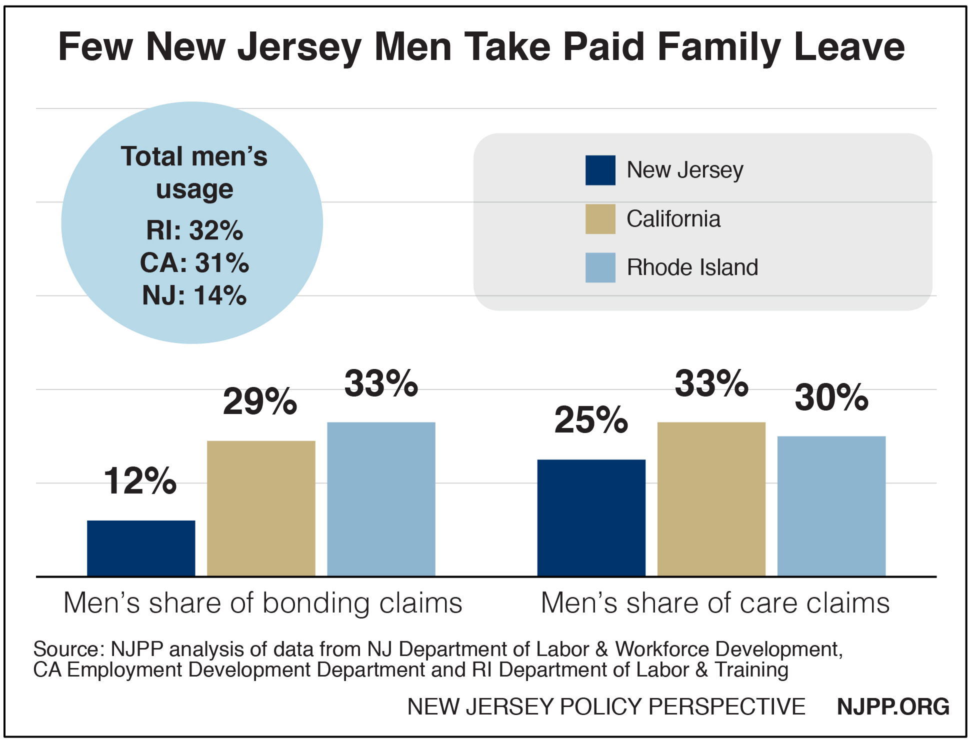
It's not just the new parents' take-up rate that's low: even fewer New Jerseyans who are caring for a sick family member are taking leave. In 2009, there were an estimated 1.2 million family caregivers in New Jersey.[23] If we assume that number has stayed steady (although it has likely risen due to the state's aging population), *less than 1 percent* of family caregivers are making use of paid family leave.

And the take-up rate among low-income workers is likely even lower. While New Jersey does not break down FLI data by income or wages (a data collection problem that can and should be fixed), partial wage replacement has been shown to be a disincentive to taking paid family leave, and many of New Jersey's low-income workers feel they can't afford to take time off.[24]

Wage replacement levels are important in explaining the low usage rates, but so is awareness. Fewer than four in 10 New Jersey residents polled in 2012 had seen or heard *anything* about paid family leave, and low-income New Jerseyans are among the least likely to be aware of the program.[25] Lack of awareness is more prevalent among populations that could need paid leave the most, including people of color and young adults.[26]

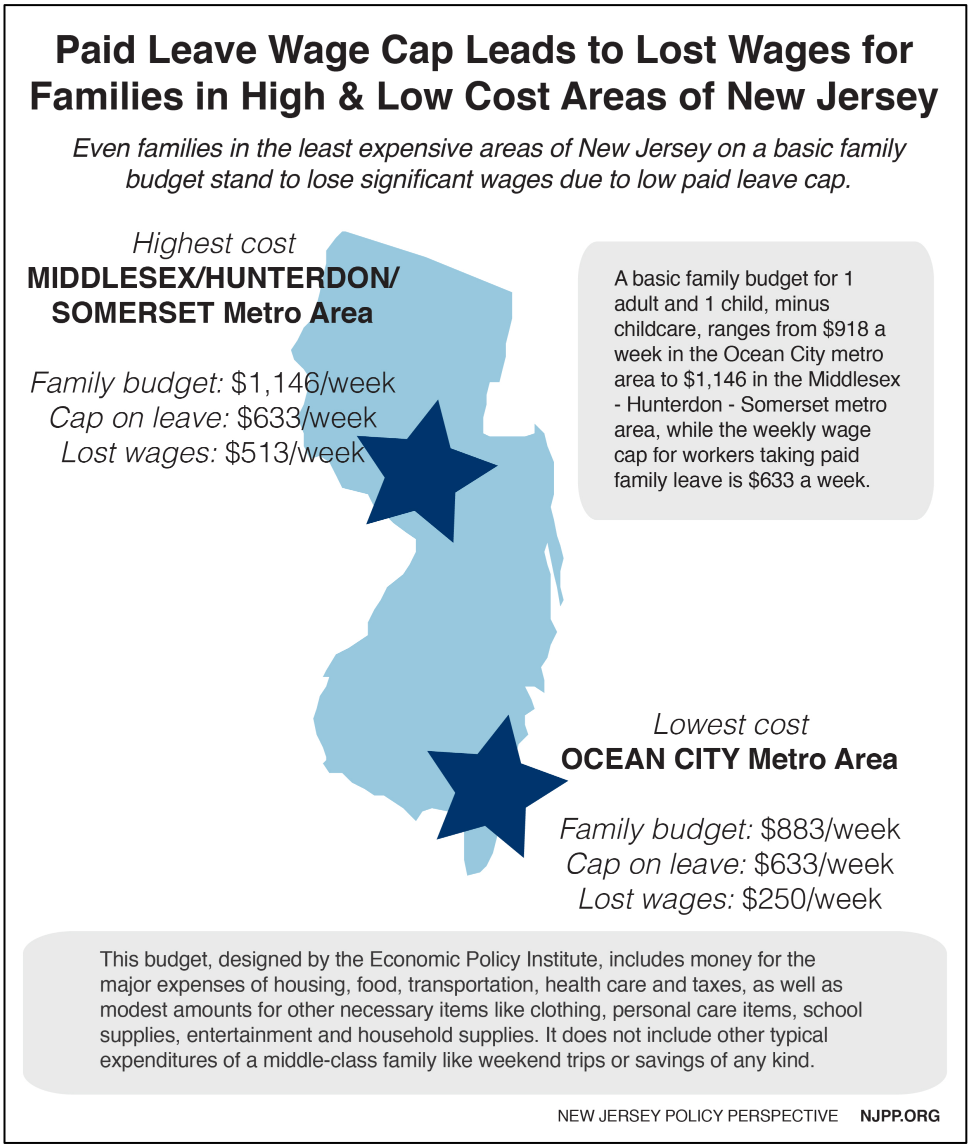
In addition, few men are taking paid family leave in New Jersey, particularly for bonding with a child. Men account for just 12 percent of paid out claims to care for a new child.[27] This can be attributed to many factors, including cultural norms, lack of awareness, and absence of job protection – but it's clear that New Jersey's inadequate wage replacements play a role. With men earning $12,000 a year more on average than women in New Jersey, many working men stand to lose larger chunks of their take-home pay by taking paid family leave.[28]

Men in California and Rhode Island use paid family leave at significantly higher rates than men in New Jersey.[29] On average, men in California and Rhode Island make up over 30 percent of all claims.[30]



Lawmakers Should Increase Wage Replacements

On average across the state of New Jersey, a single adult with one child requires about $1,000 per week to afford housing, buy food, pay for medical expenses, use transportation and pay for other necessities.[31] (This ranges from a high of over $1,100 in the highest-cost metro area and a low of just over $880 a week in the lowest-cost area.)



The wage replacement rate and wage cap has to be increased. The cap needs to be raised to *at least* the amount a single adult and one child needs to get by in New Jersey.

To do this, the cap needs to be set at 90 percent of the preceding two-year statewide average weekly wage. For example, the cap in 2017 would be $1,076, 90 percent of the statewide average weekly wage in 2015.[32]

Workers making on average less than the adjusted cap per week would receive 100 percent of their incomes for the weeks they are on leave. Workers making on average more than the adjusted cap would receive 90 percent of their incomes up to the adjusted cap.

Other Improvements Would Complement Wage Boosts

The wage replacement and cap increase is just one part of the puzzle that will make family leave insurance beneficial to all New Jersey workers and New Jersey's future. It also needs to be paired with **job protection.** Without this, many workers may not take leave since there's no guarantee of job security. Studies have shown that workers choose not to take leave because they fear that they will lose their job, be demoted or be less likely to receive promotions.[33]

New Jersey businesses should not have the option to force their employees to use any accrued paid sick leave, vacation time or other leave *before* they go on paid family leave.[34] This policy hurts workers in the long run because they are forced to use earned leave that they may need in the future. Earned sick leave and vacation time should be used for what they are for – when workers are sick or on vacation.

Better outreach efforts must be carried out so more New Jerseyans are aware of the program. If few have knowledge of the program, then no one will benefit from the increased wage replacement amount and job protection. It is difficult to determine that the state has done anything more than requiring the posting of labor laws and regulations on large, detailed posters in employee restrooms or lunch areas.

The state needs to improve its data collection and reporting. The Department of Labor & Workforce Development (DOLWD) is failing to collect sufficient data to assess paid leave's use and even failing to post mandated annual reports. State law requires that annual reports be made available no later than December 31 of every year – yet reports from the years 2009 and 2013 are not available.[35] The commissioner also has the authority to direct studies that could help policymakers better understand who is taking leave and how FLI could be improved – yet no such studies have been undertaken.[36] The state should collect (and make readily available) data on the income levels of leave-takers to ensure equity and to understand how wage replacements can be improved to better meet the needs of all workers.

New Jersey should consider extending paid leave's maximum duration to 12 weeks from six weeks. With short leave times, many workers do not feel ready to return to work or drop out of the labor force altogether. New Jersey should keep up with our neighbor, New York, which just enacted a more generous leave plan that will grant workers 12 weeks of paid leave.[37] And 85 percent of all countries that have provisions for paid leave provide *at least* 12 weeks of paid maternity leave.[38]

And last but not least, **the state should consider expanding the narrow definition of family members that are eligible for paid leave**. Currently, only biological and adoptive parents are eligible to take bonding leave, and workers are only able to take care leave to tend to spouses and partners, children and parents. This leaves a lot of family members who may play key caregiving roles out.

Tiny Costs = Big Improvements

The replacements for workers' lost wages while on paid family leave are paid for by modest contributions that are deducted from New Jersey workers' paychecks. In 2017, each worker contributes 0.10 percent of his or her weekly salary on the first $33,500 that is earned a year. **The most any worker can pay into the program is currently $33.50 a year – about 60 cents a week.**

By implementing a small increase to the wage ceiling and a tiny increase in the amount of the payroll tax, New Jersey could raise enough revenue to increase the wage replacement rate and raise the wage cap, creating a stronger program that would benefit the state's families, businesses and economy.

Cost of wage improvements under program that allows six weeks of leave

The additional cost of these improvements, given current usage rates, would be approximately $135 million per year. This could be covered by lifting the taxable income ceiling to $38,000 a year while maintaining the tax rate of 0.10. This would raise about $147 million each year and, with the $18.5 million balance from the year before, equal more than 120 percent of the benefits paid out. **The most that would come out of workers' paychecks would be $38 a year – or 73 cents a week**. (For a full explanation, see Methodology.)

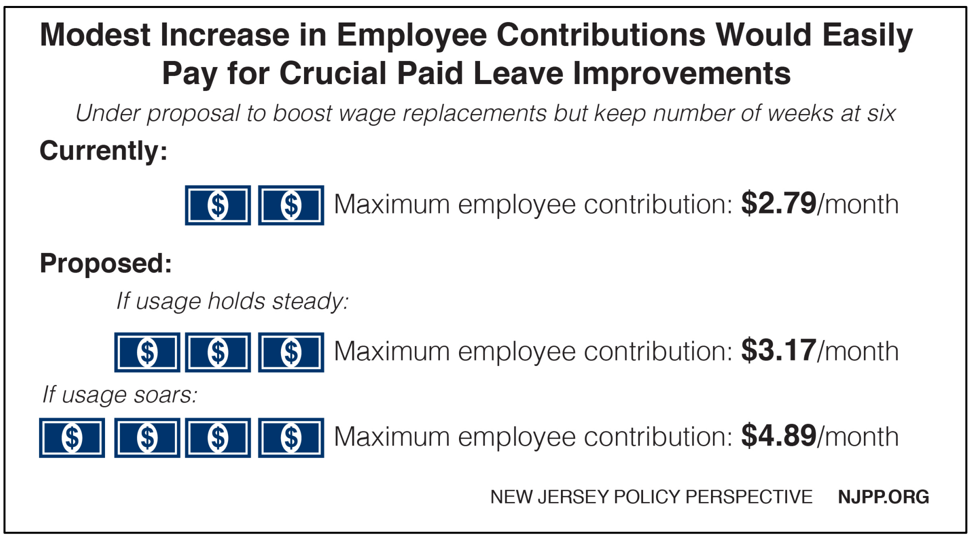
That said, one of the main reasons to improve the program is to ensure more eligible New Jerseyans can afford to take family leave. So it stands to reason that these improvements would lead to an increase in usage. With these reforms in place, it would cost about $5.5 million more a year for every 1,000 additional workers who take leave.

If usage soars to 20 percent and workers took all six weeks of leave, the increased cost would be approximately $186.5 million per year. This could be covered by lifting the wage ceiling to $51,000 a year and increasing the tax rate to 0.115 percent. This would raise about $202 million each year, again equal to about 120 percent of the benefits paid out. **The most that would come out of workers' paychecks would be $58.65 a year – or about $1 a week**.

And many workers – particularly those with the lowest pay, for whom every dollar counts – would not even see an increase in their contributions. For example, a worker earning $20,000 a year would only be contributing $20-$23 dollars a year. Even with the small amount all workers are contributing to the program, low-income workers are paying more into the program in proportion to their incomes than higher income people. A person earning $20,000 a year is paying four times more of their income a year than a person earning $200,000 a year.[39] Lawmakers should consider making the family leave insurance tax more progressive, with tax rates that increase as salaries go up – ensuring all workers are paying a fair amount in proportion to their income.

Even with these slightly higher contributions, New Jersey workers would still be paying far less than workers in other states. California workers are taxed on the first $110,902 of their incomes at a rate of 0.9 percent; this funds both family leave and temporary disability programs. The maximum contribution for a worker is $998.12 a year. In Rhode Island, workers are taxed on the first $68,100 of their incomes at 1.2 percent to fund the state's family leave and temporary disability programs, with a top contribution of $817.20 a year.

The proposed maximum contribution to New Jersey's paid leave program, at $58.65, when combined with the current temporary disability maximum of $80.40 (TDI has the same tax ceiling of $33,500 but a rate of 0.24 percent), still only equals a maximum contribution of $139.05 a year – more than 7 times and 6 times less than the maximums in California and Rhode Island, respectively.



Cost of wage improvements under program that allows 12 weeks of leave

Improving the wage replacements is the most important reform that will improve New Jersey's paid family leave program. But extending the number of weeks of leave allowed under law is also an important improvement.

If lawmakers choose to do both, the total cost of these improvements, given current usage rates, would be approximately $269 million per year. This could be covered by lifting the taxable income ceiling to $79,000 a year and increasing the tax rate to 0.115 percent. This would raise about $309 million each year, equal to about 120 percent of the benefits paid out. **The most that would come out of workers' paychecks would be $90.85 a year – or $1.75 a week**. (For a full explanation, see Methodology.)

And if usage soars to 20 percent and workers took all 12 weeks of leave, the increased cost would be approximately $373 million per year. This could be covered by lifting the wage ceiling to $79,000 a year and increasing the tax rate to 0.161 percent. This would raise about $433 million each year, again equal to about 120 percent of the benefits paid out. **The most that would come out of workers' paychecks would be $127.19 a year – or $2.45 a week**.

And many workers – particularly those with the lowest pay, for whom every dollar counts – would not even see an increase in their contributions. For example, a worker earning $20,000 a year would only be contributing $23-$32 dollars a year. Even with the small amount all workers are contributing to the program, low-income workers are paying more into the program in proportion to their incomes than higher income people. A person earning $20,000 a year is paying 2.7 times more of their income a year than a person earning $200,000 a year.[40] Lawmakers should consider making the family leave insurance tax more progressive, with tax rates that increase as salaries go up – ensuring all workers are paying a fair amount in proportion to their income.

Even with these slightly higher contributions, New Jersey workers would still be paying far less than workers in other states. California workers are taxed on the first $110,902 of their incomes at a rate of 0.9 percent; this funds both family leave and temporary disability programs. The maximum contribution for a worker is $998.12 a year. In Rhode Island, workers are taxed on the first $68,100 of their incomes at 1.2 percent to fund the state's family leave and temporary disability programs, with a top contribution of $817.20 a year.

The proposed maximum contribution to New Jersey's paid leave program, at $127.19, when combined with the current temporary disability maximum of $80.40 (TDI has the same tax ceiling of $33,500 but a rate of 0.24 percent), still only equals a maximum contribution of $207.59 a year – almost 5 times and 4 times less than the maximums in California and Rhode Island, respectively.

Modest Increase in Employee Contributions Would Easily Pay for Crucial Paid Leave Improvements

Under proposal to boost wage replacements and expand to 12 weeks

Currently:

Maximum employee contribution: **$2.79**/month

Proposed:

If usage holds steady:

Maximum employee contribution: **$7.57**/month

If usage soars:

Maximum employee contribution: **$10.60**/month

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Paid Family Leave is Vital and the Benefits Are Clear

Access to paid family leave protects workers and their families, helps businesses, boosts the economy and is tied to positive long-term economic outcomes for adults and positive long-term health outcomes for parents and children.

Paid family leave is important because more women and new mothers are in the labor force than ever, and many working mothers are the primary caregivers to children. In New Jersey, 60 percent of all women and 62 percent of new mothers are in the labor force.[41] And nationally, four in 10 working mothers are the only person caring for their children.[42]

Paid family leave helps keep mothers in the labor force and, crucially, helps working mothers grow their incomes after having a child, with women who take paid leave 54 percent more likely to report salary increases in the year following the birth than those who don't.[43]

Gender-neutral and accessible paid family leave can also have an equalizing effect between men and women. Since men and women are equally eligible to apply for family leave insurance, it can help reduce disparities between salaries, workplace promotions and childcare duties.[44]

Very few private-sector employers offer paid family leave insurance.[45] Not surprisingly, larger corporations are more likely to offer paid leave than smaller businesses. That puts many small and local businesses at a disadvantage when it comes to recruiting talent and remaining competitive.

State-run family leave relieves businesses from having to pay full or partial costs, and helps business to reduce turnover and increase productivity.[46] Despite the doomsday predictions made by some New Jersey business lobbyists before family leave was enacted, many of the state's businesses say the policy has improved company morale.[47]

New Jersey should look to other states and cities that have passed, or are considering passing, progressive work-life balance polices. The proposals advanced in this report are modest compared to other proposed and enacted family leave programs around the country.

Our neighboring state of New York just passed a strong paid family leave program that will provide the most generous and comprehensive leave in the nation. When fully in effect in 2021 workers will be able to take 12 weeks of leave, will be eligible for a higher wage cap than New Jersey workers, and have their jobs fully protected by the law.[48]

The District of Columbia also recently passed a strong and equitable paid family leave law. Workers paid up to 1.5 times the minimum wage (which will be $15 per hour in 2020) can receive 90 percent of their average weekly wage while on leave; those earning more can receive an additional 50 percent of the rest of their average weekly wage – up to a cap of $1,000 per week. D.C.'s law also includes eight weeks of leave for a new child and six weeks to care for a sick family member.[49] And San Francisco passed a city ordinance that requires employers to cover the gap between workers' full pay and the capped wage paid by the state during family leave.

Other states are considering longer paid leave time and higher replacement rates – and let's not forget that the U.S. is one of the last countries not to offer nationwide paid family leave programs with generous wage replacement rates and longer leave times.

The availability of paid family leave in New Jersey is great for workers and their children, and an economic asset and competitive advantage for Garden State businesses, but only if people can benefit from the program. While New Jersey blazed a trail by implementing Family Leave Insurance, these modest improvements would strengthen the program, encourage more workers to use the benefits they're paying for and increase the value of this important asset to New Jersey's economy.

Methodology

These budget projections were done using the DOLWD FLI Budget Discussion Points (http://www.njleg.state.nj.us/legislativepub/budget_2017/DOL_response.pdf pg. 15-18, see endnotes as well) and using budget numbers to analyze how much more money would be paid out versus how much money would need to be collected if the cap were increased in 2017 (2017 was used as an example year because there were projections already in place for 2017 and could be most easily replicated). Because no data is given on salary breakdown of recipients there is no way of knowing or projecting what would happen to the average weekly wage replacement if the rate was increased to 90 percent or 100 percent.

In 2017, the gross benefits paid out were $90,100,000 and $89,400,000 was contributed from the payroll tax. $22,600,000 rolled over from the 2015 and at the end of the year there was a balance of $18,500,000. To cover the additional benefits paid out, the payroll tax would be increased. To raise the mandated amount of revenue to keep the budget solvent, the anticipated revenue needs to equal 120 percent of anticipated benefit payments and 100 percent of anticipated administrative costs, minus previous balance.

Anticipated Average Weekly Replacement Amount: If the cap was increased in 2017 to 90 percent of the average weekly wage from two years prior it would be $1,075.57 (average weekly wage for 2015 is found on the DOL website: http://lwd.state.nj.us/lpaapp/app). Assuming that the average weekly replacement amount will stay about the same in relation to the cap, the average distance between the following years wage cap and the actual average weekly pay out was found. On average the weekly wage replacement is 85 percent of the cap. Thus, 85 percent of $1,075.57 is $917.78 per week.

The projected total benefit payout and projected total revenue to cover increased benefits was then found depending on anticipated weeks of leave taken and usage rates of leave.

Cost of wage improvements under program that allows six weeks of leave

If usage holds steady (4.68 weeks at 12 percent usage): On average, leave takers use 4.68 weeks of the 6 weeks granted (78%). 4.68 multiplied by $917.78 (new anticipated average weekly replacement amount), equals $4,295.21. The average amount of eligible claims that are paid out across the reported years is 31,352. To find the amount of benefits that would be paid out with a benefits increase, $4,295.21 is multiplied by 31,352, which equals $134,663,436. **The projected benefits paid out if usage holds steady is $134,663,436.**

The revenue that needs to be raised to accommodate a wage cap increase would be $146,496,123.75 (this is plus the administrative costs but minus the balance from 2016). This number is found by finding 120 percent of $134,663,436 (new cap projected benefits paid out). This number is added to the anticipated administrative costs and minus the balance from 2016.

To raise this revenue, the wage taxable ceiling needs to be raised and the rate. **If the tax ceiling is raised to $38,000 with a 0.001 percent tax rate, enough money could be raised to keep the fund solvent at a minimum cost to workers**. The anticipated number of workers paying the maximum for 2016 is 2,230,000 (2016 projections were used because 2017 projections are not available). The anticipated amount of workers paying the FLI tax for 2016 is 4,670,000. The maximum payroll deduction would be $38 per year. Workers paying the maximum is 2,230,000 multiplied by $38 is $84,740,000 in contributions. The estimated contribution of other workers making less than $38,000 per year is $62,220,000. This is done by subtracting the number of people paying the maximum amount from the total number of people paying the payroll tax. There are 2,440,000 people not paying the maximum amount. In this category under $50,000 the average salary is $25,500 (which is calculated from the *Institute on Taxation and Economic Policy, June 2016*) With a ceiling of $38,000 the average expected contribution is $25.50 a year. This is multiplied by 2,440,000, which equals $62,220,000. **The total expected estimated amount of revenue raised would be $146,960,000**. This is right around the 120 percent plus administration costs minus balance from year before.

To find how much more it would cost per 1,000 additional workers taking leave, $917.78 (anticipated average weekly replacement amount) is multiplied by 6, which equals $5,506.68. This multiplied by $1,000 equals $5,508,680.

<u>**If usage soars (6 weeks at 20 percent usage):**</u> 6 weeks is multiplied by $917.78, which equals $5,506.68. With an increase in the usage rate by 8 percent this would bump the amount of claims taken per year to 33,860. To find the amount of benefits that would be paid out with an increase, $5,506.68 is multiplied by 33,860, which equals $186,457,066. **The projected benefits paid out if usage soars is $186,457,066.**

The revenue that needs to be raised to accommodate a wage cap increase would be $205,248,479.04 (this is plus the administrative costs but minus the balance from 2016). This number is found by finding 120 percent of $186,457,066 (new cap anticipated contributions paid out). This number is added to the anticipated administrative costs and minus the balance from 2016.

If the tax ceiling is raised to $51,000 with a 0.00115 percent tax rate, enough money could be raised to keep the fund solvent at a minimum cost to workers. The anticipated number of workers paying the maximum for 2016 is 2,230,000. The anticipated amount of workers paying the FLI tax for 2016 is 4,670,000. The maximum payroll deduction would be $58.65 per year. Workers paying the maximum is 2,230,000 multiplied by $58.65 is $130,789,500 in contributions. The estimated contribution of other workers making less than $51,000 per year is $71,553,000. This is done by subtracting the number of people paying the maximum amount from the total number of people paying the payroll tax. There are 2,440,000 people not paying the maximum amount. In this category under $50,000 the average salary is $25,500 (which is calculated from the *Institute on Taxation and Economic Policy, June 2016*) With a ceiling of $51,000 the average expected contribution is $29.33 a year. This is multiplied by 2,400,000, which equals $71,553,000. **The total expected estimated amount of revenue raised would be**

$202,342,500. This is right around the 120 percent plus admin costs minus balance from year before.

Cost of wage improvements under program that allows 12 weeks of leave

If usage holds steady (9.36 weeks at 12 percent usage): Currently, leave takers use 78 percent of the 6 weeks provided. If this same assumption holds true with an increase to 12 weeks, leave takers would utilize 9.36 weeks. 9.36 multiplied by $917.78 (anticipated average weekly replacement amount), equals $8,590.42. The average amount of eligible claims that are paid out across the reported years is 31,352. To find the amount of benefits that would be paid out with a benefits increase, $8,590.42 is multiplied by 31,352, which equals $269,326,873. **The projected benefits paid out if usage holds steady is $269,326,873.**

The revenue that needs to be raised to accommodate a wage cap increase would be $308,092,247.51 (this is plus the administrative costs but minus the balance from 2016). This number is found by finding 120 percent of $269,326,873 (new cap projected benefits paid out). This number is added to the anticipated administrative costs and minus the balance from 2016.

To raise this revenue, the wage taxable ceiling needs to be raised and the rate. **If the tax ceiling is raised to $79,000 with a 0.00115 percent tax rate, enough money could be raised to keep the fund solvent at a minimum cost to workers**. The anticipated number of workers paying the maximum for 2016 is 2,230,000 (2016 projections were used because 2017 projections are not available). The anticipated amount of workers paying the FLI tax for 2016 is 4,670,000. The maximum payroll deduction would be $90.85 per year. Workers paying the maximum is 2,230,000 multiplied by $90.85 is $202,595,500 in contributions. The estimated contribution of other workers making less than $79,000 per year is $106,628,000. This is done by subtracting the number of people paying the maximum amount from the total number of people paying the payroll tax. There are 2,440,000 people not paying the maximum amount. In this category under $79,000 the average salary is $38,000 (which is calculated from the *Institute on Taxation and Economic Policy, June 2016*) With a ceiling of $79,000 the average expected contribution is $43.70 a year. This is multiplied by 2,440,000, which equals $106,628,000.00. **The total expected estimated amount of revenue raised would be $309,223,500**. This is right around the 120 percent plus administration costs minus balance from year before.

To find how much more it would cost per 1,000 additional workers taking leave, $917.78 (anticipated average weekly replacement amount) is multiplied by 9.68, which equals $8,884.11. This multiplied by $1,000 equals $8,884,110.40.

If usage soars (12 weeks at 20 percent usage): 12 weeks is multiplied by $917.78, which equals $11,013.36. With an increase in the usage rate by 8 percent this would bump the amount of claims taken per year to 33,860. To find the amount of benefits that would be paid out with an increase, $11,013.36 is multiplied by 33,860, which equals $372,914,132. **The projected benefits paid out if usage soars is $372,914,132.**

The revenue that needs to be raised to accommodate a wage cap increase would be $432,396,958.09 (this is plus the administrative costs but minus the balance from 2016). This number is found by finding 120 percent of $372,914,132 (new cap anticipated contributions paid out). This number is added to the anticipated administrative costs and minus the balance from 2016.

If the tax ceiling is raised to $79,000 with a 0.00161 percent tax rate, enough money could be raised to keep the fund solvent at a minimum cost to workers. The anticipated number of workers paying the maximum for 2016 is 2,230,000. The anticipated amount of workers paying the FLI tax for 2016 is 4,670,000. The maximum payroll deduction would be $127.19 per year. Workers paying the maximum is 2,230,000 multiplied by $127.19 is $283,633,700.00 in contributions. The estimated contribution of other workers making less than $79,000 per year is $149,279,200. This is done by subtracting the number of people paying the maximum amount from the total number of people paying the payroll tax. There are 2,440,000 people not paying the maximum amount. In this category under $79,000 the average salary is $38,000 (which is calculated from the *Institute on Taxation and Economic Policy, June 2016*) With a ceiling of $79,000 the average expected contribution is $61.18 a year. This is multiplied by 2,400,000, which equals $ $149,279,200.00. **The total expected estimated amount of revenue raised would be $ $432,912,900.00**. This is right around the 120 percent plus admin costs minus balance from year before.

Endnotes

[1] At least 20 or more workweeks in the current or proceeding year, for at least 12 months, and have worked for a minimum of 1,240 hours. Source: U.S. Department of Labor, Fact Sheet #28: *The Family and Medical Leave Act,* 2012. https://www.dol.gov/whd/regs/compliance/whdfs28.pdf
[2] Institute for Women's Policy Research, *The Fiscal Viability of New Jersey Family Leave Insurance*, 2002. http://njtimetocare.com/sites/default/files/10_The Fiscal Viability of New Jersey Family Leave Insurance.pdf
[3] Bureau of Labor Statistics, *Employee Benefits Survey,* March 2014. http://www.bls.gov/ncs/ebs/benefits/2014/ownership/private/table32a.htm
[4] Data for 2016 has not been released
[5] NJPP Analysis of Department of Labor and Workforce Development (DOLWD) FLI Monthly and Annual Reports. Annual reports for 2009 and 2013 are missing. 2009 numbers are pulled from their inclusion in the 2010 annual report and 2013 numbers are pulled from their inclusion in the 2014 report.
[6] NJPP Analysis of DOLWD FLI data
[7] "Bonding claims" will be used in references to all leave taken for newborn babies, newly adopted or new foster children (this type of leave has traditionally been known as "maternity leave"). "Care claims" will refer to all leave taken to care for a seriously ill family member.
[8] NJPP Analysis of DOLWD FLI data
[9] Families USA, *Federal Poverty Guidelines,* February 2016. http://familiesusa.org/product/federal-poverty-guidelines
[10] NJPP Analysis of a New Jersey statewide average necessities budget from the 2014 Economic Policy Institute's Family Budget Calculator.
[11] Because of the low weekly wage cap of $633, workers earning more than $950 a week, or about $49,400 per year, face having less than two-thirds of their wages replaced on leave.
[12] Missouri Economic Research and Information Center, *Cost of Living Data Series First Quarter 2016.* https://www.missourieconomy.org/indicators/cost_of_living/
[13] In Rhode Island, families with multiple dependent can receive up to $1,102 per week (maximum five dependents). Source: Rhode Island Department of Labor and Training, 2017 UI and TDI Quick Reference. http://www.dlt.ri.gov/lmi/news/quickref.htm
[14] New Jersey Department of Labor and Workforce, *Family Leave Insurance Workload in 2014 Summary Report.* http://lwd.dol.state.nj.us/labor/forms_pdfs/tdi/FLI Summary Report for 2014.pdf
[15] State of California Employment Development Department, *Disability Insurance (DI) and Paid Family Leave (PFL) Weekly Benefit Amounts in Dollar Increments*, *2016.* http://www.edd.ca.gov/pdf_pub_ctr/de2589.pdf; California Labor Code Section 4453. http://codes.findlaw.com/ca/labor-code/lab-sect-4453.html; State of California Department of Industrial Relations, *Compensation Benefits,* January 2017. http://www.dir.ca.gov/dwc/workerscompensationbenefits.htm
[16] California Legislative Information, *Assembly Bill No. 908*, 2016. http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201520160AB908
[17] NJPP Analysis of DOLWD FLI Data. This number includes all eligible claims for both "bonding" and "care" purposes. This number is not including data from 2009 because 2009 is only half the year.
[18] NJPP Analysis of DOLWD FLI Data and statewide number of births and adoptions. This number was found by comparing the number of births and adoptions in the state of New Jersey with the number of eligible bonding claims (adoption numbers: http://www.acf.hhs.gov/sites/default/files/cb/children_adopted2014.pdf) and birth numbers from Center for Disease Control (CDC). To account for both parents' ability to apply for FLI the birth number and adoption number were multiplied by two. The numbers were not weighted against the number of workers

who are eligible for state FLI because, one: 85 percent of workers are covered under New Jersey FLI and second the number of workers covered who are having children or adopting children is unable to estimate. Data for 2009 and 2015 was not included because data from 2009 is for only half the year and birth and adoption rates have not been released for 2015.

[19] Since 2008.

[20] NJPP Data Analysis of California new parents and eligible claims since 2008 through 2014. This was calculated by comparing new parents from 2008-2014 (number of births: 7,176,804, number of adoptions: 156,414) with the amount of eligible claims (1,273,897 paid). These numbers were multiplied by two to account for both parents' ability to take leave. The adoption rate is estimated from 2007 and 2008 because total adoption numbers are not available for years after this.
Sources: State of California Employment Development Department, *Paid Family Leave Program Statistics.* http://www.edd.ca.gov/Disability/pdf/qspfl_PFL_Program_Statistics.pdf; Kaiser Family Foundation, *Total Number of Births.* http://kff.org/other/state-indicator/number-of-births/; State of California Department of Public Health, *Number of Live Births by Age and Race/Ethnic Group of Mother,* 2007-2011. http://www.cdph.ca.gov/data/statistics/Documents/VSC-2011-0204.pdf; State of California Department of Public Health, *Number of Live Births by Age and Race/Ethnic Group of Mother, 2004-2008.* http://www.cdph.ca.gov/data/statistics/Documents/VSC-2008-0204.pdf; Child Welfare Information Gateway, *How Many Children were Adopted in 2007 and 2008,* September 2011.
https://www.childwelfare.gov/pubPDFs/adopted0708.pdf - page=28&view=Appendix C: Adoptions by Type and State, 2007 and 2008-

[21] NJPP Data Analysis of Rhode Island new parents and eligible claims in 2014. This was calculated by comparing new parents in 2014 (number of births: 21,646, number of adoptions: 800) with the amount of eligible claims (2,847 paid). The number of births and adoptions were multiplied by two to account for both parents' ability to take leave. The adoption rate is estimated from 2007 and 2008 because total adoption numbers are not available for 2014.
Sources: Rhode Island Department of Labor and Training, *TDI Annual Update,* 2014.
http://www.dlt.ri.gov/lmi/pdf/tdi/2014.pdf; Kaiser Family Foundation, *Total Number of Births.* http://kff.org/other/state-indicator/number-of-births/; Child Welfare Information Gateway, *How Many Children were Adopted in 2007 and 2008?,* September 2011.
https://www.childwelfare.gov/pubPDFs/adopted0708.pdf - page=28&view=Appendix C: Adoptions by Type and State, 2007 and 2008-

[22] NJPP Analysis of Rhode Island Caregiver Insurance data. Source: Rhode Island Department of Labor and Training, *TDI Annual Update,* 2014. http://www.dlt.ri.gov/lmi/pdf/tdi/2014.pdf; Rhode Island Department of Labor and Training, *TDI Annual Update,* 2015. http://www.dlt.ri.gov/lmi/pdf/tdi/2015.pdf

[23] AARP Public Policy Institute, Valuing the Invaluable: 2011 Update - The Economic Value of Family Caregiving in 2009, Fact Sheet, 2011. http://assets.aarp.org/rgcenter/ppi/ltc/fs229-ltc.pdf

[24] State of California Employment Development Department, *Paid Family Leave Market Research,* December 2015.
http://www.edd.ca.gov/disability/pdf/Paid_Family_Leave_Market_Research_Report_2015.pdf; National Center for Children in Poverty, *Protecting Workers, Nurturing Families: Building an Inclusive Family Leave Insurance Program, March 2016.* http://www.nccp.org/publications/pub_1152.html

[25] Rutgers Center for Women and Work, *Awareness of New Jersey's Family Leave Insurance Program is Low, Even as Public Support Remains High and Needs Persists,* October 2012.
http://smlr.rutgers.edu/sites/smlr/files/FLI Issue Brief Final with Appendix.pdf

[26] Ibid 25

[27] NJPP Analysis of DOL FLI Data. These numbers do not include data from 2009 or 2013 due to missing data.

[28] National Partnership for Women and Families, *New Jersey Women and the Wage Gap,* April 2016. http://www.nationalpartnership.org/research-library/workplace-fairness/fair-pay/4-2016-nj-wage-gap.pdf
[29] New Jersey and Rhode Island break the paid claims down by gender. California breaks down only the *filed* claims down by gender so there is no way to determine the exact percentage of paid claims received by men. However, around 95 percent of all claims filed are deemed eligible and paid.
[30] State of California Employment Development Department, *Paid Family Leave Program Statistics.* http://www.edd.ca.gov/Disability/pdf/qspfl_PFL_Program_Statistics.pdf; Rhode Island Department of Labor and Training, *TDI Annual Update,* 2014. http://www.dlt.ri.gov/lmi/pdf/tdi/2014.pdf; Rhode Island Department of Labor and Training, *TDI Annual Update,* 2015. http://www.dlt.ri.gov/lmi/pdf/tdi/2015.pdf
[31] This is according to the Economic Policy Institute Budget Calculator. This income is what a family needs to have a "modest yet adequate" standard of living for a family to not suffer severe economic deprivation. This represents a more accurate measure of economic stability. The latest numbers are for 2014. This budget represents one adult and one child with child care subtracted because the parent on leave will not be working during this time and is assumed child care costs won't be paid. Source: Economic Policy Institute, *Family Budget Calculator,* 2014. http://www.epi.org/resources/budget/
[32] The average weekly salary in 2015 was $1,195.08, according to data from the Department of Labor and Workforce Development Source: NJ DOLWD, *Rates and Statistics, Worker's Compensation Benefit Rates.* http://lwd.dol.state.nj.us/labor/wc/content/stats.html - SAWW
[33] Abt Associates, *Family and Medical Leave in 2012: Technical Report,* September 7th, 2012. https://www.dol.gov/asp/evaluation/fmla/FMLA-2012-Technical-Report.pdf; National Center for Children in Poverty, *Protecting Workers, Nurturing Families: Building an Inclusive Family Leave Insurance Program, March 2016.* http://www.nccp.org/publications/pub_1152.html
[34] Up to two weeks, after two weeks an employer may "permit" employees to use any other paid leave. Source: State of New Jersey Department of Labor and Workforce Development, *Family Leave Insurance – Frequently Asked Questions.* http://lwd.dol.state.nj.us/labor/fli/content/fli_faq.html
[35] Data collected by the Department of Labor and Workforce Development is available in annual reports and monthly breakdowns. Annual data reports are only available for years 2010, 2011, 2012, and 2014 and not for 2009, 2013, or 2015. Some data from 2013 is included in the annual report from 2014 and some data from 2009 is included in the 2010 annual report. Monthly data is available from 2010-2015 but monthly data is incomplete and lacks redeterminations and reconsiderations.
[36] From FLI law: "Employees and their families, including surveys and evaluations of: what portion of the total number of employees taking leave would not have taken leave, or would have taken less leave, without the availability of benefits; what portion of employees return to work after receiving benefits and what portion are not permitted to return to work; and what portion of employees who are eligible for benefits do not claim or receive them and why they do not; Employers, including benefits such as reduced training and other costs related to reduced turnover of personnel, and increased affordability of family temporary disability leave insurance through the State plan, with special attention given to small businesses; and; The public, including savings caused by any reduction in the number of people receiving public assistance." Source: State of New Jersey Department of Labor and Workforce Development, *New Jersey Temporary Disability Benefits Law*, 2014. http://lwd.dol.state.nj.us/labor/forms_pdfs/tdi/DILAW_July2014.pdf
[37] In 2018, workers will be able to taken 8 weeks of paid leave, it will be phased up to 12 weeks of paid leave by 2021. Source: A Better Balance, *NY Paid Family Leave: How Will It Work?* http://www.abetterbalance.org/web/component/content/article/49-familyleave/368-nypfloverview
[38] International Labour Organization, *Maternity and paternity at work: Law and practice across the world,* 2014. http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_242615.pdf

[39] $58.65 is 0.029 percent of $200,000 while $23 is 0.115 of $20,000.
[40] $127.19 is 0.06 percent of $200,000 while $22 is 0.16 of $20,000.
[41] NJ Department of Labor and Workforce Development, *Labor Force Participation in New Jersey*, September 2013. http://lwd.dol.state.nj.us/labor/lpa/pub/lmv/LMV_26.pdf; U.S. Census Bureau, *Fertility of Women in the U.S.,* 2012.
https://www.census.gov/content/dam/Census/library/publications/2014/demo/p20-575.pdf
[42] Center for American Progress, *Job Protection Isn't Enough Why America Needs Paid Parental Leave*, December 2013. https://cdn.americanprogress.org/wp-content/uploads/2013/12/ParentalLeave-report-updated-2.pdf
[43] Rutgers Center for Women and Work, *Pay Matters: The Positive Economic Impacts of Paid Family leave for Families, Businesses and the Public,* January 2012.
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https://www.dol.gov/featured/paidleave/cost-of-doing-nothing-report.pdf
[45] Ibid 3
[46] Ibid 44
[47] Center for Economic and Policy Research, *Business as Usual: New Jersey Employers' Experiences with Family Leave Insurance,* June 2014. http://cepr.net/documents/nj-fli-2014-06.pdf
[48] A Better Balance, *NY Paid Family Leave: How Will It Work?*
http://www.abetterbalance.org/web/component/content/article/49-familyleave/368-nypfloverview
[49] D.C. Paid Leave, *Understanding the Universal Paid Leave Amendment Act as passed on 12/20/16.*
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