

## WHY MASSACHUSETTS CAN AFFORD TO REQUIRE PAID FAMILY AND MEDICAL LEAVE FOR ALL WORKERS

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A new baby. A cancer diagnosis. A parent or child with a serious illness. These are common events that require a worker to take an extended leave from work. At some point almost everyone will experience a period during which they need time to heal or to care for a loved one. Yet for many workers taking time from work means losing wages and, for some, it means losing their job. The United States remains an outlier when it comes to paid leave. Nearly every other country provides paid maternity leave and most advanced industrial countries offer extended paid medical and parental leaves. But in 2015 only 12 percent of all U.S. workers had access to paid family leave from their employers; only 38 percent had access to short-term disability leave; and only 65% had paid sick leave.

American workers have some rights. About half are covered by the Family and Medical Leave Act, which ensures that employees can take *unpaid* leave for up to 12 weeks with their job guaranteed on return. In addition, five states (California, Hawaii, New Jersey, New York, and Rhode Island) have had paid medical leave through Temporary Disability Insurance for over half a century, and four of these states (all but Hawaii) have now extended existing programs to provide paid family leaves so workers can bond with a new child or to care for a seriously ill relative. Many workers in most states, however, cannot afford to take needed time off.

### Can Massachusetts Afford Paid Leave?

Cost is always a concern for states like Massachusetts considering whether to institute paid family and medical leave. Using a simulator model developed to estimate the coverage and costs of proposals, we show that the costs are affordable for programs that would promote workplace equity by providing paid leave to those workers least likely to have it now. New coverage would especially help workers earning low wages and working at small-sized firms. Our report, “It’s About Time: Cost and Coverage of Paid Family and Medical Leave in Massachusetts,” provides estimates on the number and length of leaves currently taken in Massachusetts and also offers estimates of the numbers of workers who would use newly proposed benefits and at what cost. The simulator uses information about leave-taking behavior from a 2012 nation-wide survey conducted for the Department of Labor to estimate who needs but does not take a leave, who takes leave, what type of leave is taken, and for how long. These probabilities are applied to 2009-13 data sampled from the American Community Survey to simulate leave-taking by employees in Massachusetts.

The proposed paid leave program in Massachusetts would provide up to 26 weeks of leave to cover workers’ medically certified health situations (including pregnancy), plus up to 12 weeks of family leave to bond with a new child or to care for a seriously ill relative. The maximum

benefit is \$650 a week; and the percentage of wages replaced is based on a sliding scale, ranging from 90 percent of wages replaced for low-wage earners, sliding to 50 percent for higher earners. Once the program is established, workers will be eligible if they have worked for a Massachusetts employer for at least three months during the previous year. Funds would come from payroll contributions split between employers and employees.

We estimate that currently just under 370,000 workers in Massachusetts – 12 percent of workers covered under the proposed bill – already take about 508,000 leaves annually. And because most workers have some paid sick days or vacation time, just under 73 percent already get some form of wage replacement. Two-thirds (68 percent) of leaves are for a serious personal health condition (including pregnancy-related leaves). The next largest category of leave is for an ill relative (24 percent) and just under 8 percent for a newly born or adopted child. Most leaves are short, half for three weeks or less.

Under the proposed new program, we estimate that workers would take an additional 13,000 leaves, because they would be able to afford to do so. Because most leaves are short, we estimate that the new program would cover only about 152,000 eligible leaves (about one-third of all leaves). The total cost of the program would be about \$491 million, an annual average of \$159 per covered worker. This equals 0.325% of total earnings payroll for all covered workers (not including administrative costs). The median weekly wage for an earner in Massachusetts is \$772, so a payroll contribution of .325% would total to an annual cost of \$134, split between the employer and employee. When a worker earning the median wage takes a leave under this program, she or he would receive \$470 a week (61 percent of the weekly paycheck).

### How the New Program Would Promote Equity

Not surprisingly, the workers who now go without wage replacement when they take leaves are disproportionately low-wage workers, black and Latino workers, and those working for small employers (with under 50 employees). Although women are only slightly less likely to get wage replacement than men, they take more leaves and as a result face higher wage penalties in the absence of a paid leave program. With paid leave, inequities would be considerably reduced:

- Currently, 56 percent of workers earning up to \$15 an hour have some wage replacement compared to 79 percent of those earning more than \$15. Under paid leave, 69 percent of lower earners would get wage replacement compared to 86 percent of higher earners.
- The proposed program would eliminate the gender gap. Currently 71 percent of women and 74 percent of men have wage replacement. Under the new program, 81 percent of both groups would enjoy wage replacement.

The proposed paid leave program would allow Massachusetts to fill gaps in the federal Family and Medical Leave Act, allowing all workers to afford leaves for their own health or to care for family members. Costs would be low, because they would be spread over the entire workforce. At an affordable cost, paid family and medical leave takes into account today's realities of work and family life and promotes fairness for women, minorities, and low-wage workers. It's about time for Massachusetts to act!

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Read more in Randy Albelda and Alan Clayton-Matthews, "[It's About Time: Cost and Coverage of Paid Family and Medical Leave in Massachusetts](#)," Center for Women in Politics and Public Policy and Center for Social Policy at the University of Massachusetts Boston, May 2016.