

Hawaii State Paid Family Leave Analysis Grant Report

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**Hawaii State Paid Family Leave Analysis Grant
Final Project Summary
November 2017**

The Hawaii State Commission on the Status of Women (HSCSW), within the Hawaii State Department of Human Services, received a grant from the U.S. Department of Labor to conduct critical research to support the positive momentum of Paid Family Leave in Hawaii. HSCSW completed research in the following categories: 1) economic analysis, eligibility and benefit modeling conducted by the Institute for Women's Policy Research; 2) a feasibility study conducted by Sarah Jane Glynn, PhD; 3) a public poll conducted by Anthology Research; 4) focus groups of labor unions and employers, also conducted by Anthology Research, and 5) focus groups of mothers, fathers, and family caregivers, conducted by the Healthy Mothers, Healthy Babies Coalition of Hawaii. This document contains a brief summary of the research findings.

Paid Family Leave for Hawaii

The United States is the only highly industrialized country in the world that fails to provide its workers with paid family leave. This lack of access to paid leave has profound consequences for Hawaii's working families. In Hawaii, 7 in 10 children live in households where both parents work,¹ and over a quarter of children live in households headed by a single parent,² leaving no full-time caregiver at home. When a new child is born or a serious medical emergency arises, financially vulnerable parents are forced to choose between their livelihood and the wellbeing of their child.

Children are not the only family members who require care. In 2013, Americans sacrificed an estimated 37 billion hours of unpaid adult care, resulting in an economic loss of \$470 billion.³ The population of Hawaii is both older than that of the US as a whole, and is aging faster.⁴

Existing Programs in Hawaii

FMLA: The Family and Medical Leave Act (FMLA) provides employees with 12 weeks of unpaid leave. However, due to the nature of its eligibility requirements, only 56% of private sector workers are covered.⁵ Although some individual companies may offer employees paid leave, this benefit is typically only available to high-wage employees. Paid leave is generally unavailable to the low-wage workers who truly have the greatest need for it.

HFLL: Hawaii has its own family leave law in place, which offers up to four weeks of job-protected leave. However, like FMLA, the Hawaii Family Leave Law only provides *unpaid* leave, and fails to cover around 40% of Hawaii's workforce.

TDI: Hawaii law also requires employers to offer partial wage replacement to employees recovering from illness or injury, including childbirth. However, TDI is not offered to caregivers or non-biological parents. Hawaii's TDI law does not guarantee job security.

The Impact of PFL

National research has shown that mothers with access to PFL are more likely to return to work after the

birth of a child, and also more likely to return to the same or higher wages than they were earning before giving birth⁶. Women who take paid parental leave are 39% less likely to receive public assistance, and 40% less likely to receive food stamps than women who do not take paid leave and return to work. This trend is also present in men.⁷

Potential Program Structures

Employer-Mandated

Under an employer-mandated structure, individual businesses are solely responsible for funding workers' paid leave benefits. Although Hawaii's current temporary disability insurance program is employer-mandated, this structure is not recommended as a model for paid family leave.

In an ideal world, women and men would share caregiving duties and take leaves at equal rates. However, because women are currently more likely to take leave than men, an employer-mandated structure unintentionally discourages employers from hiring women⁸. Employer mandates also stand to negatively impact small businesses, which are more likely than large businesses to require replacement workers while others are out on leave.

Social Insurance

Under a social insurance system, workers pay premiums (usually through payroll taxes) into a dedicated insurance fund. Each individual pays premiums at a similar rate, regardless of their likelihood to file a claim, so as to equalize financial impact. Costs are often calculated as a percentage of earnings. Higher earning workers pay more into the system, but also receive a larger benefit as a percentage of their normal wages. By spreading both risks and resources across all workers, this system provides benefits at a low per-person cost.

Social Security and Medicare are examples of national social insurance programs. California, New Jersey, Washington State, and Rhode Island all have PFL programs that operate similarly to social insurance.

If employee contributions are required, it is important to ensure that low-wage workers are not disproportionately burdened. One option is to calculate deductions based on a sliding scale; another option is to have no cap on taxable wages.

Noncontributory

Under a noncontributory program, the government provides general funds to employers to pay workers on leave. There are no premiums or payroll contributions involved. This system of paid leave is not present in the US, and is relatively less common abroad than the social insurance model.

Program Components

Determining the validity of a leave application

Despite opponents' concerns about potential abuse of the system, fraud within current systems is quite low due to procedures in place to evaluate and verify claims.

In states with paid family leave, the medical documentation required for state-benefits is much more detailed than the documentation required for unpaid leave under the FMLA. To apply for leave under the FMLA, workers are not required to provide their detailed medical history or diagnoses. A government-run PFL program, however, can require workers to waive HIPAA and provide detailed medical information. In California, for example, medical providers must submit documentation directly to the state, and the duration of care is cross-checked against the Official Disability Guidelines (ODG).⁹

Eligibility

Designing a PFL program requires access to individual-level data about workers' work histories and/or earnings. The most efficient and cost-effective option is to make use of already existing state-held data. Hawaii does not currently collect data on employees' work hours, but the state unemployment insurance (UI) system does collect data on earnings. The State Directory of New Hires also collects data on earnings, and has sharing capacities with the UI system.

However, it is not recommended that eligibility be based on wage. Wage-based eligibility would make it more difficult for low-wage workers to qualify. For example, to meet Rhode Island's qualifying base period minimum of \$11,520, a \$9.25 minimum wage worker in Hawaii would have to work 1,246 hours, while a worker earning the Hawaiian median wage of \$19.24 would only have to work 599 hours.¹⁰

It is recommended that eligibility for PFL in Hawaii be based on prior labor force attachment. One potential option is to require workers to demonstrate that they have had earnings during at least one quarter out of a base period, though without establishing a minimum earnings threshold.

Length of Leave

A worker is not automatically eligible for the maximum number weeks; the amount of paid time off offered to a worker is determined by their medical circumstances. The Academy of Gynecologists and Obstetricians recommends a minimum of 4-8 weeks of recovery time after a normal birth, and more time is required to establish bonding and breast-feeding. On average, workers under existing PFL programs do not choose to maximize the full length of leave. While new parents are more likely to utilize the maximum leave amount possible, family caregivers only take the amount of time that is medically necessary.

	California	District of Columbia	New Jersey	New York	Rhode Island	Washington
Max Leave Offered	Up to 6 weeks	Up to 8 weeks of parental leave & up to 6 weeks of family care-giving leave	Up to 6 weeks	Up to 8 weeks in 2018, 10 weeks in 2019, 12 weeks in 2021	Up to 4 weeks	Up to 12 weeks

Amount of pay

Benefits can be calculated differently depending on the time period used to set a worker’s base wage. Rhode Island sets base wage as the highest quarter of earnings in the past year, while New Jersey uses the prior 8 weeks. Hawaii’s current UI system determines eligibility based on earnings and employment in a base period of five quarters, and calculates wage replacement based on the highest quarter of earnings.

Determining by average wages over a long period of time would prevent workers with weak ties to the labor force from drawing disproportionately high cash benefits. This system ensures that the majority of workers are included in the program, while also ensuring that workers’ benefits accurately reflect their contributions.

Administration

Processing payments

The vast majority of workers would receive their benefits via direct deposit. However, nearly one-fifth of Hawaii households are unbanked or under-banked,¹¹ so alternate options should also be made available. Claimants who are unable to receive direct deposits may receive preloaded Electronic Benefit Transfer (EBT) cards. Hawaii currently has a contract with J.P. Morgan Chase to provide EBT cards for TANF, SNAP, and other programs.¹² Paper checks are another option, though less cost-effective.

Reviewing and processing appeals

Applicants would require a way to request a hearing if they feel they have been wrongly denied benefits. The Hawaii UI system currently has a process in place to evaluate unemployment insurance claims, in which the Employment Security Appeals Referees’ Office (ESARO) administers a hearing in-person or over the phone. If the claimant disputes the outcome of the hearing, they may file an appeal with the circuit court.¹³ This system can be expanded to include PFL appeals.

Fraud Detection

The UI program takes the preventive measures of routinely checking IP addresses and cross-checking information against state held databases such as the Directory of New Hires. Hawaii’s unique

geographic location combined with the entirely online application makes IP address based fraud detection relatively easy. A PFL program would include similar methods of fraud detection. The program should also notify employers and medical providers when a worker receives benefits, and have them confirm that the worker is on leave.

The Role of Employers

It is not recommended that a PFL plan include employer opt-outs or the creation of voluntary plans. Doing so would create costly administrative overhead. California, which allows employers who offer voluntary plans to exempt their employees from state PFL, has created a Voluntary Plan Administration Section in the state employment department that must verify and approve each individual employer’s voluntary plan.¹⁴ A universal program is especially preferable in a small state such as Hawaii in order to help lower overall costs.

Education and Outreach

A public education program should include information for employers, employees, and medical providers to ensure program awareness. Many workers who most need the benefit may not become aware of its availability. Although California has had PFL for over a decade, a survey of California workers found that less than half of respondents were aware of the program, particularly workers of color and low-income workers.¹⁵

An effective education and outreach plan for PFL in Hawaii would include: public service announcements, working with Employee Assistance Programs, coordinating with foster home training programs, and regional trainings for medical providers, among other strategies.

Four Models for Paid Family Leave in Hawaii

A 12-week or 16-week paid family leave program in Hawaii may be structured to provide higher benefits to low-wage workers, or to provide benefits as a flat percentage of wage similarly to Temporary Disability Insurance (TDI).

Models 1 and 2 provide benefits similarly to TDI, offering 58% of weekly wages up to a weekly maximum of \$594.

However, research suggests that this amount may not be sufficient for low-wage workers to support their families. A study of Rhode Island’s PFL program, which offers 60%, found that 80 percent of respondents did not even use the program because they could not afford the loss of income. California now offers 70% while New Jersey offers 90% for low-wage workers.

Models 3 and 4 provide a higher percentage of weekly earnings to low-wage workers. Those who earn less than half of the average weekly wage receive 90% of their weekly earnings; those who earn 50 to 100 percent receive 75%; above average earners receive 50%; the weekly maximum is \$1000.

	Model 1	Model 2	Model 3	Model 4
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Structure	12 weeks, benefits similar to TDI	16 weeks, benefits similar to TDI	12 weeks, benefits higher for low-wage workers	16 weeks, benefits higher for low-wage workers
Annual cost for a full-time, minimum wage worker (\$9.25/hr)	\$12.82	\$15.00	\$20.69	\$32.10
Annual cost for a full-time, \$15/hr worker	\$20.78	\$24.32	\$33.55	\$51.81
Annual cost for a full-time, average wage worker (\$48,184/year)	\$32.10	\$37.56	\$51.81	\$57.76
Administrative Cost	\$1 million	\$1.1 million	\$1.5 million	\$1.7 million
Total Cost	\$18.3 million	\$21.4 million	\$29.5 million	\$32.9 million
Average weekly benefit	\$405	\$407	\$608	\$608

Source: Estimates based on IWPR-ACM Family Medical Leave Simulation Model based on 2011-2015 American Community survey and 2012 FMLA Employees survey (U.S. Department of Labor 2012; U.S. Census Bureau 2015)

Note: Total Quarterly Census of Employment and Wages (QCEW) are based on BLS Databases for Private, State, and Local government workers; \$48,148 average annual wage in 2016 QCEW.

Polling Results

Anthology Research conducted a quantitative study in the form of a statewide mixed-mode (online and telephone) survey. A total of 322 interviews were completed online and a total of 133 interviews were completed via telephone contacts. A total of 455 surveys were completed. The margin of error for a total sample of this size is +/- 4.69 percentage points with a 95% coincidence level. All respondents were employed in the State of Hawaii. The majority — 88% — of respondents worked full-time, with 12% working part-time.

Key Findings

- More affluent segments of the working base have greater access to leave benefits
- 62% of respondents has wanted to take time off work in the past to care for a new child or an ailing family member
- Among the respondents who wanted to take time off to care for a new child, only 80% ended up doing so
- Among those who wished to take time off to care for an ailing family member, only 65% ended up doing so

- Roughly three out of four respondents who have taken time off to care for a new child received pay for at least a portion of the time they were away from work
- Male respondents (73%) who took off from work to care for a new child were more likely to be on paid leave than were females (44%)
- Of those who took time off to care for a family member, 68% of respondents had at least a portion of the time they were out covered, while 32% in this group took unpaid leave
- The men (67%) who took off to care for a family member were more likely to be on paid leave than their female (48%) counterparts
- The average number of weeks taken off to care for a new child was 9.53
- The average number of weeks taken off to care for an ailing family member was 4.27
- Of those who took time off to care for a family member, roughly half (47%) used the leave to care for a parent
- One in four (26%) of respondents said they were “very likely” to need time off from work in the future to care for either a new child or a family member, and another 29% believe it is somewhat likely they will need time off from work in the future to care for either a new child or a family member
- Women are more likely (62%) than men to anticipate taking time off from work in the future to be a caregiver than their male counterparts (49%)
- The majority (89%) of respondents said they would use this benefit if offered
- Almost all respondents (94%) had either a “very favorable” (60%) or “somewhat favorable” (34%) perception of paid family leave
- 51% believe that 12 weeks of paid time off is sufficient in most instances, while 33% believe this is too long a period to be on leave from work with pay and 14% believe this is not enough time
- The average percentage of take home pay that respondents said would be necessary to survive during a paid family leave was 75%
- Over half (59%) of respondents said they would be willing to contribute a small portion of their paycheck each month toward a paid family leave program
- The average dollar amount that respondents said they would be comfortable contributing was \$41.88/month

Focus Group Findings

Labor Union Representatives and Employers

Labor union members and leaders, as well as employers with both small and large businesses, were asked to provide their own definition of ‘paid family and medical leave’. Most participants had a basic understanding of the concept yet seemed to confuse it with standard healthcare insurance benefits and maternity leave. After being presented with a detailed description of paid family leave, participants generally favored the idea.

One issue participants debated over was whether a program such as this would be treated like TDI or like a flexible spending plan to which employees could contribute and draw on at a later date. This idea was discussed among union representatives who tended to favor a flexible spending approach.

Many of those taking part in the research believed that the employee should financially contribute to help pay for this benefit. This sentiment was shared not only by employers but also by many union

representatives. Most agree that if such a benefit were to be offered that for it to be truly successful the employer would need to contribute their fair share. Business owners preferred the New Jersey system of PFL; union representatives had no clear preference.

When discussing employee funding, one of the primary topics that was brought up was whether this should be an optional choice for employees. Some feel that this benefit should be an additional optional coverage or benefit for employers, while others argue such a policy would raise costs and ultimately punish those that may have opted out originally but need the benefit at a later time. These sentiments support the recommendation that PFL be a universal program.

Mothers, Fathers, and Family Caregivers

Parent and family caregiver focus group participants were asked questions about their awareness of and experience with paid family leave, as well as questions about their opinion on different paid family leave policy components. The majority of the participants had a very positive opinion of paid family leave. All participants had taken some sort of leave to care for a new child, and most had taken leave to care for a family member. Many had experienced a time in which they felt it necessary to leave the workforce because of their family caregiving responsibilities. None of the participants worked for an employer who offered paid family leave as a benefit. Most participants believed that a wage replacement rate of 60% while on leave would not be sufficient to sustain themselves. Most participants agreed that the cost of the program should be shared by employers and employees. All participants would be willing to contribute a portion of their paycheck towards a benefit that provided 12 weeks off of work to care for a new child or a family member.

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⁹ Medical certification is accepted from: licensed medical or osteopathic physicians/ practitioners; authorized medical officers of a U.S. government facility; chiropractors; podiatrists; optometrists; dentists; psychologists; nurse practitioners after examination and collaboration with a physician and/or surgeon; licensed midwives; nurse-midwives or nurse practitioners for normal pregnancy or childbirth; and/or accredited religious practitioners in order to claim benefits. See State of California. 2017. *Basics for Physicians-Practitioners*. Sacramento, CA: Employment Development Department.

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Usage and Cost of Parental and Family Care Leave in Hawaii

September 29, 2017

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Introduction: The Status of Family Leave in Hawaii

Today's working families are looking for ways to better balance the demands of their jobs and families. Starting in the 1940s, the United States saw a growing number of women enter the workforce. Despite a higher prevalence of dual-earner families, women continue to take on most domestic duties, including child and eldercare. On those occasions when family demands require a working adult to take time away from work, many workers risk losing a day's pay or even their jobs. Some employers provide workers with paid family leave; however, only 15 percent of civilian workers have access to employer-sponsored paid family leave (U.S. Department of Labor 2017). Some workers are able to use other leave allocations, such as paid sick or vacation time, to manage personal or family emergencies. Once these benefits are exhausted, as is common with chronic illness or recent childbirth, many are forced to choose between career and family duties. Alternatively, many women in jobs with low pay and status often lack even paid sick days; therefore, facing an urgent familial or medical event exacerbates pre-existing economic insecurity. This poses issues for employers, who in turn lose time, money, and valued employees due to a lack of infrastructure to address personal obligations (Milkman and Appelbaum 2013).

The Family and Medical Leave Act of 1993 (FMLA) passed in the hopes of broadly promoting work and family balance between genders, thereby encouraging equal employment opportunity. The FMLA offers 12 weeks of job protected, unpaid leave for personal or familial medical emergencies. It applies to all employees who have worked 1,250 hours in the past 12 months in a workplace of 50 individuals or more. This disqualifies part time, seasonal, and freelance workers from coverage. This is particularly problematic because these workers tend to have lower incomes and fewer fringe benefits. Family is defined as an employee's child (biological, adopted, or foster under the age of 18, or above 18 with a documented disability), spouse, or parent (*The Family and Medical Leave Act of 1993, as Amended* 2009). The FMLA's restrictive eligibility criteria, its offer of *unpaid* time off, and its traditional definition of family leads to continued debates of whether the legislation adequately addresses the balance of work and family life. Only 17 percent of workplaces report they are covered by FMLA, and studies estimate 59 percent of American workers are eligible for FMLA coverage (Klerman, Daley, and Pozniak 2012). Since FMLA's unpaid status necessitates a reliance on personal savings and assets during the leave-taking period, the program's accessibility is likely even lower.

In response to these concerns, many states have expanded FMLA coverage; one such example is the Hawaii Family Leave Law of 1994 (HFLL). This law provides 4 weeks of job protected, unpaid leave to family members acting as caregivers. HFLL may not be used in addition to FMLA: if a worker is eligible for both programs, the maximum leave period remains at 12 weeks. Additionally, it may not be utilized to address one's own health conditions, since such cases are covered by Temporary Disability Insurance (TDI). Further, HFLL does not apply to foster children. Approved HFLL usage includes attending to a biological or adopted child's health (no age limit), in addition to a spouse, domestic partner, parent, parent-in-law, grandparent, grandparent-in-law, and consequent reciprocal beneficiary relationships. Employees seeking coverage must work in companies of 100 individuals or more, for 20 or more weeks per year ("Hawaii Family Leave" 2017). There is no minimum

hourly requirement, but workers must be employed with their firms for 6 consecutive months prior (“Federal vs. Hawaii Family and Medical Leave Laws” 2017). HFLL is considered an expansion of FMLA primarily in its increased leave access for part time, seasonal, and freelance workers and wider definition of family, although some eligibility criteria is more stringent than the federal counterpart (Bueno 2007). Fewer than half of Hawaii’s workers are employed by an employer meeting the establishment size criteria of 100 or more for coverage under the HFLL (U.S. Department of Labor 2014)

Another addition to Hawaii’s care safety net is the Kupuna Caregiver Assistance Act (KC), passed in 2017. Once implemented, KC will provide up to \$70 per day for family caregivers to pay for care support, thereby allowing primary caregivers to maintain their work schedules and care recipients to age in a home environment. KC benefits will be utilized for services such as adult day care, transportation, personal and respite care, and home-delivered meals, for individuals over 60 years of age with daily living impairments who do not reside in a long-term care facility, with no time limits specified (*Kupuna Caregiver Assistance Act 2017*). An implementation date has not yet been determined for KC.

Alternatively, five states expanded leave access through the implementation of TDI programs, including Hawaii in 1969. Hawaii’s TDI requires employers in the state to offer partial wage replacement for workers recovering from their own illness or injury. Since 1978, this has included pregnancy and/or postpartum recovery, therefore addressing one facet of work and family imbalance in Hawaii. Guidelines suggest that TDI benefits would be available for up to 6 weeks for a normal delivery and 8 weeks for a birth by surgical or cesarean delivery. However, TDI does not offer coverage for family caregivers nor job protection.

In order to qualify for Hawaii’s TDI, individuals must have been employed for 14 weeks for at least 20 hours per week and earned a minimum of \$400 in the year before the onset of disability. Benefits are set at a minimum 58 percent wage replacement for up to 26 week of leave. Employers use their own discretion to choose a TDI plan that meets these basic requirements. The program is funded through employer contributions, although some firms may require employees to contribute no more than 0.5 percent of their wages. The state excludes several fields from compliance, most notably, federal government employees, domestic workers, and insurance agents (“About Temporary Disability Insurance” 2017).

Three states have implemented Paid Family Leave programs as an expansion of their existing TDI programs. Initially these three states covered family leaves by expanding the reasons for claiming benefits under existing TDI programs, but for fewer weeks than available for leaves taken as disability. Women giving birth may access both TDI for their own health needs around pregnancy and delivery and then paid family leave for bonding with their new child. The first to take this step was California in 2004 with Paid Family Leave (PFL), followed by New Jersey in 2008 and Rhode Island in 2014 with Family Leave Insurance (FLI) and Temporary Caregiving Insurance (TCI), respectively (Table 1). In January 2018, New York will implement PFL, also as an extension of the state TDI system, but the benefits may be more generous than under the minimum benefits provided in the Short-term Disability Benefits Law (DBL). Wage replacement will begin at 50 percent and increase to 67 percent by 2021; similarly, the benefit duration will start at 8 weeks and rise to 10 weeks within the same time frame (New York State 2016).

Table 1: Summary of Existing Paid Parental and Family Care Programs

California Paid Family Leave (PFL, 2004 and revised 2016)	New Jersey Family Leave Insurance (FLI, 2008)	Rhode Island Temporary Caregiver Insurance (TCI, 2014)
Eligibility		
At least \$300 earned during the base period.	Earnings of at least \$8,400 OR 20 weeks of employment in which you had earnings of at least \$168 each week in the 52 weeks preceding insured family event. The 20 weeks need not be consecutive nor with only one employer.	At least 12 months of employment in which you had earnings of \$11,520 or more in the base period. Alternatively, at least 13 weeks of employment earning \$1,920 or more within the past 12 months, with a gross income of \$3,840 or more in the past 12 months.
Workers covered		
Workers for private employers, state government, and local governments are included.	Workers for private employers, state government, and local governments are included.	Workers for private employers.
Waiting period		
There is a one week waiting period. (Currently, the waiting period is waived for women who took leave under TDI for childbirth and continuing on PFL.) Effective January 1, 2018, there is no waiting period.	There is a one week waiting period.	There is no waiting period.
Weekly benefit calculation		
Currently, workers on PFL can receive 55 percent of their average weekly wage up to a maximum (\$1,173 in 2017). Effective January 1, 2018, most workers on PFL will receive 60 percent or 70 percent of their average weekly wage (depending on their income) up to a maximum (\$1,173 in 2017).	2/3 of average weekly wages up to a maximum weekly benefit of \$615 in 2016. The daily benefit rate is 1/7 the average weekly benefit rate.	Weekly benefit is 4.62 percent of wages during the highest earning quarter in the past year of employment (about 60 percent of weekly wages). Minimum weekly benefit is \$89, with a cap of \$817 in 2016.
Maximum annual weeks benefits may be received		
6 weeks	6 weeks	4 weeks

Sources: Compilation from the State of California Employment Development Department (State of California 2017), New Jersey Department of Labor and Workforce Development (State of New Jersey 2017), and Rhode Island Department of Labor and Training (Rhode Island Government 2017).

Washington, DC and Washington State recently passed Paid Family Leave legislation and are in the process of implementation, notable developments since neither state has an existing TDI program in place. Washington D.C.'s law, the Universal Paid Leave Amendment (UPLA), will entail 8 weeks of leave for child bonding, 6 weeks for family care, and 2 weeks for one's own medical care, with benefits commencing in July 2020. Workers' wages below 150

percent of the Federal Poverty Level (FPL) for 40 hours per week are receive 90 percent wage replacement; wages greater than 150 percent of FPL receive 50 percent wage replacement up to the weekly maximum benefit level (*Universal Paid Leave Amendment Act 2017*). Washington State's program, the Family Leave Act (FLA) will go into effect in January 2020, offering 12 weeks of family and medical leave each, capping at 16 weeks if both benefits are required. Payments are progressive, with 90 percent wage replacement for those with earnings at or below 50 percent of Washington's average weekly wage, plus 50 percent of income earned above this level (*Family Leave Act 2017*).

IWPR-ACM Family and Medical Leave Simulation Model

The Hawaii State Commission on the Status of Women (HSCSW), along with a committed coalition of advocacy partners, envisions extending the existing state TDI law with Parental and Family Leave insurance (PFL) as a state-implemented paid leave program. Using funding from the U.S. Department of Labor's Women's Bureau, HSCSW contracted the Institute for Women's Policy Research (IWPR) to provide research and analysis on the costs and feasibility of implementing paid parental and family care leave statewide.

IWPR, together with economists Randy Albelda and Alan Clayton-Matthews at the University of Massachusetts, developed and updated a simulation model to estimate the usage and costs of family and medical leave. The model simulates specific leave-taking behavior (including number, length, benefit eligibility, and benefit receipt) onto individual employees working in a state, locality, or the nation using data from the Census Bureau's American Community Surveys (ACS).¹ The simulation model estimates several aspects of leave-taking behavior, conditional on demographic characteristics and leave type, including the worker's own health needs, maternity-related disability, new child bonding, and family care for spouse, children, or parents. These include the probability of needing, taking, getting, and extending a leave if some or more pay were received, and so on.

The current model uses observable leave-taking behavior available in a national, comprehensive survey of family and medical leaves. The 2012 FMLA Survey conducted by Abt Associates under contract to the U.S. Department of Labor is used for estimating the occurrence and leave behaviors around qualifying family events experienced by U.S. workers in the previous 18 months. Leaves taken in the past 12 months are also identified. At the time of the 2012 FMLA survey, five states (California, Hawaii, New Jersey, New York, and Rhode Island) already had provisions for workers to be covered by TDI; California and New Jersey had expanded their state programs to cover bonding with a new child and family caregiving leaves. The 2012 FMLA survey asked what share of their usual earnings, if any, workers had received while taking recent leaves, and included options for disability insurance and state leave program benefits among the sources of payments respondents could select. The assumptions of the simulation model are that the worker would choose the compensation (employer provided wages or program benefits) that is most advantageous for herself or himself. The estimates for leave-taking and the associated costs yielded by the model reflect

¹ The version used in this report is the five-year ACS microdata for 2011 to 2015. Cost estimates are in 2015 dollars.

changes in worker behavior due to the implementation of the policy being considered; workers will claim program benefits if they are greater than those currently available to workers through their employer.

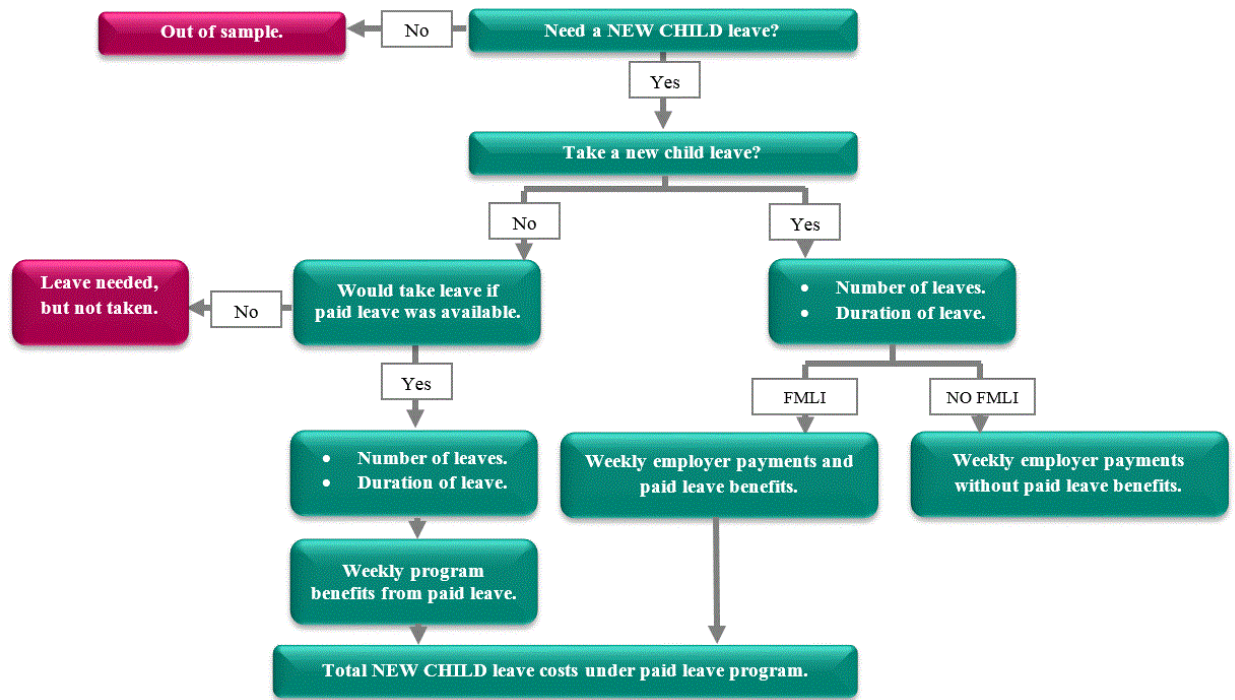
The survey data on observed behaviors are coupled with a few assumptions about unobservable behavior in the presence of a leave program including:

- The model assumes eligible workers compare weekly benefit amounts available in the leave program to the “next best option” (employer-paid wages or uncompensated leave in most cases) when deciding whether to apply for program benefits.
- The point of take-up occurs when an eligible worker experiences a qualifying medical or family event and takes a leave of absence; this allows the analyst to specify the share of eligible leaves that would apply for and receive program benefits. Reasons for less than full take up include lack of knowledge, difficulty with the application process, and lack of job security.
- How a program affects the length of worker leave:
 - Short leaves (less time than a waiting period, if specified) may be extended according to estimates based on responses to “Would you take a longer leave if you received some/additional pay?”, a question available in the earlier 2000 FMLA survey.
 - Leaves lasting longer than a leave program’s benefit period, but still considered eligible for employer pay, may be extended.
 - Leaves lasting for more weeks than a leave program allows may be extended further even when no pay or benefits are available.

In analyses undertaken to confirm that the model can reproduce claims data in states with existing family and medical programs, the IWPR-ACM Model estimates compare well on the number of claims and the total cost of benefits.

Figure 1 provides a diagram of how the model estimates leave-taking behaviors and associated program costs based on program specifications and individual determinations for one type of qualifying leave – to care for or bond with a new child. The model tracks a worker as she or he moves through the decision making process, accounting for the availability of leave, program specifications, and individual worker decisions about take-up. Through this process the model estimates the program’s costs and leave-taking behaviors for new child leaves; the model cycles separately through a parallel series of statistical models for each of the other types of family and medical leave.

Figure 1: Simplified Example of New Child Leaves



Selecting a Model: Four Paid Parental and Family Care Scenarios for Hawaii

The IWPR-ACM simulation model was used to estimate the usage and costs of four different leave policy scenarios (Table 2). Each of these is compared to the estimated costs of parental and family care leave being taken under a baseline: the existing policy environment with employer-provided leave, including TDI for many employees, but only FMLA or HFLL job-protection for many leaves. This study considers the number of leaves, time taken away from work, and the value of partial wage replacement for parental and family caregiving leaves.

Table 2: Summary of Four Alternative Paid Parental and Family Care Leave Policy Scenarios in Hawaii

	12 weeks, benefits similar to TDI	16 weeks, benefits similar to TDI	12 weeks, benefits higher for low-wage workers	16 weeks, benefits higher for low-wage workers
Eligibility	Workers must have been employed for 14 weeks for at least 20 hours per week and earned a minimum of \$400 in the year before the family event. The 14 weeks need not be consecutive nor with only one employer.			
Workers covered	Workers for private employers, state government, and local governments are included. Self-employed individuals are not included in cost model estimates.			
Waiting period	There is a one week waiting period.			
Weekly benefit calculation	58 percent of usual weekly wages up to a maximum weekly benefit amount. (In 2017, Hawaii’s maximum benefit amount is \$594.)		90 percent of usual weekly wages up to half Hawaii’s average weekly wage, 75 percent of usual weekly wages between half and 100 percent of Hawaii’s average weekly wage, and 50 percent of usual weekly wages above Hawaii’s up to a maximum weekly benefit of \$1,000.	
Maximum annual weeks benefits may be received	12 weeks	16 weeks	12 weeks	16 weeks

All four of the paid leave programs use the worker eligibility criteria from the temporary disability insurance program – at least 14 weeks of employment at 20 hours per week in the base period and a minimum of \$400 in earnings. Benefits would be paid after a one week waiting period, as under TDI. The cost models included private wage workers as well as state and local government employees.

The first two models estimate the cost of program benefits under a benefit formula similar to TDI to provide 58 percent of usual weekly wages up to the weekly maximum. The first model allows benefits to be received for up to 12 weeks and the second model for up to 16 weeks in a calendar year. Research on existing programs in other states has suggested that a wage replacement rate of 58 percent of usual wages may not provide a sufficient income to low wage workers to allow them to support their families on the program benefits they would receive. For example, California has increased their paid family leave benefits from 55 percent of usual weekly wages to 70 percent for workers earning at approximately the minimum wage level and 60 percent for higher earnings up to their (higher) weekly maximum benefit. New Jersey’s legislature recently passed a bill that would increase their wage replacement from 66 percent to 90 percent for low-wage workers and raise their weekly maximum benefit. (The governor vetoed the bill.) To build on the research underlying these state program changes, the third and fourth models estimate the program costs for benefits that provide a higher percentage of usual weekly earnings on a sliding scale that provides lower wage workers with a larger proportion of their weekly wages, but keeps total costs down by replacing higher

earnings at a reduced percentage. This benefit structure maintains a linkage between earnings and benefit levels where those that earn more receive higher benefits up to the weekly maximum benefit.

Cost Estimates for Parental and Family Care Leave

Results from the model, shown in Table 3, estimate 29,959 workers currently take leave annually in Hawaii, including both paid and unpaid leaves. Model 1, which offers 12 weeks of leave, would increase the total number of leaves by 6.4 percent (to 31,883 leaves; 24,629 for family care and 7,254 for bonding). Within this, 7,609 leaves would claim benefits under a parental and family care leave program (PFL), accounting for 23.9 percent of all leaves. If a program offering a similar benefit level were implemented allowing up to 16 weeks of PFL, leave-taking would rise by 6.9 percent (to 32,026 leaves; 24,679 for family care and 7,347 for bonding), and 7,532 of these leaves would be covered by PFL benefits (24.0 percent of all leaves).

There are many reasons that workers experiencing a qualifying family event might not claim leave benefits. Many leaves are not expected to last more than one week and the program designs modeled included a waiting period preventing a claim. Some workers might not know about the PFL program or how to file an application for benefits. Some workers may not be able to afford to take any income loss from taking leave even with partial wage replacement under a PFL program. Even with the relatively low employment and earnings requirements modeled, some workers will not be eligible for PFL or will assume they do not meet the eligibility criteria. A worker with employer-provided benefits that would cover the expected time period needed might choose the private benefits over the public program. (The simulation model assumes the worker will choose the highest leave benefit they are offered.) Many workers covered by existing PFL programs are not guaranteed their same or equivalent job on return to work. They may receive partial wage replacement through the PFL program, but without job protections, and decide against taking leave. For these reasons, and others that might exist, the model results do not anticipate that all eligible workers experiencing a qualifying family event will claim program benefits.

Both Model 1 and Model 2 offer partial wage replacement, 58 percent of usual wages up to a maximum weekly benefit. The average weekly benefit for both models are similar, at \$405 for up to 12 weeks of leave and \$407 for up to 16 weeks of leave. Programs providing different lengths of leave benefit receipt vary in their average length of leave expected, but model estimates suggest that many workers will not take all weeks of leave. Model 1 has a mean leave of 5.8 weeks (6.9 weeks for bonding leaves and 3.3 weeks for family care leaves) and Model 2 increases to 6.7 weeks (8.1 weeks for bonding leaves, 3.5 weeks for family care leaves). Total costs, including 5.5 percent to administer the program, are estimated at \$18.2 million when benefits are capped at 12 weeks and \$20.8 million for up to 16 weeks of leave. Program benefit and administration costs calculated as a percentage of total payroll for wage and salary workers in private industry or state and local government suggest that a paid parental and family care leave program with benefits calculated using a formula similar to TDI would cost the equivalent of 0.07 percent (12 weeks) or 0.08 percent (16 weeks) of total earnings.

Table 3: Costs Estimates for Four Alternative Paid Parental and Family Care Leave Policy Scenarios in Hawaii

	Hawaii Current Policy	12 weeks, benefits similar to TDI	16 weeks, benefits similar to TDI	12 weeks, benefits higher for low-wage workers	16 weeks, benefits higher for low-wage workers
Total Number of Leaves Taken Annually (Paid or Unpaid)					
Parental/Bonding	6,882	7,254	7,347	7,299	7,278
Family Care	23,077	24,629	24,679	24,689	24,646
Total	29,959	31,883	32,026	31,988	31,924
Number of Leaves Taken and Receiving Parental or Family Care Leave (PFL) Benefits					
Parental/Bonding	NA	5,319	5,404	5,485	5,447
Family Care	NA	2,290	2,276	2,296	2,313
Total	NA	7,609	7,679	7,781	7,760
Weeks Receiving Program Benefits					
Parental/Bonding	NA	6.9	8.1	7.3	8.2
Family Care	NA	3.3	3.6	3.4	3.6
Overall	NA	5.8	6.7	6.1	6.8
Average Weekly Benefit	NA	\$405	\$407	\$608	\$608
Benefit Cost (\$millions)					
Parental/Bonding	NA	\$14.8	\$17.5	\$24.2	\$27.1
Family Care	NA	\$2.5	\$2.7	\$3.8	\$4.0
Total Benefit Cost (\$millions)	NA	\$17.3	\$20.3	\$28.0	\$31.2
Administrative (5.5 percent, \$millions)	NA	\$1.0	\$1.1	\$1.5	\$1.7
Total Cost (\$millions)	NA	\$18.3	\$21.4	\$29.5	\$32.9
QCEW Earnings (\$millions)					
	NA	\$27,455.8	\$27,455.8	\$27,455.8	\$27,455.8
Cost as a Percent of QCEW Earnings					
	NA	0.07%	0.08%	0.11%	0.12%

Source: Estimates based on IWPR-ACM Family Medical Leave Simulation Model based on 2011-2015 American Community Survey and 2012 FMLA Employees survey (200 replicates, 26 June 2017) (U.S. Department of Labor 2012; U.S. Census Bureau 2015).

Note: Total Quarterly Census of Employment and Wages (QCEW) Wages based on BLS Databases for Private, State, and Local government workers.

Models 3 and 4 apply a graduated benefit wage replacement formula that replaces a larger share of weekly earnings for low-wage workers to provide leave that is affordable while also keeping total program costs relatively low. The benefit formula modeled provides 90 percent wage replacement for individuals with one half or less of Hawaii's average weekly pay, 75 percent replacement for wages between one half and 100 percent of the average weekly pay, and 50 percent of usual weekly earnings above Hawaii's average weekly pay, up to a maximum weekly benefit of \$1,000. Models 3 and 4 show modest rises in overall leave taking relative to current policy that are similar to models 1 and 2. The 12 week leave maximum in Model 3 would increase overall leave taking by 6.8 percent (to 31,988 unpaid and paid leaves, including 24,418 for family care and 7,211 for bonding). Of these leaves, 24.3 percent would be taken with PFL (7,781 leaves; 5,485 for bonding leave and 2,296 for family care leave). Similarly, in Model 4, which would offer up to 16 weeks of leave, overall leave taking would increase by 6.6 percent (to 31,924 leaves including 24,646 for family care and 7,278 for bonding). Of the total leaves, 24.3 percent (7,720 leaves) would claim PFL benefits (5,447 for bonding leave and 2,113 to address family care needs).

Graduated benefits with a higher weekly maximum (models 3 and 4) result in average weekly benefits of \$608 for both models 3 and 4 -- about \$200 higher than weekly benefits under the TDI formula. Model 3 has an average leave of 6.1 weeks (7.3 weeks for bonding leaves and 3.4 weeks for family care leaves). Alternatively, the average leave for Model 4 was 6.8 weeks (8.2 weeks of bonding leaves and 3.6 weeks for family care leaves). Total costs, including 5.5 percent allocated to the program's administration, and are estimated at \$29.2 million Model 3 and \$32.7 million for Model 4.

Costs calculated as a percentage of total payroll for wage and salary workers in private industry or state and local government suggest that a paid parental and family care leave program with graduated benefits targeting low-wage workers would cost the equivalent of 0.11 percent (12 weeks) or 0.12 percent (16 weeks) of total earnings.

The cost estimates shown in Table 3 are the calculated averages (means) across 200 iterations of the IWPR-ACM simulation model. Appendix 1 provides additional information on the variability of the estimates for the number of leaves that would claim parental and family care benefits and the total value of program benefits under the program specifications modeled. Appendix Table 1 shows both the mean and median of each, calculated across the 200 iterations, and the 10th and 90th percentiles, providing information on the variability in the program estimates for number of claims and cost of benefits paid based on simulations shown in Table 3.

Three Examples of Estimated Costs per Worker

Table 4 shows examples of the program costs per worker for the four parental and family care leave policy scenarios presented. The costs per worker are calculated for three wage levels using the total program costs (including benefits paid and administrative costs) in the bottom row of Table 3 calculated as a percentage of total payroll wages for covered workers from BLS' Quarterly Census of Employment and Wages (QCEW). The upper panel shows the cost per worker on a weekly basis and the lower panel shows the cost per worker on

an annual basis. The costs were evaluated for workers at three wage levels: (1) Hawaii’s minimum wage, \$9.25, for 40 hours per week (and 52 weeks per year); (2) \$15 hourly wage for 40 hours per week (and 52 weeks per year); and (3) Hawaii’s average wage (weekly or annual) in 2016.

The weekly costs per worker range from 25 cents for 12 weeks of parental and family care leave with benefits structured like TDI for minimum wage workers paid for 40 hours to \$1.11 for a worker earning average weekly wages under the program providing up to 16 weeks of benefits and providing higher wage replacement for low earners. Only this last program – 16 weeks with higher wage replacement for low-wage earners – would cost more than \$1 a week for an average worker in Hawaii.

Calculated on an annual basis, the parental and family care leave scenarios would cost from \$12.82 per year for a worker working full-time (40 hours) and year-round (52 weeks) under program providing up to 12 weeks with benefits similar to TDI to \$57.76 for the program providing up to 16 weeks and replacing a larger share of wages for low income workers.

Table 4: Examples of Parental and Family Care Leave Program Costs for Workers at Different Wage Levels Based on Program Cost as Percentage of Total Earnings

Estimated Weekly Cost per Worker	Minimum wage, 40 hours	\$15 wage for 40 hours	Average Weekly Wage (\$927 in 2016 QCEW)
12 weeks, benefits similar to TDI	\$0.25	\$0.40	\$0.62
16 weeks, benefits similar to TDI	\$0.29	\$0.47	\$0.72
12 weeks, benefits higher for low-wage workers	\$0.40	\$0.65	\$1.00
16 weeks, benefits higher for low-wage workers	\$0.44	\$0.72	\$1.11
Estimated Annual Cost per Worker	Minimum wage, 40 hours & 52 weeks	\$15 wage for 40 hours & 52 weeks	Average Annual Wage (\$48,184 in 2016 QCEW)
12 weeks, benefits similar to TDI	\$12.82	\$20.78	\$32.10
16 weeks, benefits similar to TDI	\$15.00	\$24.32	\$37.56
12 weeks, benefits higher for low-wage workers	\$20.69	\$33.55	\$51.81
16 weeks, benefits higher for low-wage workers	\$23.06	\$37.40	\$57.76

The program costs per worker shown in Table 4 would cover the benefits paid out and the anticipated administrative costs. In California, New Jersey, and Rhode Island the parental and family care benefits are paid directly by the workers; New York is also implementing their paid family leave using only worker contributions. However, the law that passed in 2017 to provide family and medical leave to private workers employed in the District of Columbia is employer funded. The law being implemented in Washington State is funded by contributions from both employees and employers; employers will pay 37 percent of the costs employers and employees are expected to pay 63 percent of the costs. Under the federal proposal, the FAMILY Act, program costs would be shared equally by employers and employees with each paying 0.2

percent of wages up to the annual Social Security taxable maximum (\$127,200 in 2017). This is similar to Hawaii's treatment of the costs for the TDI program where employers are allowed to share the program costs with their employees by collecting half of the contribution from them, up to 0.5 percent of their weekly wages.

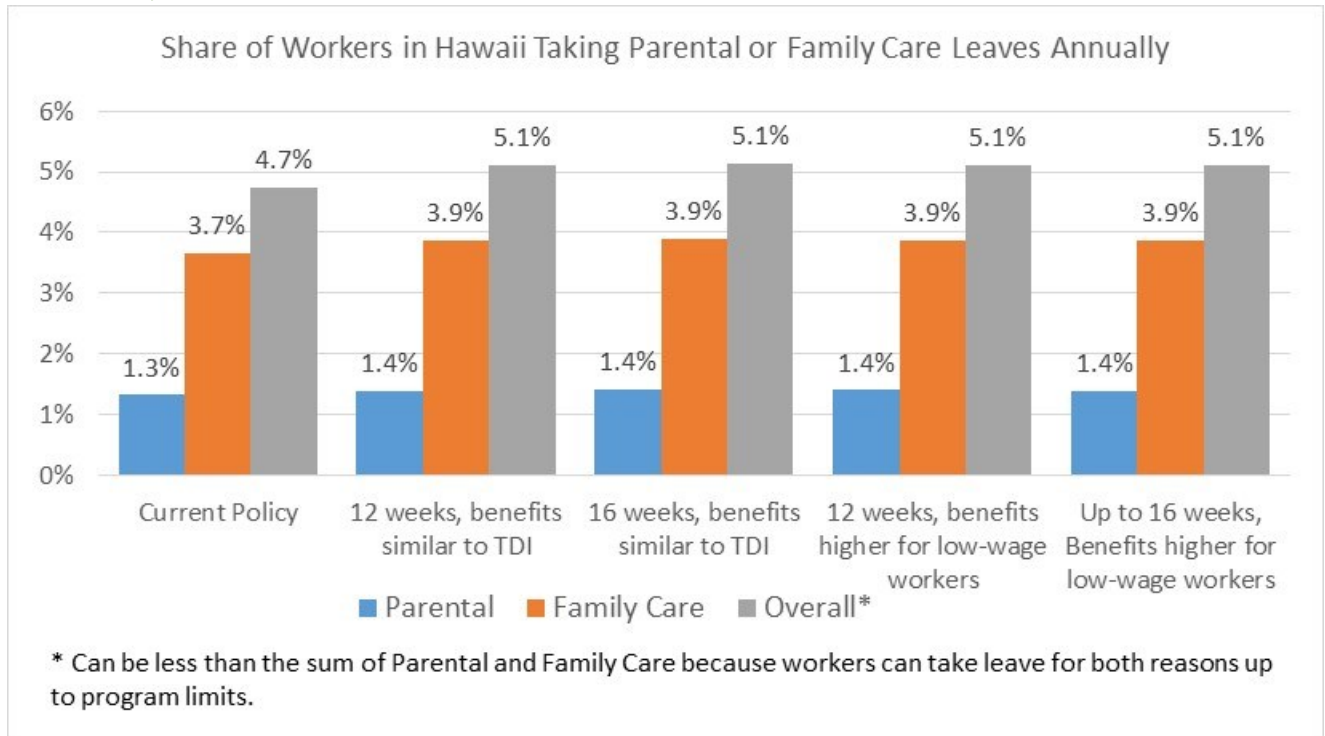
Program Impacts on Worker Leave Taking

This section examines the expected changes in leave taking and impacts on groups of interest to local stakeholders and policymakers under the simulation model results. All four of the policy scenarios for PFL programs share basic worker eligibility and only vary in benefit levels by wage replacement formula (TDI or graduated) and/or maximum weeks of benefits provided (up to 12 or 16 weeks).

Figure 2 shows that under current laws and workplace policies, fewer than 5 percent (4.7 percent) of workers take parental and family care leaves in a year. Of all workers, 1.3 percent take leave for childbirth and adoption circumstances and 3.7 percent take leave to care for family members.² The model estimates that there will be a modest increase in the total number of leaves taken – paid and unpaid -- by all workers in Hawaii's covered labor force for parental and family care reasons under the policy scenarios modeled. Overall, 5.1 percent of workers are expected to take a parental or family care leave -- paid or unpaid -- in Hawaii following the implementation of a leave program. The number of parental leaves would increase from 1.3 percent to 1.4 percent of workers annually. The covered event of welcoming a new child is relatively rare and workers take time for this under current policies. The share of workers taking family care leaves each year would increase from 3.6 percent to 3.9 percent.

² Because the model allows for workers to take multiple leaves for eligible reasons up to the annual program maximum, the overall percentage does not equal the sum of leaves taken for the two subcategories shown.

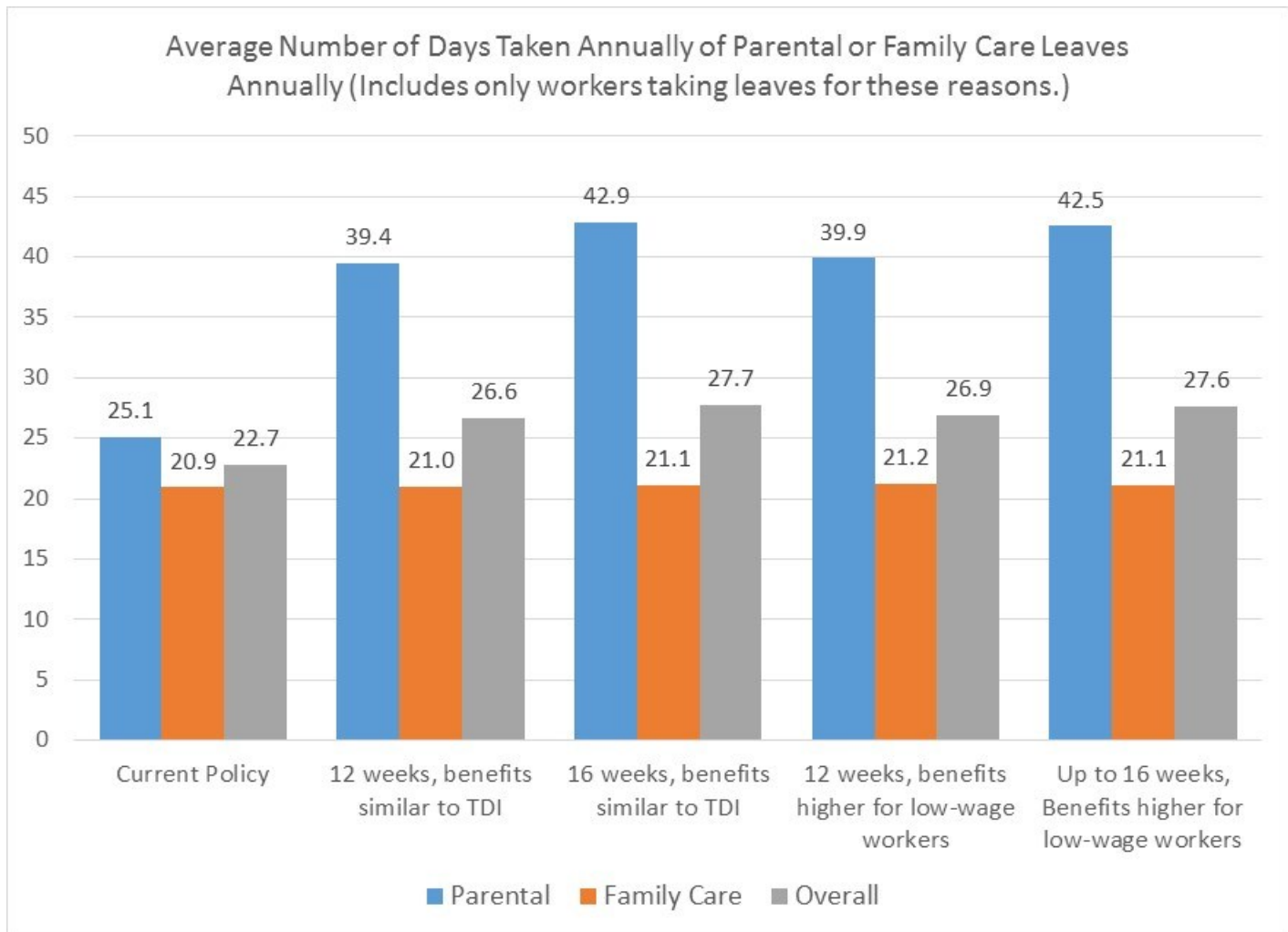
Figure 2: Annual Rates of Leave for Current Policy and Four Alternative Policy Scenarios, Hawaii



Source: Estimates based on IWPR-ACM Family Medical Leave Simulation Model based on 2011-2015 American Community Survey and 2012 FMLA Employees survey (200 replicates, 26 June 2017) (U.S. Department of Labor 2012; U.S. Census Bureau 2015).

Among workers taking leave for qualifying parental and family care reasons, the number of days taken -- including paid and unpaid leave time -- also increases (Figure 3). Overall, leaves taken for covered events increase by 4 to 5 days, depending on the length of program benefits provided. When up to 12 weeks of benefits are provided, combined average parental and family care leave time increases from 22.8 days to 26.8 or 27.0 days; when up to 16 weeks of benefits are provided, leaves increase to 27.7 or 27.8 days.

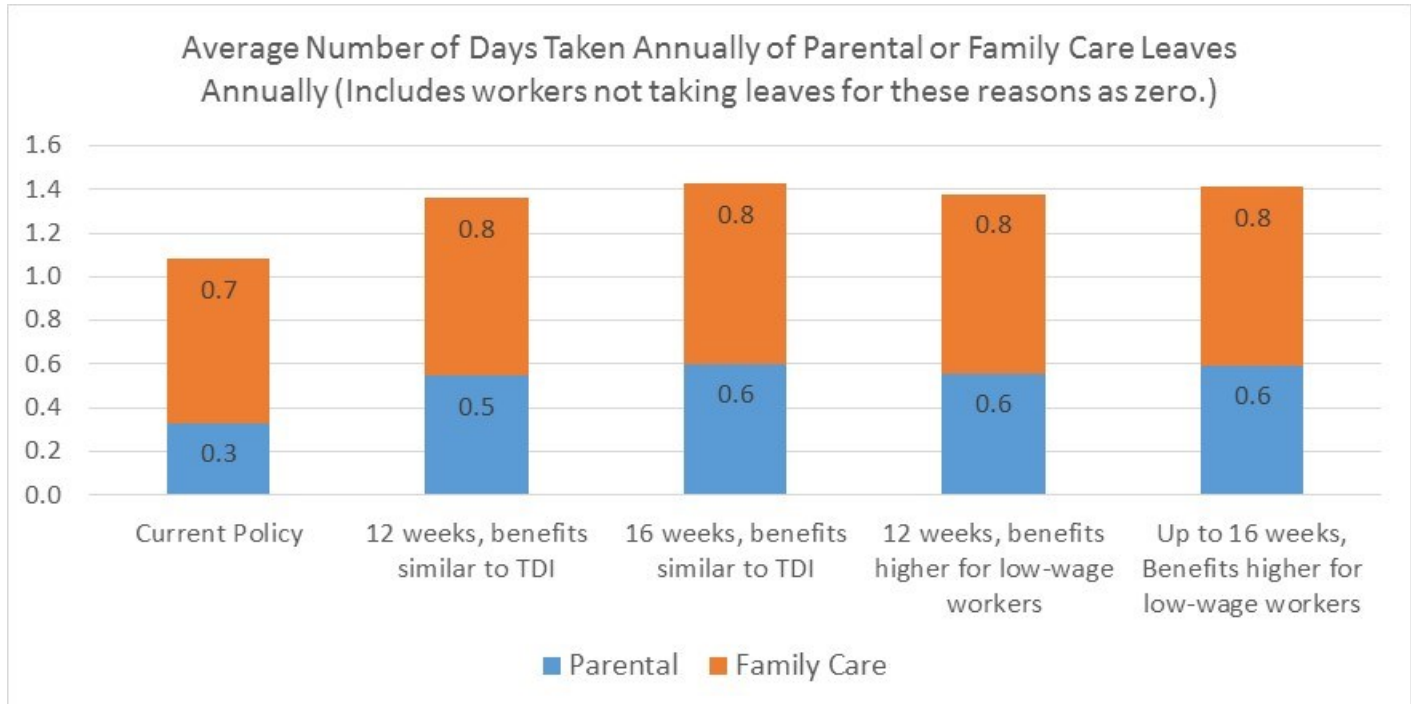
Figure 3: Estimated Annual Days of Leave Taken (Paid or Unpaid Parental and Family Care Leave) for Current Policy and Four Alternative Paid Leave Policies, Hawaii



Source: Estimates based on IWPR-ACM Family Medical Leave Simulation Model based on 2011-2015 American Community Survey and 2012 FMLA Employees survey (200 replicates, 26 June 2017) (U.S. Department of Labor 2012; U.S. Census Bureau 2015).

The increase in the number of days taken solely for parental leave increases from about 25 days to around 40 days when benefits may be received for up to 12 weeks and 43 days when benefits can be received up to 16 weeks. The number of days taken by workers to care for family members increases by much less --- from 20.9 days under current policies to 21.2 days including PFL (graduated benefits received for up to 12 weeks).

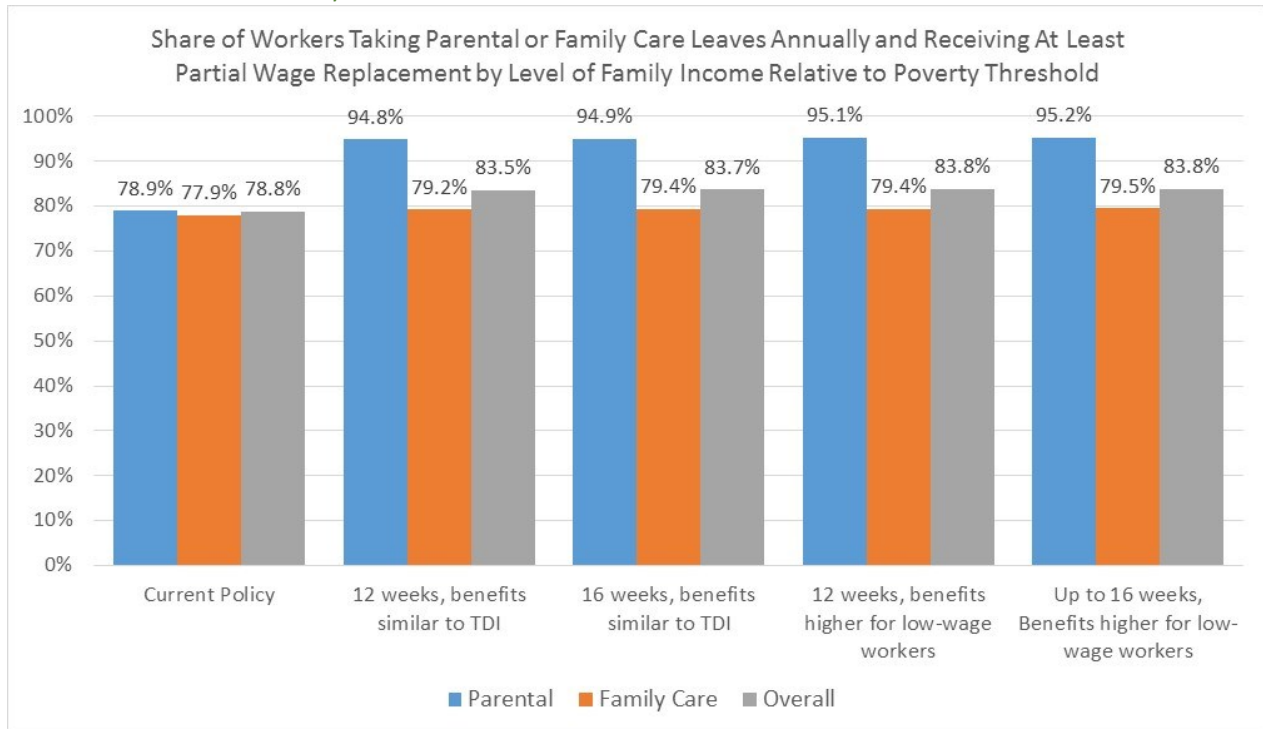
Figure 4: Estimated Average Days of Leave Used per Worker Annually (Paid or Unpaid Parental and Family Care Leave) for Current Policy and Four Alternative Policies



Source: Estimates based on IWPR-ACM Family Medical Leave Simulation Model based on 2011-2015 American Community Survey and 2012 FMLA Employees survey (200 replicates, 26 June 2017) (U.S. Department of Labor 2012; U.S. Census Bureau 2015).

When looked at as an average number of days per worker in Hawaii’s labor force (including those not taking leave), workers take one leave day per year on average for covered reasons under current policies (Figure 4). Under the leave program scenarios modeled, workers would take an average leave of 1.4 days per year. While that represents an increase in time of parental and family care leave, it suggests that workers would use the leave judiciously for the designated purposes that meet the definition of qualifying family events or health conditions.

Figure 5: Accessibility of Paid Parental and Family Care Leave for Current Policy and Four Alternative Policy Scenarios



Source: Estimates based on IWPR-ACM Family Medical Leave Simulation Model based on 2011-2015 American Community Survey and 2012 FMLA Employees survey (200 replicates, 26 June 2017) (U.S. Department of Labor 2012; U.S. Census Bureau 2015).

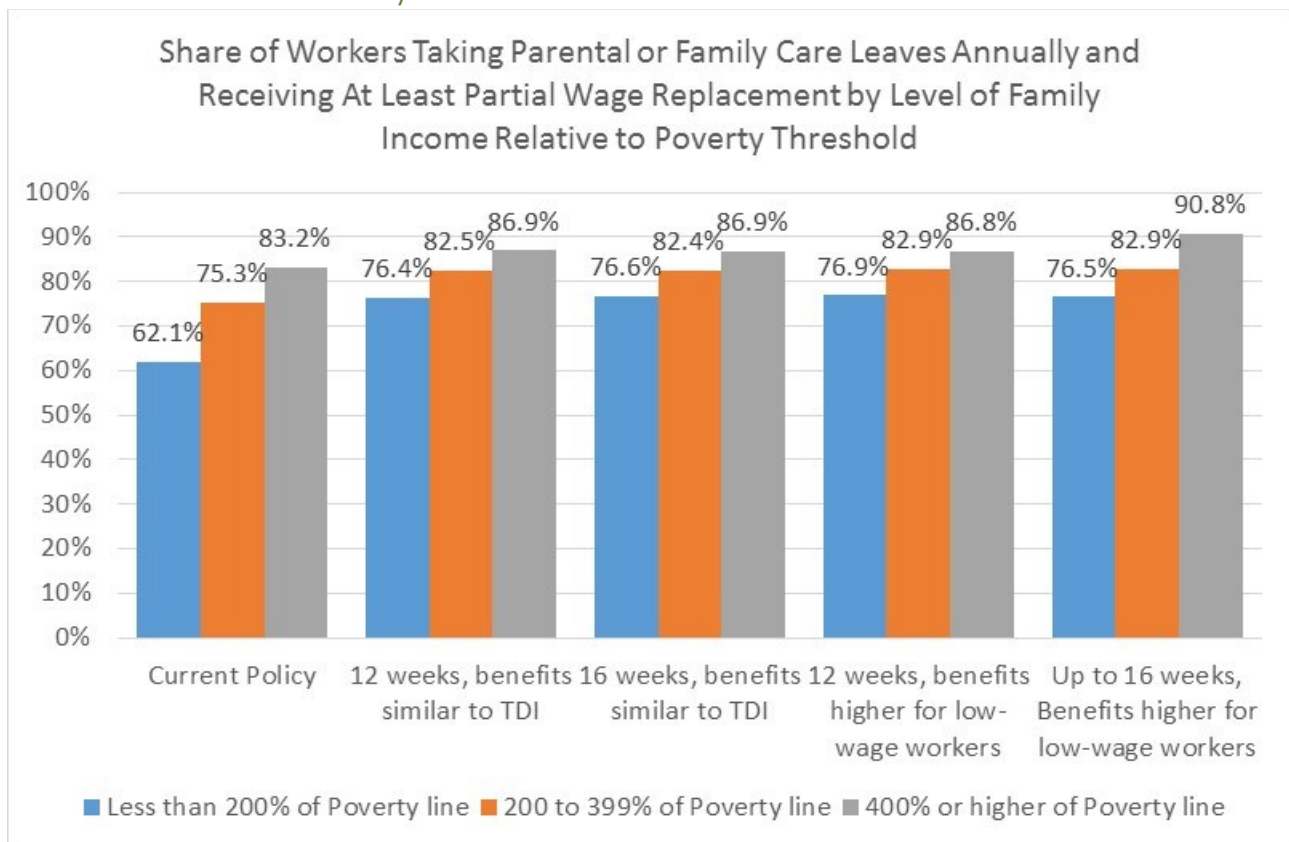
Under current policies, about 78 percent of workers taking parental or family care leaves receive some compensation from their employers (Figure 5). This could be any paid time off the employer provides, such as paid sick days, vacation, or personal time as well as employer-sponsored paid parental and family care leave. The two subcategories of leave, parental and family care, are about equally likely to receive some pay, 78 and 77 percent, respectively. Under the paid leave scenarios modeled, parental leaves would increase to about 95 percent at least partially paid and family care leave to over 79 percent (79.2 percent to 79.5 percent) at least partially paid.³

Figure 6 shows that a paid parental and family care leave program would reduce inequality in paid leave by level of family income by about half. Under current policies, only 62.1 percent of workers taking covered leaves in families with incomes below twice the poverty threshold for their family type have access to paid parental or family care leave compared to 83.2 percent of workers in families with income more than four

³ Partial wage replacement could stem from multiple sources such as receiving PFL benefits that replace a share of usual weekly wages or a mix of some weeks fully paid by an employer and some weeks unpaid or receiving PFL benefits.

times their family’s poverty threshold. Under the policy scenarios modeled, at least 76.4 percent of workers in the lowest income group, less than twice the poverty threshold, would receive at least partial pay during parental and family care leaves compared to 87 percent (91 percent in Model 4 – graduated benefits for up to 16 weeks) of workers taking leave in families in the highest income level, family income at least four times their poverty threshold. Workers in the lowest income families are expected to see a 14 percentage point increase in paid parental and family leaves; workers in the highest income group shown would increase their paid leave by 3.6 to 7.6 percentage points. A paid parental and family care program is estimated to reduce the gap between the lowest and highest relative family income groups from more than 21 percentage points to about 10 to 14 percentage points (or by one-third to one-half).

Figure 6: Accessibility of Leave by Federal Poverty Level in 2015 for Current Policy and Four Alternative Policy Scenarios



Source: Estimates based on IWPR-ACM Family Medical Leave Simulation Model based on 2011-2015 American Community Survey and 2012 FMLA Employees survey (200 replicates, 26 June 2017) (U.S. Department of Labor 2012; U.S. Census Bureau 2015).

Implementation Feasibility Analysis

Under several program designs with variations in benefit generosity (both wage replacement levels and number of weeks available) but sharing worker eligibility criteria, estimates suggested that nearly 7,800

leaves would be associated with partial wage replacement under the PFL policies studied. Partial wage replacement would be given for about 5,400 leaves relating to maternity and bonding, and roughly 2,300 leaves to care for a family member.

The cost of providing PFL benefits ranges from \$17.2 million to \$31 million in a calendar year. Administrative costs were estimated as 5.5 percent of total benefits. This formula generates \$1.0 million to \$1.7 million for PFL to be administered as a self-funded program, bringing total program costs to \$18.2 million to \$32.7 million per year. This 'Implementation Feasibility Analysis' will expand upon the 'Cost-Benefit Analysis' to estimate how Hawaii could build and administer the program to benefit workers with family care responsibilities that require them to take leave from work.

Staffing and Administrative Costs

Drawing on Glynn et al. (2016) and Washington State's 2016 Multiple Agency Fiscal Note for HB-1273 (2016), Table 4 shows staffing and other costs for the first 5 years of a PFL program. The first two years are primarily focused on recruiting key staff, developing policies and procedures for administering the PFL program, and building the IT infrastructure to process insurance premiums and benefit payments. At the beginning of year three, workers would start applying for and receiving program benefits for eligible leaves.

The managerial core consists of a director, office manager, and a policy development team. Appendix 3 of this report shows staffing details and the Hawaii titles used for budgeting. Additional support staff and a half-time medical consultant for developing policies and procedures are also included. For developing the IT infrastructure, 16 full time employees (FTEs) were budgeted for the first two years of development and testing of a data warehouse for processing PFL transactions based on Washington State's estimate that this effort will require 56,000 hours of work.

In the last quarter of the second year, additional hiring and training is scheduled for processing claims at the start of year three. Based on the estimated 7,800 PFL claims paid per year, using a 15 percent denial rate yields an estimate of 8,970 PFL claims expected to be filed per year. Budgeting is included for 2.7 initial claims specialists spending 30 minutes on each of these claims. Reviewed, difficult, or appealed cases would be handled by .30 claims adjudicators, spending an average of 15 minutes per review or appeal across such claims filed. One clinical consultant is included with clinical training to assist in the medically necessary determinations of claims in terms of eligibility and duration. Based on its experience with unemployment compensation, Hawaii estimated that 0.5 percent of cases might be fraudulent, so the unit would employ a dedicated compliance officer. There would be one customer service supervisor and 1.3 senior claims specialists to oversee the claims administration.

Washington State anticipates cross-training its PFL staff and Unemployment Compensation staff for managing work flow across the two programs within limits established by Federal rules regarding unemployment insurance administration. States with PFL programs do pool resources for some functions, such as senior management or fraud deterrence, across programs (University of Minnesota, 2016). Hawaii policymakers might also consider whether such an arrangement would be efficient and advantageous. In

addition, a three-person IT core is budgeted to continue forward: a systems administrator to maintain the claims processing infrastructure, a database analyst for producing reports on the PFL program, and a desktop support person for supporting the unit's staff. These staff members might be hired from among the personnel building the infrastructure in years 1 and 2 or hired at the end of year 2. Benefits have been calculated as 30 percent of salaries for PFL staff. Additional costs for office space, equipment, and telecommunications for the identified staff are included. Outreach expenses are budgeted at \$12,000.

Conclusion

Hawaii's adoption of a parental and family care leave program would build on their support for workers' health needs provided by temporary disability insurance (TDI) and fill an important gap in the state's social programs by helping families support themselves economically and providing care to their members. A range of programs were studied that provided up to 12 or 16 weeks of partially paid leave at two levels of wage replacement: one provides benefits structured similarly to TDI and the other targeting higher wage replacement to low income workers so they might be more able to afford taking leave and still meet their family's expenses.

The program costs, including both benefits paid and administrative costs, ranged from about \$18.3 million to \$33 million per year or 0.07 percent to 0.12 percent of total wages paid to covered workers. New parents were especially likely to access the program benefits to spend time bonding with their children. The program benefits also reduced inequality in access to paid parental and family care leave across income groups increasing access to paid leave especially among low income workers.

Table 4: Proposed Staffing Plan for Administering a Parental and Family Care Leave Insurance Program in Hawaii

	2018		2019		2020		2021		2022		Total	
	FTE	\$K	FTE	\$K	FTE	\$K	FTE	\$K	FTE	\$K	FTE	\$K
Program Staff												
Director	1.0	\$104.23	1.0	\$107.77	1.0	\$111.44	1.0	\$115.23	1.0	\$119.14	1.0	\$557.8
Office Manager			0.5	\$46.57	1.0	\$96.30	1.0	\$99.57	1.0	\$102.96	0.88	\$345.4
Policy Developer			1.0	\$93.13	1.0	\$96.30	1.0	\$99.57	1.0	\$102.96	1.0	\$391.96
Communications & Outreach Coordinator			0.5	\$21.16	1.0	\$43.76	1.0	\$45.25	1.0	\$46.79	0.88	\$156.96
Administrative Support	1.0	\$32.38	1.0	\$33.48	1.0	\$34.62	1.0	\$35.80	1.0	\$37.01	1.0	\$173.29
Health Systems Physician			0.5	\$56.38							0.5	\$56.38
IT Implementation												
IT Administrator			0.5	\$22.00	1.0	\$45.50	1.0	\$47.05	1.0	\$48.65	0.88	\$163.21
IT Analyst & Information Coordinator			0.5	\$20.35	1.0	\$42.08	1.0	\$43.51	1.0	\$44.99	0.88	\$150.94
IT Support					1.0	\$38.90	1.0	\$40.22	1.0	\$41.59	1.0	\$120.70
IT staff (development, testing, warehouse)	16.0	\$538.24	16.0	\$556.54							16.0	\$1,094.8
Ongoing Claims Administration												
Customer Service Supervisors			0.5	\$18.81	1.0	\$38.90	1.0	\$40.22	1.0	\$41.59	0.88	\$139.51
Sr. Claims Specialist (15 minutes confirmation)			0.5	\$18.06	1.3	\$48.56	1.4	\$54.08	1.6	\$63.90	1.2	\$184.61
Claims Specialist (30 minutes initial review)			0.5	\$14.88	2.7	\$83.08	2.9	\$92.27	3.1	\$101.98	2.3	\$292.21
Compliance & Fraud					0.25	\$12.80	0.25	\$13.23	0.25	\$13.68	0.25	\$39.71
Claims Adjudicator (2 hours per appeal)			0.5	\$21.16	0.3	\$13.13	0.3	\$13.57	0.3	\$14.04	0.35	\$61.90
Clinical Consultants/RNs			0.5	\$21.08	1.0	\$43.60	1.0	\$45.08	1.0	\$46.62	0.88	\$156.38
Additional Expenses												
Benefits (30 percent of salary)		\$202.46		\$315.42		\$224.69		\$235.39		\$247.77		\$1,225.7
Office Space		\$3.00		\$3.00		\$3.00		\$3.00		\$3.00		\$15.00
Furnishings		\$5.40		\$2.50								\$7.90
IT Hardware		\$0.20										\$0.20
Workstations		\$23.40		\$9.10								\$32.50
Telecommunications		\$1.10		\$1.10		\$1.10		\$1.10		\$1.10		\$5.50
Outreach				\$2.00		\$5.00		\$3.00		\$3.00		\$12.00
TOTAL	18.0	\$910.4	24.0	\$1,384.5	14.6	\$982.8	14.9	\$1,027.1	15.3	\$1,080.8	29.95	\$5,384.6

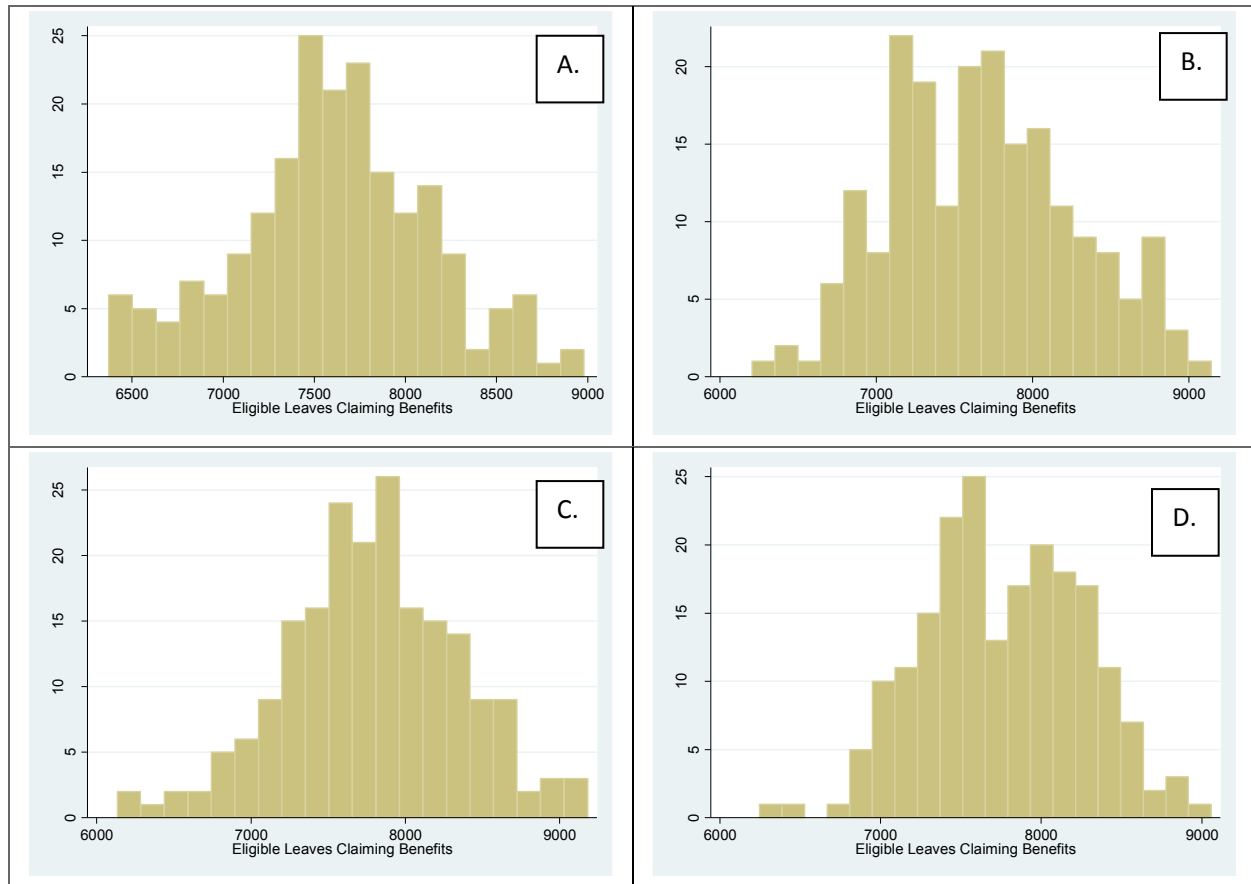
Appendix 1: Simulation Model Measured Variability

Appendix Table 1: Distribution of Number of Parental and Family Care Leaves and Benefits Paid Annually (millions of dollars) Under Four Alternative Policy Scenarios as Calculated by 200 Replicates in IWPR-ACM FML2 Simulation Model.

	12 weeks, benefits similar to TDI	16 weeks, benefits similar to TDI	12 weeks, benefits higher for low-wage workers	16 weeks, benefits higher for low-wage workers
Number of Leaves Claiming Benefits				
Mean	7,609	7,679	7,781	7,760
Median	7,621	7,657	7,782	7,745
10th Percentile	6,874	6,900	7,062	7,141
90th Percentile	8,280	8,539	8,476	8,391
Benefits Paid (\$Ms)				
Mean	\$17.3	\$20.3	\$28.0	\$31.2
Median	\$17.3	\$20.1	\$27.9	\$30.9
10th Percentile	\$15.4	\$17.7	\$24.7	\$27.6
90th Percentile	\$19.3	\$23.1	\$31.3	\$34.7

Source: Estimates based on IWPR-ACM Family Medical Leave Simulation Model based on 2011-2015 American Community Survey and 2012 FMLA Employees survey (200 replicates, 26 June 2017) (U.S. Department of Labor 2012; U.S. Census Bureau 2015).

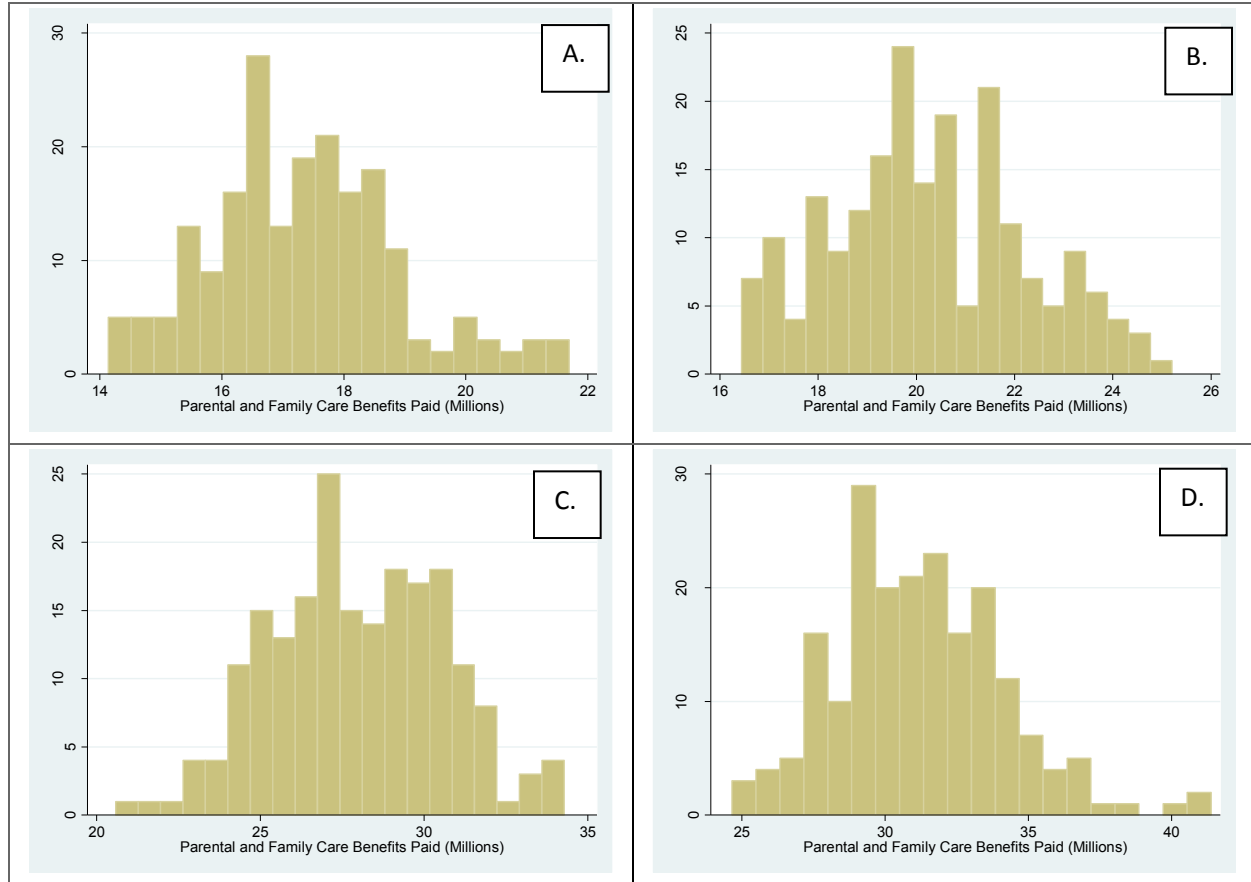
Appendix Figure 1: Distribution of Number of Parental and Family Care Leaves Paid Annually Under Four Alternative Policy Scenarios as Calculated by 200 Replicates in IWPR-ACM FML2 Simulation Model.



Source: Estimates based on IWPR-ACM Family Medical Leave Simulation Model based on 2011-2015 American Community Survey and 2012 FMLA Employees survey (200 replicates, 26 June 2017) (U.S. Department of Labor 2012; U.S. Census Bureau 2015).

- A. 12 weeks, benefits similar to TDI
- B. 16 weeks, benefits similar to TDI
- C. 12 weeks, benefits higher for low-wage workers
- D. 16 weeks, benefits higher for low-wage workers

Appendix Figure 2: Distribution of Benefits Paid Annual (in millions of dollars) for Parental and Family Care Leaves under Four Alternative Policy Scenarios as Calculated by 200 Replicates in IWPR-ACM FML2 Simulation Model.



Source: Estimates based on IWPR-ACM Family Medical Leave Simulation Model based on 2011-2015 American Community Survey and 2012 FMLA Employees survey (200 replicates, 26 June 2017) (U.S. Department of Labor 2012; U.S. Census Bureau 2015).

- A. 12 weeks, benefits similar to TDI
- B. 16 weeks, benefits similar to TDI
- C. 12 weeks, benefits higher for low-wage workers
- D. 16 weeks, benefits higher for low-wage workers

Appendix 2: Hawaii Job Classifications in Staffing Plan

Director ([Unemployment Insurance Administrator](#))

Class Definition: This class involves responsibility for the administration of the statewide unemployment insurance program which includes payment of unemployment insurance benefits to insured workers under State and Federal plans, who are involuntarily unemployed and who are able and available for work; payment of allowances to selected trainees under special State and Federal training programs; registration of subject employers and collection of taxes to maintain a trust fund for the payment of benefits under the State unemployment insurance plan; auditing of employer records to insure proper reporting of wages and payment of taxes; and reimbursement of benefits from State and County governmental agencies and agricultural self-financing employers. An incumbent works under the general direction of the Director of Labor and Industrial Relations.

Office Manager ([Unemployment Insurance Manager](#))

Class Definition: This class involves responsibility for planning, organizing, directing, controlling and coordinating the unemployment insurance operations and activities of an extensively organized branch office which consists of an Auditing and Collections Section and a Claims and Tax Processing Section, each of which requires two or more levels of subordinate supervisors. It further involves responsibility for making final determinations on all statewide and Oahu county labor disputes and other disputed benefit claims, and for approving requests for instituting legal actions for non-compliance with the Hawaii Employment Security Law. The incumbent receives general direction from the administrator of the Unemployment Insurance Division.

Policy Developer ([Unemployment Insurance Program Development Officer](#))

Class Definition: This class serves as the chief staff advisor to the Unemployment Insurance Administrator with responsibility for planning, directing and coordinating all program development and evaluation and technical administrative advisory services for the statewide unemployment insurance program through subordinate supervisors. Another major functional responsibility is the securing of funds for the program. The work includes developing comprehensive plans, developing and coordinating the implementation of new programs and projects; developing program policies, procedures and other guidelines; conducting program effectiveness evaluations and feasibility studies; developing and negotiating the budget document; reviewing operations and implementing security measures to prevent and/or detect internal fraud; and furnishing technical support and consultative services to the Unemployment Insurance Administrator and management staff. This one-position class is delegated the authority to negotiate funding, program workload goals and objectives and contracts with federal, other State and county governmental agencies, and private agencies and to commit the division to workload goals and objectives and contracts. Contacts maintained with the other governmental and private agencies are extensive and authoritative. The Unemployment Insurance Administrator who serves as the Unemployment Insurance Division Chief provides general administrative guidance. Work is performed in accordance with applicable Unemployment Insurance laws, rules, regulations, policies, procedures and other

guidelines. Considerable latitude is allowed in formulating and implementing plans and determining work priorities.

Communications & Outreach Coordinator ([Information Specialist I](#))

Class Definition: This is the entry trainee class designed to provide an introduction to the philosophy, principles, concepts and scope of a State agency's informational services program and some introduction to the way in which the various media operate and the type of information that is most effectively disseminated through each medium. Work assignments are made concurrently with orientation and training and are clear-cut, routine and designed to provide experience in the transmittal of information of the activities, plans, developments, etc., of an agency to the general public or special interest group. The trainee initially receives close supervision including detailed instructions as to the tasks to be performed and procedures to be followed. Work is closely reviewed for compliance with instructions and thoroughness. As the trainee's knowledge, skills and abilities increase, supervision is relaxed and increasingly difficult assignments characteristic of the next higher level are made.

Administrative Support ([Secretary I](#))

Class Definition: A position in this class services a manager whose administrative and management functions are modest in complexity due to the limited scope and intricacy of the program and organization. The program is typically more coordinative in nature or a principal but not major sub-program of a larger statewide program. Assigned work is performed independently, and an employee typically plans and arranges his or her own work schedule but normally carries out the work in accordance with established procedures and standard practices. A position in this class may work regularly with information which is of a restricted nature. There is regular contact with other programs in a department, the general public, and others in obtaining or furnishing information or reports, which require tact to avoid misunderstanding. A position in this class may include the taking and transcribing of shorthand dictation and/or the performance of skilled typing.

Health Systems Physician ([Physician](#))

Class Definition: Diagnoses and treats medical illnesses, diseases and disorders of the human body. Renders professional medical services covering a variety of medical problems in patients of all ages; or renders professional medical services in a specialized field of medicine. In addition to rendering professional medical services, positions may also direct medical and auxiliary services such as laboratory, dental, nursing, etc. Knowledge of principles and practices of medicine including clinical pathology, the diagnoses of physical disorders, pathological anatomy, surgical techniques, therapeutics and toxicology and the etiology of disease; and the ability to perform patient-care services in various settings; and maintain medical records.

IT Administrator ([Computer Operations Supervisor I](#))

Class Definition: Supervision of computer operators engaged in electronic data processing operations for a large central computer center having 24-hour operations and substantial subordinate staffing. The work

involves planning, assigning, coordinating and directing the work of computer operators in the computer center and its satellite stations, if any, in accordance with established operating procedures, practices, schedules and work priorities; providing coordinative assistance to systems staff, programmers, users and multiple vendor personnel with regard to maintenance, abnormal computer behavior or failure of operating systems software, hardware and communications systems and recommending improvements thereto as they apply to computer operations; and assuming responsibility for the security and safekeeping of all equipment and records while in operation. The work may also involve instituting maintenance or test programming, remedial corrective action, job processing rescheduling or other actions as required in accordance with established operational practices and procedures.

IT Analyst & Information Coordinator ([Computer Operator III](#))

Class Definition: This class reflects supervision and participation in the operations of an electronic computer on an assigned shift, and may include coordination of the central computer system and remote job entry stations. Incumbents operate under the general supervision of a data processing operations supervisor who provides guidelines and direction. Incumbents are thoroughly familiar with full operating systems concepts and the capabilities, uses and operation of various types of electronic and electro-mechanical data processing equipment, job control language coding, remote job entry processing, and operating standards and procedures.

IT Support ([Computer Operator II](#))

Class Definition: This class reflects responsibility for monitoring and controlling the operations of a central computer and directing the activity of the various workstations for input/output operations. Duties are performed under general supervision of a higher-level computer operator or other computer personnel. Recommendations, decisions and commitments made at this level are based on applicable procedures, instructions, or on precedent decisions. Good judgment must be used in arriving at those decisions necessary in directing the operations and control of the central computer system and the remote job entry station. Effective work relationships are maintained with the supervisor and other staff personnel.

IT Staff ([Computer Operator I](#))

Class Definition: The primary responsibilities of positions in this class are the loading of cards, paper, magnetic tapes, and disks for computer input and output operations; the operation of digital computing equipment with a console device or auxiliary control panels and providing relief to the regular console operator including the direction of work processes in the various work stations. Duties are performed under general supervision. Recommendations, decisions and commitments made are based on applicable procedures, instructions, or on precedent decisions. Incumbents are responsible for exercising technical judgment in choice of applicable and appropriate procedures. Effective work relationships are maintained with supervisors and other staff personnel.

Customer Service Supervisors ([Unemployment Insurance Assistant VI](#))

Class Definition: This class reflects the working supervisor of a unit with responsibility for supervising a sizable staff of lower level Unemployment Insurance Assistants and others engaged in performing work assignments in one or more functional areas of the Unemployment Insurance program which provides support and assistance to professional subject-matter specialists involved in these functions. As a working supervisor, a position in this class plans, assigns, reviews and supervises the operations and activities of the unit and staff. The work involves planning, assigning and evaluating work performed by staff, training staff and providing guidance and assistance to staff in handling difficult problems and obtaining/providing clarification of policy. In addition, this class performs journey level Unemployment Insurance Assistant work as needed. The work is performed under general supervision of a higher level Unemployment Insurance Assistant. The supervisor is kept informed of the unit's activities through monthly activity reports, meetings and discussions of problems. A position in this class seeks to resolve problems first before approaching the supervisor. Work results and activities are reviewed for compliance with pertinent laws, regulations, policies and precedents.

Senior Claims Specialist ([Unemployment Insurance Assistant V](#))

Class Definition: This class reflects responsibility for independently performing journey level work, which involves the full range of cases, including the most difficult in one or more of the functional areas of the Unemployment Insurance program; i.e., the review of initial and continued claims and/or the determination of benefit eligibility, and/or employer tax collection and processing and/or overpayment processing, adjustment and collection. The work involves identifying possible disqualifying cases and referral of cases for adjudication, office collection of delinquent taxes and overpayment of benefits, preparing various reports and attending hearings as a departmental witness. A position in this class may serve as a team leader of a project as assigned. The supervisor provides instruction/information on new or amended procedures, policies, regulations or legislation. Additional supervisory assistance is provided on unusual or unprecedented claims work problems; on questions where the application of regulations is subject to a wide variety of interpretations; and in situations where regulations or legislation appear to be in conflict. Supervisory review is conducted only on recommendations of adverse actions. There is extensive contact with the claimants and/or employers by telephone and in person to extract pertinent information and provide requested information. Other contacts with representatives of other governmental agencies may be required. Considerable skill is required to maintain effective relationship with others.

Claims Specialist ([Unemployment Insurance Assistant III](#))

Class Definition: Positions in this class receive classroom and on-the-job training in one or more of the functional areas of the Unemployment Insurance program. All tasks are initially performed under close and detailed supervision and in accordance with explicit guidelines. As an understanding of the basic responsibilities is demonstrated, work is performed with less supervision. The supervisor is readily available to provide advice and assistance in order to assure the proper and desired development of workers in this class. Also, the supervisor provides training with respect to the various Unemployment Insurance programs and pertinent laws, rules, regulations, guidelines and procedures.

Compliance & Fraud ([Unemployment Insurance Specialist III](#))

Class Definition: This class involves responsibility for independently performing assignments covering the full range of cases relative to the examination and adjudication of benefit claims under State and Federal unemployment insurance programs, and for conducting investigations on fraudulent claims resulting from misstatements by claimants. An incumbent of a position in this class works under the general supervision of a higher level unemployment insurance specialist. Supervision is normally received through a review of records, reports and correspondence; and conferences are held to discuss and receive guidance on the more difficult or problem cases. An incumbent has the authority to allow or disallow benefits to claimants by making non-monetary determinations and such determinations become final in the absence of appeals or redetermination requests within the period of time specified by law. Guides which control or influence performance of the work include the Hawaii Employment Security Law, Procedures of Operations, Policy Manual, Law Interpretations, Interstate Claims Taking Manual and the Benefit Series. In the development of information, the unemployment insurance specialist must be able to select the best and most reliable sources of evidence in order to resolve non-monetary issues. Since the evidence at this level often contains uncertainties or possible discrepancies, the incumbent must judge what evidence is acceptable and what must be ruled out. Furthermore, he must resolve situations in which irreconcilable allegations are presented by interested parties (e.g., the claimant alleges he was fired and the employer alleges the claimant voluntarily quit).

Claims Adjudicator ([Unemployment Insurance Specialist I](#))

Class Definition: This is a trainee class which involves formal and on-the-job training in a variety of unemployment insurance benefit activities. A trainee is expected to handle relatively simple cases involving issues which are resolved through interviews with claimants, and employers are not adversaries to the issues. Such cases involve chargeability of benefits to employers' reserve accounts, registration and reporting requirements, and refusal of job offers. An incumbent works under the close supervision of a higher level unemployment insurance specialist and receives detailed instructions and close review with each assignment. However, the degree of instruction and review received varies with the newness and complexity of the assignment and the progress made by the trainee.

Clinical Consultants/RNs ([Licensed Practical Nurse I](#))

Class Definition: This is the entry level of work for the newly licensed employee without work experience. Not only is there the necessity for initial orientation and in-service training to familiarize the employee in the specific nursing policies of the institution, but there is also supplemental training in technical procedures and techniques and developmental assignments as preparation for work of the next higher level. Initially an employee receives close supervision and work performance is systematically observed to ensure that prescribed procedures and necessary precautions are followed. As competence is demonstrated, supervisory control is relaxed with regard to the performance of repetitive procedures. On non-repetitive procedures, guidance from a registered professional nurse, physician or higher level licensed practical nurse is normally available. During initial assignments, the clinical state of patients is relatively stable so that the applicable

nursing care and related technical procedures are comparatively routine and simple. Subsequently, employees perform more complex nursing care and related technical procedures in situations requiring greater knowledge of specific patient conditions and a broader range of specific treatment procedures.

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PAID FAMILY LEAVE PROGRAM DEVELOPMENT AND ADMINISTRATION: HAWAII

By Sarah Jane Glynn

This grant product was funded by a grant awarded by the U.S. Department of Labor's Women's Bureau. The product was created by the recipient and does not necessarily reflect the official position of the U.S. Department of Labor. The U.S. Department of Labor makes no guarantees, warranties, or assurances of any kind, express or implied, with respect to such information, including any information on linked sites and including, but not limited to, accuracy of the information or its completeness, timeliness, usefulness, adequacy, continued availability, or ownership. This product is copyrighted by the institution that created it. Internal use by an organization and/or personal use by an individual for non-commercial purposes is permissible. All other users require the prior authorization of the copyright owner."

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Section 1: An Introduction

Every year roughly 20 million workers in the United States take leave to address a serious personal or family illness or to care for a new child. In an additional 7 million instances workers report needing to take leave, but being unable to do so.¹ At some point in their working years virtually everyone will require at least some time off in order to address a family caregiving or personal health concern, yet despite the near universal need only 14 percent of the workforce has paid family leave provided by their employers.² While Hawaii does have a law requiring employers to provide temporary disability insurance to their workers, only 38 percent of the private-sector nationwide is covered by such a policy and fewer than a third of those policies are fully employer funded.³ Younger workers, low-wage workers, and workers of color are all less likely to be covered by paid leave policies.⁴ For example, only 6 percent of workers in the lowest earnings quartile are covered by paid family leave policies, compared to 22 percent of those in the highest earnings quartile.⁵

Workers' access to paid leave in the United States is wildly out of step with every other advanced economy in the world. Out of 185 countries and territories surveyed by the International Labour Organization (ILO) in 2014, the United States was one of only two countries (along with Papua New Guinea) to offer no paid maternity leave – although both countries do provide unpaid leave to mothers after the arrival of a new child.⁶ The United States is the only high-wealth country that does not provide paid leave to new mothers; the majority of these countries guarantee at least 14 weeks of paid maternity leave.⁷ The United States is also one of only a handful of high-wealth countries that does not provide paid parental leave to new fathers.⁸ Overall the United States is unique among its peers for not guaranteeing its workers the right to any form of paid leave for any reason at all.⁹

Lacking access to paid leave is not simply a problem for individual families – it also has a profound impact on the economy overall. Working families in the United States annually lose an estimated \$20.6 billion in lost wages due to the lack of access to paid family and medical leave.¹⁰ While most of this is due to losses related to temporary disability, \$7.3 billion in wages are lost due to the lack of paid parental and family caregiving leave policies.¹¹ Hawaii already has a law requiring employers to provide temporary disability leave, but working families are not covered if they need time off to care for a seriously ill or injured family member, or to care for a new child.

This lack of access to paid leave can have profound consequences for working families.

Seven-in-ten children in Hawaii (69.5 percent) live in households where all of the parents work,¹² meaning there is likely to be no full-time-stay-at-home caregiver, and more than a quarter of children in Hawaii live in households headed by a single parent (20.35 percent live with a single mothers and 7.8 percent with a single father.)¹³ Due to lack of access to paid leave, when a new child is welcomed into a home or when a caregiving emergency arises many families are left to make impossible choices between their jobs and source of income and their families. And these effects are not universally felt, with some populations more vulnerable than others. For example, Native Hawaiian and other Pacific Islander children are disproportionately more likely to live in single parent homes and although the overall poverty rate in Hawaii is

lower than in the rest of the United States, Native Hawaiian and other Pacific Islander children are also the most likely to live in poverty.¹⁴ These are the families that are the most economically vulnerable and thus the least able to be able to afford to take unpaid leave. Access to paid parental and family caregiving leave is not only helpful to parents; it also pays dividends to children. Babies whose parents are able to take leave are more likely to be breastfed which is associated with a host of health benefits,¹⁵ and are more likely to receive regular medical checkups and their recommended vaccinations.¹⁶ Children with serious health concerns also benefit beyond infancy when parents have access to paid leave, since children recover faster from medical conditions when they are able to be cared for by their parents and the presence of a parent has been shown to shorten children's hospital stays by 31 percent.¹⁷ The majority of parents of children with special health needs report that access to paid leave has a positive impact on their child's physical health (81 percent) and emotional health (85 percent) in addition to having positive effects on their own emotional health (57 percent.)¹⁸

And children are not the only family members who are likely to need care. The Baby Boom generation is aging, and by 2030 seniors will comprise nearly 20 percent of the population¹⁹ while the number of people requiring long-term care services will more than double in the coming decades to a predicted 27 million people in 2050.²⁰ The population of Hawaii is both older than the United States as a whole, and is aging faster.²¹ Currently, 15.6 percent of the population in Hawaii is 65 or older, and that proportion will continue to grow in the coming years.²² A significant amount of adult care is provided by family members, and there were more than 40 million family caregivers in the United States in 2013, providing an estimated 37 billion hours of unpaid elder care or care to another adult with a disability or serious health condition with an economic value of \$470 billion.²³ When workers are able to take paid leave to care for an aging relative or another family member with medical needs they are better able to help them fulfill their treatment plans and avoid medical complications and hospital readmissions.²⁴ As a result, family-provided care can help to improve health outcomes while decreasing the need for additional medical interventions and lowering healthcare costs.²⁵ But nearly half of family caregivers are employed outside the home, with approximately three-quarters (73 percent) in their prime working years between the ages of 35 and 64. And of these, 19 percent reported that their family caregiving responsibilities led to negative employment impacts, including "time off from work, missed professional opportunities, and financial losses."²⁶ Providing elder care to a parent has a negative impact on labor force participation and the impact is stronger for women,²⁷ who are already more likely to provide care than men.²⁸ Workers over the age of 50 who leave the labor force to care for an aging parent lose, on average, more than \$300,000 in wages and Social Security retirement benefits.²⁹

An abundance of evidence shows that paid leave is needed in the United States, and that current policies fall short of addressing this critical support for working families.

Current Paid Leave Landscape in the United States

National

There is no national program to provide or mandate access to paid family and medical leave in the United States. However, seven states have passed paid leave laws and four have currently

operational social insurance programs to provide at least one form of paid leave. Federal law also provides access to job-protected unpaid leave for qualifying workers.

The Family and Medical Leave Act (FMLA) of 1993 provides up to 12 weeks of unpaid, job-protected leave to qualifying workers. FMLA leaves can be taken to address the worker’s own serious health condition, to care for a seriously ill immediate family member, to care for a new child (biological or adopted) or to address contingencies that arise out of military deployment.³⁰ Workers may qualify for FMLA leave if they: work for an employer with at least 50 employees within a 75-mile radius; have accrued at least 12 months of tenure with a covered employer; and have worked a minimum of 1,250 hours in the prior year.³¹ As a result of the eligibility requirements only 56 percent of all private-sector workers are covered by the FMLA.³² Workers are most likely to be excluded from coverage because they work for an employer with fewer than 50 employees (29.4 percent of all private-sector workers) or because they worked fewer than 1,250 hours in the previous 12 months (21.8 percent.)³³

The majority of FMLA-type leaves are taken in order for a worker to address their own serious health condition (54.6 percent.)³⁴ Roughly one-fifth of leaves relate to a new child (21.1 percent) which can include pregnancy-related medical leaves, recovering from pregnancy and/or childbirth, and caring for a newborn or newly adopted child.³⁵ Family caregiving leaves for a spouse, parent, or child account for approximately one-fifth of all leaves as well (18.2 percent.) Military leaves are relatively uncommon and thus are not addressed in this report.³⁶ There are also substantial numbers of workers who need to take leave, but are unable to do so. While there are many reasons why workers report being unable to take leave, the most common reason (46.1 percent) was because they could not afford to take unpaid leave.³⁷

Table 1. Reasons for needing leave, leave-takers and workers with an unmet need for leave³⁸

Reason for needing leave	Leave-takers	Workers with unmet need for leave
Own illness	54.6%	49.7%
Related to a new child	21.1%	9.2%
Care for a family member with a serious health condition	18.2%	40.8%

Only 48 percent of workers who take FMLA-type leaves receive full pay from their employer while on leave, and another 17 percent receive partial pay.³⁹ Among workers who took FMLA-type leaves without full pay, 60 percent reported difficulties making ends meet, and 84 percent reported that they limited their spending.⁴⁰ Workers whose annual family income was above the median (\$62,000) were three times less likely to have to take unpaid leave, and were nearly twice as likely to receive full pay while out on leave, compared to workers with annual family incomes below the median.⁴¹ While only 14 percent of workers have access to dedicated paid family leave through their employers, many of those receiving pay while on leave do so by using accrued sick leave or vacation days.⁴² These are benefits that workers who are older, employed full-time, and have higher earnings are more likely to have access to, when compared to otherwise identical workers.⁴³ Hourly workers, workers in the service industry, and Latino workers are all significantly less likely to have access to paid sick days than otherwise identical workers.⁴⁴

Existing State Paid Medical and Family Leave Programs

States have long been leaders on a myriad of policy issues, including paid leave. Just as 34 states passed their own state-level job-protected unpaid leave laws prior to the passage of the federal FMLA,⁴⁵ a handful of states have passed their own paid leave laws. California, New Jersey, Rhode Island, New York, the District of Columbia, and Washington state have all passed legislation to create social insurance programs to provide workers with temporary disability leave and paid family leave. Rhode Island was the first state to create a temporary disability social insurance program in 1942, followed by California in 1946, New Jersey in 1948, and New York in 1949.⁴⁶ The programs are funded through small payroll taxes, provide wage replacement to workers who cannot work temporarily due to a work-disabling health condition that was incurred outside the workplace.⁴⁷ In 2002 California passed legislation to add paid family leave onto their already existing state temporary disability insurance system. New Jersey passed similar legislation in 2008, Rhode Island in 2013, and New York in 2016. The exact rules for eligibility and coverage differ by state, but all the state temporary disability insurance (TDI) and paid family leave (PFL) programs provide workers with partial wage replacement when they need leave to care for themselves, a family member with a serious health condition, or a new biological, adoptive, or foster child.⁴⁸ (For more information on the structure of state paid leave programs, please see Glynn, Bradley, and Veghte, “Paid Family and Medical Leave Programs: State Pathways and Design Options.”)⁴⁹

Under California’s program workers are eligible for up to 52 weeks of temporary disability leave and up to 6 weeks of family leave. In order to be eligible, workers must have earned a minimum of \$300 in the first four of the last five completed quarters (also known as the base period.)⁵⁰ As of 2017 the wage replacement level for leave-takers is 55 percent of normal wages, up to a cap of \$1,173 per week. In 2018, this will increase to 70 percent for those earning less than one-third of the state average weekly wage, and 60 percent for all others. New Jersey’s program provides up to 26 weeks of temporary disability leave and 6 weeks of family leave, with a wage replacement level of 66 percent of normal wages up to a cap of \$633 per week in 2017. Workers in the state are eligible if they worked for at least 20 weeks and have earned at least \$8,400 in the previous 52 weeks (also known as the base year).⁵¹ Rhode Island’s program allows for up to 30 weeks of temporary disability and up to 4 weeks of family leave per year. The wage replacement is set at 60 percent of normal wages, up to a weekly maximum of \$817 in 2017. Workers in Rhode Island are eligible if they have earned at least \$11,520 in the base period (first four of the last five completed quarters) or alternate base period (last four completed quarters.) Workers may also be eligible if they earned at least \$1,920 in one of the base period quarters, and have a total base period earnings of at least 1.5 times the highest quarter of earnings, and their total base period earnings are at least \$3,840.⁵²

New York’s TDI system has been in place for nearly 70 years, and paid family leave will go into effect in 2018. While other states also allow employers to opt out of the state administered system by self-insuring or purchasing a commercial temporary disability insurance product to cover their workers,⁵³ New York has a much higher incidence rate with about three-quarters of eligible workers covered by private insurance.⁵⁴ Workers are eligible for TDI if they have worked for at least 4 consecutive weeks, or if they work for an employer that provides more generous voluntary coverage. The New York paid family leave program (PFL) will begin in

2018 by providing up to 8 weeks of family leave paid at 50 percent wage replacement up to a cap of 50 percent of the state average weekly wage. The length of leave and wage replacement level will increase over time until 2021, when workers will be eligible for up to 12 weeks of family leave paid at 67 percent wage replacement up to a cap of 67 percent of the state average weekly wage. Workers will be eligible for PFL if at least 26 consecutive weeks or at least 175 days if they work part-time.

These four state programs were developed by first creating a temporary disability insurance infrastructure and later adding paid family leave as an additional qualifying condition for leave. However, there are no additional states with TDI social insurance programs in place, so new states looking to develop paid leave proposals have to take a slightly different approach. The District of Columbia and Washington state have both passed legislation to create new programs that will provide both TDI and PFL.

Washington State first passed a law to create a state-wide paid parental leave only plan in 2007. This program would have provided a flat rate benefit to new parents, but was never implemented because there was no initial source of funding for the program. In 2017, the state passed legislation to create a more comprehensive program that, once in effect, will provide up to 12 weeks of leave for TDI or PFL (or up to 14 weeks for serious pregnancy related complications), with a maximum annual total of no more than 16 weeks of leave (or 18 weeks in the case of serious pregnancy related complications.) The program will provide 90 percent wage replacement on earnings up to 50 percent of the statewide average weekly wage, plus 50 percent wage replacement of earnings above this threshold, with a cap of \$1,000 per week. Workers will be eligible if they worked in at least 4 of the last 5 completed quarters and worked at least 820 hours in that time period.

The District of Columbia passed legislation to establish a paid family and medical leave program in 2017, and the program is slated to go into effect in 2020. Once operational, it will provide up to 8 weeks of paid parental leave, up to 6 weeks of family caregiving leave, and up to 2 weeks of temporary disability leave, for a total of no more than 8 weeks of leave taken annually. The program will provide 90 percent wage replacement on weekly wages up to 150 percent of the D.C. minimum wage times 40 (in other words, up to 150 percent of full-time minimum wage weekly earnings), plus 50 percent wage replacement of earnings above this threshold, with a cap of \$1,000 per week. Workers will be eligible if they worked in the District for an employer other than the D.C. or federal government for at least some time in the last 52 weeks. Self-employed workers will be covered if at least half of their work was conducted in the District and they opted into the paid family and medical leave system and have paid the appropriate taxes.

Hawaii's approach to temporary disability insurance is significantly different than the one taken by other states. Rather than forming a state government-run social insurance program, the state passed legislation in 1969 to establish an employer mandate, with public and private employers of all sizes required to provide TDI.⁵⁵ Most employees are covered, with the exception of federal employees, some domestic workers, insurance agents and real estate workers paid solely commission, some family employees, and a few other categories of workers who are excluded under current law.⁵⁶ Employers may require workers to contribute up to half of premium costs, provided that the costs do not exceed 0.5 percent of the worker's weekly wages and are not more

than \$5.12 per week.⁵⁷ Workers are eligible if worked at least 20 hours per week for the last 14 weeks, and earned at least \$400 in the previous 52 weeks. Employers can choose to provide TDI by purchasing a private plan through an authorized insurance carrier, or through state-approved self-financing. Unemployed workers who experience a disabling condition or workers whose employer is bankrupt or non-compliant receive wage replacement through a state-run fund.⁵⁸ Leave-takers can receive up to 26 weeks of leave per year, at 58 percent wage replacement up to a cap of \$594 per week in 2017, and the maximum allowable benefit is adjusted annually based on averages wages in the state.⁵⁹ There are no current provisions in Hawaii for paid family leave.

Table 2. Comparison of existing and pending paid family and medical leave programs⁶⁰

Program	Architecture and Funding		Cost		Length of Leave Available		Wage Replacement	Eligibility Requirements
	Temporary Disability Insurance (TDI)	Paid family leave (PFL)	TDI	PFL	TDI	PFL		
FMLA	Unpaid		n/a		Up to 12 weeks		None	Worked at current job for at least 12 months & logged at least 1,250 hours in previous year AND Work for an employer with at least 50 employees within a 75-mile radius
California	Social insurance with limited employer private options; Funded through employee payroll tax		0.9% of taxable wages, up to a maximum of \$998.12		Up to 52 weeks	Up to 6 weeks	55%, weekly max of \$1,173 In 2018 PFL benefit increases to 70% for those earning < 1/3 of state average weekly wage (AWW), & 60% for all others, up to benefit cap	Earned at least \$300 in base period

Program	Architecture and Funding		Cost		Length of Leave Available		Wage Replacement	Eligibility Requirements
	Temporary Disability Insurance (TDI)	Paid family leave (PFL)	TDI	PFL	TDI	PFL		
New Jersey	<p>Social insurance with limited employer private options;</p> <p>Funded through employee/ employer payroll tax;</p> <p>Employers may request approval to opt out of state plan to self-insure or provide insurance through private carrier</p>	<p>Social insurance with limited employer private options;</p> <p>Funded through employee payroll tax</p> <p>Employers may request approval to opt out of state plan to self-insure or provide insurance through private carrier</p>	<p>Employee: 2017 - 0.24% on \$33,500</p> <p>2018 - 0.19% on \$33,700;</p> <p>New employers: 0.5%;</p> <p>All other employers: experience rated, 2017 wage limit - \$33,500, 2018 wage limit - \$33,700</p>	<p>2017: 0.10% up to the wage base of \$33,500;</p> <p>2018: 0.09% on \$33,700</p>	Up to 26 weeks	Up to 6 weeks	66%, weekly max of \$633	<p>Earned at least \$8,400 in base year</p> <p>OR</p> <p>Earned at least \$168 per week for a minimum of 20 weeks</p>
Rhode Island	<p>Social insurance with exclusive state fund;</p> <p>Funded through employee payroll tax</p>		1.2% of the first \$68,100 in earnings		Up to 30 weeks	Up to 4 weeks	60%, with a weekly maximum of \$817 plus dependent benefits	<p>Earned at least \$11,520 in base or alternate base period* OR Earned at least \$3,600 in base period & at least \$1,800 in a quarter & have total base period earnings of at least 150% of highest quarter's earnings</p>

Program	Architecture and Funding		Cost		Length of Leave Available		Wage Replacement	Eligibility Requirements
	Temporary Disability Insurance (TDI)	Paid family leave (PFL)	TDI	PFL	TDI	PFL		
New York (PFL: Enacted in 2016, effective 2018)	<p>State fund, with highly-regulated private options</p> <p>Funded through employee/ employer payroll tax;</p> <p>Employers must provide coverage either through private insurance or state plan, or request approval to self-insure</p> <p>Employers may wave the employee contribution to fully fund coverage</p>	<p>State fund, with highly-regulated private options</p> <p>Funded through employee payroll tax; Employers may opt to cover full cost of PFL for employees</p> <p>Employers must provide coverage either through private insurance or state plan, or request approval to self-insure</p>	<p>Employee:</p> <p>0.5% of wages paid, up to \$0.60 per week</p> <p>Employer: all additional costs</p>	<p>0.126% of an employee's weekly wage up to the state AWW</p>	Up to 26 weeks	Up to 8 weeks in 2018, 10 weeks in 2019, 12 weeks in 2021	<p>For temporary disability: 50%, with a weekly maximum of \$170;</p> <p>For family leave: 50% up to 50% of state AWW in 2018, 55% up to cap of 55% of state AWW in 2019, 60% up to cap of 60% of state AWW in 2020, 67% up to a cap of 67% of state AWW in 2021</p>	<p>For temporary disability: worked at least 4 consecutive weeks for a covered employer OR</p> <p>Work for an employer who provides voluntary coverage OR</p> <p>Work at least 40 hours per week for one employer as a domestic or personal employee;</p> <p>For family leave: currently employed by a covered employer & worked at least 26 consecutive weeks for a covered employer OR</p> <p>Worked at least 175 days for a covered employer if part-time</p>

Program	Architecture and Funding		Cost		Length of Leave Available		Wage Replacement	Eligibility Requirements
	Temporary Disability Insurance (TDI)	Paid family leave (PFL)	TDI	PFL	TDI	PFL		
Hawaii	Employer mandate	n/a	Employee: up to 0.5% of weekly wages, up to \$5.12 Employer: all additional costs		Up to 26 weeks	n/a	58%, with a weekly maximum of \$594	Worked at least 20 hours per week for at least 14 weeks AND Earned at least \$400 in the 52 weeks prior to the claim date AND Be in current employment

Program	Architecture and Funding		Cost		Length of Leave Available		Wage Replacement	Eligibility Requirements
	Temporary Disability Insurance (TDI)	Paid family leave (PFL)	TDI	PFL	TDI	PFL		
District of Columbia (Enacted 2017, effective July 2020)	Social insurance with exclusive state fund; Funded through employer payroll tax		0.62% of the annual salary of each covered employee		Up to 2 weeks	Up to 8 weeks of parental leave & up to 6 weeks of family care-giving leave; No more than 8 weeks of total leave in a 52-week period	For workers with weekly earnings <150% of D.C. min wage (\$690 in 2017), 90% of AWW; For workers with weekly earnings >150% of D.C. min wage, 90% of earnings up to 150% of D.C. min wage, plus 50% of earnings above this threshold, with weekly max of \$1,000	Worked more than 50% of the time for a covered employer in D.C. (not for D.C. or U.S. government) AND Worked for a covered employer for at least some time in last 52 weeks, OR Self-employed with self-employment income for work performed more than 50% of the time in D.C. AND Opted into paid leave program & paid appropriate taxes into system

Program	Architecture and Funding		Cost		Length of Leave Available		Wage Replacement	Eligibility Requirements
	Temporary Disability Insurance (TDI)	Paid family leave (PFL)	TDI	PFL	TDI	PFL		
<p>Washington State</p> <p>(Enacted 2017, effective 2019 (premiums) / January 2020 (benefits))</p>	<p>Social insurance with limited employer private options;</p> <p>Funded through an employee & employer payroll tax</p>	<p>0.4% of wages, with a minimum of 37.5% paid for by employers and the remaining amount, up to 62.5%, by employees</p>	<p>Up to 12 weeks, OR up to 14 for serious pregnancy-related complications resulting in incapacity</p>	<p>Up to 12 weeks;</p> <p>Combined family/medical leave may not exceed 16 weeks; or 18 in case of serious pregnancy-related complication</p>	<p>For workers with earnings at <50% of statewide AWW, 90% of worker's AWW;</p> <p>For workers with over 50% of statewide AWW, 90% AWW up to 50% of statewide AWW, plus 50% of employee's AWW for all earnings above 50% of statewide AWW, with weekly max of \$1,000</p>	<p>Worked at least four out of five completed quarters prior to application</p> <p>AND</p> <p>Must have worked for at least 820 hours in the qualifying period</p>		

Research on the impact of paid family and medical leave

An abundance of evidence shows that there are multiple benefits to paid family and medical leave. The majority of research focuses on the impacts of parental leave for new mothers (maternity leave) because although maternity leave is not the most common leave-taking behavior it is, for a variety of reasons, the most easily studied form of leave. The importance of mother's leave-taking should not be underplayed however, as most mothers – including the mothers of children who have not yet reached school age – work for pay in addition to being responsible for the majority of family care.⁶¹

Two-thirds of mothers bring home at least a quarter of the family's total earnings and low-income mothers tend to account for a larger share of their family's earnings.⁶² Women of color are especially likely to be economically supporting their families, and black mothers are nearly twice as likely to be the primary breadwinner for their families compared to white mothers.⁶³ As wages have stagnated, one of the only ways working families have been able to get ahead is by increasing their labor force participation and working hours. Most of this has been achieved by increasing the paid work done by mothers. It is no surprise, then, that the families that have seen real, inflation-adjusted income growth since the 1970's are married couples where the wife also works.⁶⁴

The increased labor force participation of women has not only boosted individual families' economic prospects; it has also played a key role in bolstering our overall economy. If women had not increased their work hours to the extent that they did from 1976 to 2012, our GDP today would be approximately 11 percent lower.⁶⁵ And recent research indicates that growth could have been greater still if the movement of women into the work force had been accompanied by policies to facilitate their integration of work and family responsibilities. American women's labor force participation has fallen from 1990 to 2010 relative to other advanced economies – and much of this is due to the fact that the U.S. remains the only highly industrialized country without national policies to support working families like paid family and medical leave.⁶⁶ If U.S. women in the prime working age category of 25 to 54 participated in the labor force at the same rate as women in Canada or Germany - where they have access to paid leave and other work-family policies – there would be more than 5 million additional women in the labor force, and this would result in more than \$500 billion of additional economic activity per year.⁶⁷ In this context, it is worthwhile to note that Hawaii has relatively low rates of breadwinning mothers. When breadwinning is defined as bringing home at least 40 percent of household income, Hawaii ranks 33rd in the nation, with less than half (48.9 percent) of mothers falling into this category.⁶⁸

National research on access to paid leave shows that it makes mothers more likely to return to work after the birth of a child,⁶⁹ makes women return to work more quickly compared to those without paid leave, and makes women more likely to return to the same or higher wages than they were earning before they gave birth.⁷⁰ Women who take paid parental leave and return to work are 39 percent less likely to receive public assistance and 40 percent less likely to receive food stamps than women who do not take paid leave and return to work. Men who return to work after taking parental leave are also less likely to receive public assistance or food stamps than men who return to work after the birth of a child without taking leave.⁷¹ While data on leave-

takers for family caregiving is scarcer, there is evidence to suggest similar patterns are at play. Workers who live with a child with health problems are 48% more likely than their peers to have lost wages, and caregiving for an adult with health problems increases the odds of lost wages by 29 percent. However, access to paid leave to address family health needs reduces the likelihood of lost wages by 30 percent.⁷²

Research on the existing state paid leave programs offers further evidence of the positive impacts of paid leave social insurance programs in the United States. First, access to paid leave makes fathers more likely to take parent leave, and fathers in California are now 46 percent more likely to take parental leave than they were previously.⁷³ Leave-taking by fathers is associated with a host of benefits for children and families, including a more gender-equitable division of household labor and increased paternal involvement in children's lives.⁷⁴ As mothers' access to paid leave in California increased, so did mothers' labor force participation and work hours in the 1 to 3 years after giving birth.⁷⁵ In addition to being more likely to return to work, mothers in California are also more likely to return to their same employer, replicating the results found at the national level under largely voluntary employer-provided paid leave plans.⁷⁶ The implementation of paid family leave in California is also associated with an increase in breastfeeding duration among new mothers, which is associated with a host of health benefits for children.⁷⁷ And contrary to concerns from the business community before California's paid family leave plan went into effect in 2004, the majority of employers in the state have reported either a positive or null effect on employee productivity, profitability, and performance.⁷⁸

There is less research available on the impacts of paid family leave programs in New Jersey and Rhode Island because they have been in effect for shorter periods of time. However, there is evidence to suggest that the implementation of paid family leave in New Jersey has led to a narrowing of the employment gap between men and women, and a narrowing of the gender wage gap.⁷⁹ Employers in New Jersey, both large and small, report that they have been able to easily adjust to the expansion of the TDI system to also cover paid family leave,⁸⁰ and the majority of workers across gender, race/ethnicity, age, marital status, union affiliation, employment status, and income lines report that they view the program favorably.⁸¹

Rhode Island has had paid family leave in place for the shortest period of time, but there are signs that the program is working well.⁸² Workers who were able to take state-provided paid parental leave were significantly more likely than those taking other forms of paid leave to report a better ability to maintain financial stability, arrange child care, and re-organize their life after the arrival of a new child.⁸³ Workers who took state-provided paid leave to care for a family member were significantly more likely to report being satisfied with their ability to re-organize their life to be both a worker and a caregiver, and reported a greater ability to provide care to their family member in the long-term.⁸⁴

Growing evidence of the benefits of paid leave has resulted in tangible shifts in the private sector and among policy makers, but progress is slow. Businesses are also recognizing the role that paid leave can play in retaining workers and boosting productivity. Yet while there has been substantial media coverage of high-profile companies implementing or expanding their paid leave policies, the benefit is often only extended to high-skill, high-wage workers and not the entire workforce. A recent survey of employers found that only 58 percent of employers

provided paid maternity leave, and only 15 percent offered paid paternity leave to fathers.⁸⁵ And despite the media coverage, this does not represent a significant increase since 2012.⁸⁶

The 2016 presidential election marked the first time that nominees from both major political parties had paid leave as part of their policy platforms, although there were notable differences between the approaches. Republicans and Democrats in Congress have introduced multiple paid leave bills, although again the approach varies between the two parties. And recently, a bipartisan working group led by the American Enterprise Institute and Brookings released a report detailing a paid leave proposal that was developed by conservatives and progressives working together.⁸⁷ In spite of these advances, no national legislation has been introduced on paid leave that received bipartisan support. States continue to lead the way on innovating and implementing paid family leave.

Purpose of this report

This report provides recommendations on policy design and program implementation in order to determine how best to implement paid family and medical leave in the state of Hawaii should the legislature pass a bill into law.

To develop the following recommendations key personnel in Hawaii were interviewed, as well as in states with existing paid leave programs. The research process also included review of literature, studies from other states interested in creating paid leave programs, and legislation proposed elsewhere. During this project, the following guidelines were followed while developing recommendations to create a paid family leave insurance program for the state:

- What will be the most efficient strategy?
- What will be the most cost-effective mechanism for implementation?
- What system will be the least onerous for administrators, employers, and employees?
- How to create a model that will balance potential costs with creating a more vibrant Hawaii where workers want to live and work?

Designing a Paid Family and Medical Leave Program

Based on domestic and international examples and experiences, the form and structure of a paid leave program can vary greatly. Design decisions are based, at least in part, upon what the intended goals and outcomes of a program are. Which conditions will be covered? How long will workers be able to take leave? What level of wage replacement will be available to leave-takers? How does an individual qualify for the program? How will the program be funded? What is the ultimate role of the government, employers, and workers? While the answers to each of these questions may differ from location to location, thus altering the ultimate type of program enacted, there are a number of commonalities and issues that must be addressed for any paid leave program.

In order to function efficiently, any paid leave program must have the ability to:

- Determine if a worker is experiencing a leave-qualifying condition

- Determine if a worker is eligible for program participation
- Calculate the amount of benefit that a worker is eligible for
- Process the leave benefit and disperse funds to the worker

Unlike in states with TDI social insurance programs, there is no perfect fit for a paid leave program within already existing programs in Hawaii. As a result, the creation of a new paid leave program is not as simple as it has previously been in other states that were able to expand another program to also cover family leave. However, this does not mean that there are not lessons to be learned from and resources that can be shared with already established programs.

Section 2: Potential program structures

Employer mandates

Because Hawaii implemented temporary disability insurance as an employer mandate, it may seem appropriate to implement paid family leave in a similar manner. However, while short-term benefits such as paid sick days are often provided as solely employer funded, there is no domestic precedent for offering paid family leave in this format. While there are countries that mandate employer provision of paid maternity leave - primarily in Africa and Asia - this is the least common way that paid leave is structured internationally.⁸⁸

In these countries employers, rather than the government, provide wage replacement to workers on leave funded through their own coffers or by purchasing private market insurance products. Under this format, the government requires employers to provide paid leave, but does not transfer government funds to businesses in order to offset costs.⁸⁹ There are a small number of countries, including Singapore, Thailand, and South Korea, where the government funds a portion of the leave benefit in addition to employers' contributions.⁹⁰ Regardless of whether the government provides some funding, under employer mandates businesses are required to administer paid leave to workers themselves.

There are numerous reasons to be cautious about approaching paid family leave as an employer mandate. Employer mandates, such as Hawaii's TDI law, require individual businesses to fund and administer workers' paid leave benefits. This may lead to unintended consequences. Women are slightly more likely than men to take temporary disability leave in the United States,⁹¹ but are much more likely than men to utilize paid family leave benefits in the states with operational systems. This is not surprising since women continue to provide the majority of care to children and aging relatives, due to a combination of gender norms and women having lower opportunity costs on average. (See Table 3 on page 21 for more information on the gender breakdowns of state paid leave program usage.)

In an ideal world men and women would take caregiving leaves at equal rates, and men's usage of family leave has steadily increased over the years that California's paid leave program has been in place. However, because paid family leave is currently more likely to be utilized by women, employer mandates can have a disproportionate economic impact on organizations where a significant portion of the workforce consists of women. There is reason to suspect that employer mandates for paid family leave may result in unintended negative employment

outcomes for workers, namely women, who are viewed as being more likely to take leave. For example, in other countries where employers are required to provide paid maternity leave to their workers without government supports, women are more likely to experience a host of negative outcomes including employment discrimination and large gender wage gaps.⁹²

Small businesses that are more likely than larger firms to need to hire replacement workers while an individual is out on leave may also face greater hardships under an employer mandated PFL program compared to organizations with larger workforces where duties can be more easily spread among coworkers. As of 2014, the most recent year of available data, nearly one-third (31.42 percent) of workers in Hawaii worked in a business with less than 100 employees, and one-in-ten (10.28 percent) worked in a business with less than 20 employees.⁹³

There are a number of private market TDI products offered by insurance carriers, and 22 insurers are currently authorized to write TDI policies in Hawaii.⁹⁴ New York administers a state-wide social insurance program to provide TDI, but also allows employers to self-insure or purchase a private market policy. As New York expands their system to also include PFL, they are requiring employers with private insurance coverage to offer both PFL and TDI from the same carrier.⁹⁵ As a result, a number of insurance carriers are developing PFL policies for their clients. Unlike in Hawaii, New York requires that premiums must be community rated in order to ensure that premiums are not different based on gender, age, or any other individual factor. Employees' maximum contribution is 0.126 percent of their weekly wages up to the statewide average wage.⁹⁶ In 2016 the average weekly wage was \$1,305.92, leading to a maximum employee contribution of \$1.65 per week.⁹⁷ This does not, however, limit how much insurance carriers can charge for their product, and the state law only sets a floor on benefits but does not prohibit employers from providing more generous leave policies. It remains to be seen how cost effective and efficient private insurance carriers will be when compared to the state program in providing PFL, which offers higher levels of wage replacement than New York's TDI system. It is also too soon to tell if the private PFL market will exhibit some of the same problems seen in the private for-profit health care insurance market, including the financial incentive for insurance companies to deny claims.⁹⁸ And while employers in New York have the option of providing PFL through private insurers or self-insuring, there is no employer mandate requiring them to do so because they have the ability to ensure coverage through the state system.

California also allows employers to opt-out of the state TDI and PFL program by establishing a Voluntary Plan (VP) that is approved by the state. In order to qualify, the VP must provide all the same benefits as the state program in addition to at least one benefit that is more generous than that provided by the state, for example a longer length of leave or a higher level of wage replacement. The VP cannot cost workers more than the state program, and employers must provide a security deposit to the state in order to ensure that all obligations are met.⁹⁹ California must approve every VP, and there is a dedicated unit within the state government that oversees and audits VPs to ensure that they are in compliance with state law.¹⁰⁰ It is important to note that requiring paid leave as an employer mandate still requires state oversight and involvement in order to ensure that workers are covered for the benefits they are legally eligible for.

Therefore, structuring a PFL program as an employer mandate is likely to result in negative outcomes for women, older workers, workers with disabilities, other workers who are the most

likely to need leave, and the businesses that employ them. This is also the least common model for structuring paid family and medical leave internationally and has no precedent domestically. As a result of these drawbacks, this program structure is not recommended nor explored in greater detail throughout this report.

Social insurance

The majority of paid leave programs, internationally and domestically, are structured as social insurance programs. Social insurance is similar to other forms of insurance, wherein workers pay “premiums”, often through the payroll tax system, into a dedicated insurance fund. Unlike other forms of insurance, these premiums are not experience rated, where those who are most likely to file a claim pay higher rates, but community rated where each individual pays at a similar rate to equalize the financial impact. This is not to say that every worker necessarily pays the same total amount, but often the costs are calculated as a percentage of earnings. Higher wage workers pay more into the system, but when benefits are calculated as a percentage of their normal wages they also receive a larger benefit amount in absolute terms. Under social insurance, when a worker qualifies for leave they file a claim with the government program and receive wage replacement as a government benefit, rather than through their employer. This creates less burden on employers, and prevents workers from having to disclose potentially sensitive personal and medical information to their employers. Because social insurance allows for both risk and resources to be spread across a large community, in this case all workers, it allows for benefits to be provided at a low per-person cost. This model works well for paid leave because while every worker potentially will need leave at some point in their lives, these are relatively infrequent events in the life course. For example, the majority of mothers in the U.S. (63 percent) will have only 1 or 2 children by the time she ends her childbearing years.¹⁰¹

There are a number of well-functioning and popular social insurance programs already operating in the United States. The best known national examples are Social Security and Medicare, which the vast majority of workers will pay into during their working years. Both employers and employees contribute FICA taxes to fund the system, and are able to draw benefits when they reach retirement or become seriously disabled. Unlike with a personal savings account like a 401k, all of the contributions are pooled together into an intergenerational transfer system. In addition to funding retirement and disability benefits that the individual worker may receive, Social Security funds are also used to provide survivor benefits to qualifying families of workers who have died.¹⁰² Medicare operates similarly but provides health care coverage to those who qualify based on age or disability rather than cash benefits.¹⁰³

The paid leave programs run in the states with currently operational programs are organized similarly. In California, New Jersey, and Rhode Island workers, and in the case of New Jersey employers, contribute to dedicated trust funds that are used to fund benefit payments and administrative expenses associated with running the programs. These trust funds are periodically audited to ensure that the payroll tax levels are sufficient to cover the payment of benefits, and taxes can be adjusted as needed to ensure the health of the funds. New Jersey and California do have options for employers to provide paid leave benefits to workers outside of the state social insurance systems, although this option is not widely utilized. In both instances, there are structures in place to ensure that workers who change jobs or have employers who are not in

compliance are still covered if they need access to paid leave.¹⁰⁴ Workers in California cannot be compelled to accept coverage under a Voluntary Plan and have the option of opting into the state system instead if they choose.¹⁰⁵

Noncontributory programs

Other countries operate PFML through noncontributory programs, although this is a less common approach than the social insurance model. Under this program structure leave-takers still receive wage replacement through a government program, but they are financed through general funds rather than dedicated “premiums” submitted through payroll contributions. The most recent country to take this approach to paid leave is Australia, which implemented paid parental leave in 2011.¹⁰⁶

Under the Australian paid parental leave scheme, which is funded through general revenue, all leave-takers are eligible for the same flat benefit, paid at the national minimum wage. This is consistent with the pre-existing “Baby Bonus” which provided a lump sum benefit to parents after the birth of a child, but differs from the wage replacement offered under most social insurance programs.¹⁰⁷ When workers fund the program directly through payroll taxes, it is logically consistent to base benefit payments on their taxed earnings. For example, high wage earners who pay the most into the Social Security system also receive the largest benefits in absolute dollars when they reach retirement age, although low wage earners may receive a higher percentage of their working income. However, because Australia funds their program through general revenue rather than a dedicated tax, it is consistent to provide a flat paid leave benefit rather than basing payments on an individual’s earnings.

Additionally, while the Australian paid parental leave benefit is paid at the minimum wage, their hourly minimum wage was \$17.70 in 2016, compared to the current 2017 minimum wage of \$9.25 in Hawaii.¹⁰⁸ Because the Australian payment structure assumes full-time work some workers, primarily those working part-time, receive more income while on parental leave than they did while working. This is consistent with the previous Australian “Baby Bonus” model that existed prior to the implementation of the paid parental leave scheme, which did not require a parent to have been previously employed to receive the benefit. However, this would be an unusual and unprecedented way to provide benefits in the U.S. context.

Australia’s program also differs from other paid leave programs domestically and around the world due to the ways benefits are dispersed. Rather than receiving a benefit directly from the government, Australian leave-takers receive their benefits through their employers’ payroll systems, meaning that they receive wage replacement through the same mechanism through which they receive their normal earnings. The government makes an advance payment to the employer in order to cover the cost of the leave benefit, paid out of general revenue, which is then paid out to the benefit recipient as if it were their normal earnings.

There are many different ways that a paid family and medical leave program could potentially be structured. Determining the best structure depends on the goals of the program and other existing programs and precedents. For example, employer mandates are inconsistent with programs

intended to help reduce employment discrimination, while flat rate benefits may not be appropriate in a context where the minimum wage is not a living wage.

Necessary components of a paid family and medical leave program

While some options are better than others, there are a number of examples both international and domestic that provide guidance on how a paid family leave program can be structured and administered, including: employer mandates, social insurance, or noncontributory programs. Regardless of the format a paid leave program takes, in order to function effectively and efficiently any paid leave program must be able to address the following requirements:

- Ability to determine the validity of a leave application. This involves making determinations about whether a worker’s need for family leave, either parental or caregiving, qualifies them for leave in addition to the ability to process claim submissions in an efficient and timely manner.
- Ability to determine whether the applicant meets requirements for program eligibility, whether based on earnings or labor force attachment
- Ability to determine the amount of the paid leave benefit
- Ability to process payment information and disperse funds to eligible applicants
- Ability to review and process appeals for claims that are initially declined

Evaluating qualifying events

All PFL programs, regardless of their administrative structure, must be able to evaluate claims and establish if an individual applicant is experiencing a qualifying leave-triggering life event. The currently operational or soon to be operational paid leave programs in the United States are intended to cover the same life events that are eligible for job-protected leave under the FMLA. These include: the need to care for a newborn, newly adopted, or newly placed foster child, the need to provide care for a seriously ill family member, or the need to address a worker’s own serious health concern. Because Hawaii already has a state law that mandates employers provide TDI coverage to their employees, this report assumes that any paid leave program pursued by the state would, at minimum, include paid parental leave and family caregiving leave.

Evaluating a qualifying event involves two components: verifying that a covered life event has taken place, and determining the appropriate amount of leave necessary. For example, while the FMLA provides *up to* 12 weeks of job protected leave each year for qualifying conditions, not all workers are automatically eligible for 12 weeks of leave. The exact amount of time off available is dependent upon the circumstances leading to the need for leave. Assessing parental leave is relatively straightforward because determining the birth, adoption, or foster placement of a child is generally uncomplicated. For example, in California and New Jersey parents are automatically eligible for 6 weeks of parental leave, and Rhode Island provides 4 weeks. Birth mothers in these states are also eligible for separate TDI leave to address physical recovery related to pregnancy and childbirth, with the amount determined based on their individual medical needs. As shown in the table below, on average workers do not maximize the full amount of leave available to them.

Table 3. Comparison between existing operational state family leave programs

<i>Table 3: Comparison between existing state family leave programs¹⁰⁹</i>			
	California Usage	New Jersey Usage	Rhode Island Usage
	SFY 2016-2017	2015	2015
Number of covered workers	13,100,000	3,831,200	391,130
Total number of leaves	301,327	32,033	4,941
Total percentage of population taking leave	2.30 percent	0.83 percent	1.26 Percent
Average length of leave	5.36 weeks	5.2 weeks (5.4 weeks parental, 4.0 weeks family caregiving)	3.6 weeks
<i>Distribution of leave types (may not sum to 100 percent)</i>			
Parental	87.77 percent	83.63 percent	77.00 percent
Family Caregiving	12.23 percent	16.37 percent	23.00 percent
<i>Parental</i>			
Percentage of parental leave taken by men	37.54 percent	13.0 percent	34.26 percent
Percentage of parental leave taken by women	62.33 percent	87.0 percent	65.74 percent
<i>Family Caregiving</i>			
Percentage of family caregiving leave taken by men	34.10 percent	25.0 percent	31.63 percent
Percentage of family caregiving leave taken by women	65.65 percent	75.0 percent	69.24 percent

The existing state programs have processes and procedures in place to evaluate and verify claimants' leave-triggering life events. The state family caregiving programs use state birth records to verify parental leave, and adoption or foster agency records if the parental leave is for a non-biological child. Official documentation submitted from licensed medical providers is used to determine program eligibility for claimants who need family caregiving leave to provide care

to a seriously ill family member, and this medical documentation includes information about the length of leave necessary. For example, the length of leave needed for a worker who is caring for a child undergoing chemotherapy may differ from that of a worker caring for an aging parent recovering from a stroke. Replicating the best practices from the already operational state programs would allow a new paid family leave program to effectively and efficiently process and verify claimants needs and the necessary length of leave.

Potential fraud and program abuse often surfaces as a concern when developing paid family leave proposals, but fraud within the current systems is quite low because there are processes in place to ensure program integrity. A worker is not automatically eligible for the maximum length of leave available through the program simply by applying – they must submit documentation from a medical provider to ensure that the length of leave approved is appropriate for the individual circumstances. The documentation that is submitted by medical providers is also crosschecked against federally recognized classification systems and guidelines to ensure that it fits within accepted medical guidelines. And medical providers who submit false documents on behalf of an applicant can be prosecuted for fraud.

California has a robust process in place to ensure program integrity. In the case of family caregiving leave, applicants must make arrangements with the medical provider of the person requiring care to submit documentation directly to the state.¹¹⁰ This information must include the providers' medical license number, the patient's diagnosis with the corresponding International Classification of Diseases, or ICD, code, and the date the patient is estimated to no longer need care.¹¹¹ ICD codes are part of an internationally recognized classification system that relays detailed information on medical conditions by U.S. hospitals, health care facilities, and the Centers for Medicare & Medicaid Services. The anticipated duration of care is also crosschecked against the Official Disability Guidelines (ODG), which include information on anticipated recovery times. Falsely certifying a medical condition is against state law and is punishable by imprisonment, fines, and/or a penalty to repay a portion of any benefits that may have been paid as a result of a fraudulent medical certification. Similar processes are in place in Rhode Island, which maintains licensed nurses on staff to address any discrepancies between the medical documentation submitted by an applicant's medical provider and the ODG. In both states exams can be requested from independent medical examiners if needed to clarify the need for leave.

At least some of the concerns regarding paid leave fraud are based on a misunderstanding of the types of information that are required from applicants during the claims process. The application overview process is less involved than what is required under Social Security Disability Insurance (SSDI), which is intended to provide benefits to eligible individuals for the entirety of their disabling condition. Eligibility for SSDI is dependent upon, among other qualifying criteria, experiencing a work-precluding disability that is expected to last for a minimum of one year or be fatal.¹¹² However, the required medical documentation to receive PFL state-benefits is considerably more detailed than the medical documentation required by the FMLA.

Under the FMLA, leave-takers must provide official documentation to their employers containing information that their medical provider has provided and signed to verify. The types of information provided may include: the name and contact information for the worker's medical provider; the date that the worker's health condition began and how long it is anticipated to last;

relevant and appropriate information about the worker's health condition; information establishing that the worker cannot perform the essential functions of his or her job or a statement establishing that a family member is under the supervision of a medical provider due to a serious health condition and that the worker needs to provide care.¹¹³ Because the FMLA governs interactions that take place between an individual and their employer, workers are not required to waive HIPAA and provide their detailed medical history or diagnoses due to legitimate privacy concerns. This is particularly important for workers who may need leave for stigmatized conditions such as mental health and addiction support services. However, when applicants are applying for government-run programs they can be required to provide more detailed information, which is then subject to strict privacy protocols. This detailed medical information is not shared with an applicant's employer, but it is used internally to support fraud prevention measures.

The state of Hawaii does not currently operate any state-level programs that provide a similar service of making medical determinations for any other programs, with the possible exemption of state workers' compensation. The majority of states, - with the exception of North Dakota, Ohio, Washington and Wyoming – involve at least partial privatization of their workers' compensation programs and only 19 states – including Hawaii – have state-run funds that are competitive with the private market.¹¹⁴ Ideally it would be possible to share resources and expertise with the medical experts in the state workers' compensation office who have experience making medical determination. Best practices and processes from the proven expertise of the state workers' compensation program could and should be used to inform the development of a PFL medical certification process. However, new staff, training, and systems will have to be developed for a PFL program which would operate very differently than workers' compensation. There is potential for lessons from workers' compensation combined with processes and procedures from the existing state TDI programs and FMLA certifications to help inform the development of rules and procedures for a medical certification process that would be streamlined and efficient without encouraging or permitting fraud.

Determining program eligibility and benefit levels.

In addition to certifying that applicants are eligible for paid family leave based on their qualifying condition, a PFL plan must also have access to enough individual-level data about workers to determine that they have met the additional program eligibility requirements and to determine their benefit level. The most efficient and cost effective way to make these determinations is by tapping into already existing state-held data on individuals' work histories and earnings, rather collecting duplicative data into a new dataset. Because the existing and soon to be operational state paid leave plans require a demonstration of previous labor force attachment to qualify for leave and provide benefits as a percentage of normal wages, this report proceeds under the assumption that any plan pursued in Hawaii would operate under the same general guidelines.

The statute for eligibility requirements can be structured in a variety of ways when developing the structure for a PFML program. Because paid family and medical leave is intended to replace a worker's wages when he or she is unable to work due to family responsibilities, eligibility rules tend to require the demonstration of labor force attachment through previous work history. This

has historically translated into looking at previous earnings, hours worked, or months employed over a specific look back period. From a strictly administrative perspective, some of these approaches are simpler and more streamlined than others.

If Hawaii is to develop a state PFL program, it will require access to two types of information on workers. First, data are needed at the individual level on prior labor force attachment in order to make program eligibility determinations. Other state paid leave programs have set requirements on prior employment, work hours, or earnings, generally within either the base period, alternative base period, or prior 52 weeks. The exact source of data used depends on the state and what data they are already collecting. For example, California uses prior earnings as a measurement for eligibility as this is data already collected by the state in relation to Unemployment Insurance (UI.) The paid leave program being developed in Washington State uses work hours as an eligibility determination, similar to the requirements under the FMLA which use work hours and job tenure rather than prior wages to determine eligibility. This is possible in Washington because the state UI system collects data on both wages and work hours. The Hawaii state UI system collects quarterly data on workers' taxable wages (and thus contributions due to the UI system) but does not track work hours. Second, data are needed on wages in order to determine the appropriate level of wage replacement for workers who meet all the program eligibility requirements. Depending on the rules developed for a PFL system, this data may all come from the same source although the lookback periods for determining program eligibility and wage replacement may not be the same. For example, in New Jersey the lookback period for determining program eligibility is 52 weeks, while wage replacement is determined by looking only at wages within the last 8 weeks.¹¹⁵ The breadth, depth, and recentness of wage data necessary for a PFL program in Hawaii will depend on the exact rules for the program.¹¹⁶

Every state, as part of their Unemployment Insurance system, collects quarterly employment and wage data on workers employed in the state. These data are used to determine eligibility for unemployment insurance benefits if a worker becomes unemployed through no fault of their own. It is possible to use this data for purposes beyond making UI decisions, and State Workforce Agencies regularly share data with other agencies provided that the transfer of information does not result in additional uncompensated costs to the UI system. For example, California's Employment Development Department administers both unemployment insurance and the state's paid family leave and temporary disability insurance programs using the same data. While 19 states – including Hawaii – expanded their UI eligibility rules to include workers who separate from work due to “compelling family circumstances” under the 2009 UI Modernization program, these benefits are not a substitute for paid family and medical leave.¹¹⁷ Many people with family care responsibilities who need leave do not need to separate fully from employment, and many of those on leave are not available for part-time work.

Because Hawaii does not currently collect data on employees' work hours, but does collect data on wages, it would be most efficient to use prior earnings data in order to make program eligibility determinations. Hawaii's TDI law does use weeks and hours worked in order to determine eligibility for temporary medical leave, but that is a system that is privatized and employers have ready access to information on their employees' job tenure and work hours. However, if the state were to import those same program eligibility rules when developing a PFL program, the system would require self-reporting from applicants and/or would have to verify

job tenure and work hours with each individual employer for each applicant, or would have to start collecting data on work hours through the UI system. Due to the difficulty using job tenure or work hours in Hawaii, this report will continue under the assumption that previous wages will be used to calculate program eligibility.

One source of data on workers' labor force attachment and prior earnings comes from data that is collected as part of the UI system, but other options for data exists. The State Directory of New Hires also collects information on employment and earnings, which are shared with the National Directory of New Hires. This data is primarily collected in order to facilitate the collection of child support payment from parents who are frequent job-changers. Similar to sharing data with the state UI system, data sharing with the State Directory of New Hires would need to be covered through a memorandum of understanding (MOU) and could not result in uncompensated costs to the state system. Precedent for data sharing already exists in Hawaii as the UI system currently has data sharing capacities with the State Directory of New Hires, and information is shared to ensure that individuals are not inappropriately receiving UI benefits after they have found new employment. However, the utility of this data is limited, as it does not involve ongoing data collection on the employment and wages of workers, but rather only on the date of hire and wages at that time.¹¹⁸

Finally, the state taxing authority in Hawaii has data on workers' earnings from the previous calendar year which are submitted through individual tax returns. Employers provide payroll tax data on a quarterly basis to the state, but this information is submitted in aggregate and does not include individual level data on the earnings of workers. Individual income tax filings do provide individual level data on earnings, but there are drawbacks to using tax filings as the source of data to make PFL program eligibility and wage replacement determinations. Very low-wage workers who do not have tax liabilities are not legally required to file their taxes and may not be present in the state data. Depending on how eligibility thresholds are determined these workers may not qualify for PFL, so this limitation may or may not be relevant. However, there is also a significant issue of the time lag between the date of filing this information and the potential application for PFL. Because this data is only submitted annually for wages earned in the prior calendar year it may not reflect an applicant's current employment or earnings. Tax filings are typically due in April, or October if an individual is granted an extension, and consist of information on the prior year. At minimum, there is automatically a 4-month lag between the date the information is collected and the time period covered. For example, if a worker who was granted an extension on their 2016 income tax filing were to apply for leave in September 2017, the most recent data the state taxing authority would have for them would be based on their earnings from January through December 2015. This could complicate determining program eligibility for workers who have experienced spells of past unemployment and younger workers who were relatively recent entrants into the labor force, which would include many first-time parents and workers whose family caregiving or medical needs had previously resulted in a fragmented work history.

The best source of information on workers then comes from wage records collected through the state Unemployment Insurance system. This data is the most complete and up-to-date source of information on file for individual workers in the state. Theoretically, individual wage records should be available with no more than a maximum of a three-month lag from the timing an

individual applies for leave, although in practice the timing may be longer depending on the date of application. For example, if a worker submits a leave application in early June the UI system should have on file his or her wage data from the previous quarter, spanning January through March of that year.

Making benefit calculations is a relatively straightforward procedure, and depends on the time period being used to calculate a worker's base wage. Rhode Island errs on the side of generosity, providing wage replacement based on the highest quarter of earnings in the base period. New Jersey focuses on a worker's more current wages, using the prior 8 weeks as the basis for calculating wage replacement. There are benefits and drawbacks to each approach. Applicants who have seen a relatively recent increase in earnings due to a raise or new employment may not see their new income level reflected under Rhode Island's benefit calculations, while a worker who has experienced a drop in earnings may receive a higher benefit level than they would under New Jersey's benefit calculation formula. The UI system already has the capacity to contact employers directly to verify more recent wages and employment in cases where there is a time-lag between the date of application for UI benefits and the most recent information on file, and this practice could be replicated within a PFL program to ensure the most accurate and up-to-date information is being used when making eligibility and wage replacement determinations, as needed.

Processing Payments

After a PFL program has verified the need for leave and determined program eligibility and wage replacement, the program must then have the ability to transfer funds directly to claimants in a timely, efficient, and cost-effective manner. The majority of currently existing government programs no longer process payments through paper checks in favor of the electronic transfer of funds. This largely virtual system has the benefit of being less expensive, faster, and less susceptible to fraud.

At the national level, Social Security and Supplemental Security Income benefits can generally only be received in one of two ways: first by direct deposit into the benefit recipient's bank account, or transferred to a Direct Express account which can be accessed using a Direct Express Debit MasterCard. Electronic Benefits Transfer, or EBT, cards, provided by independent contractors, are similar to debit and credit cards and are used to disperse benefits for the Supplemental Nutrition Assistance Program, or SNAP, formerly known as food stamps; Temporary Assistance for Needy Families, or TANF; and the Special Supplemental Nutrition Program for Women, Infants, and Children, or WIC. Many individual states have similar contracts with banks to provide UI benefits, although these benefits are provided using a separate card.

Federal law dictates that individuals cannot be required "to establish an account for receipt of electronic fund transfers with a particular financial institution as a condition of ... receipt of a government benefit," and that the direct deposit of benefits funds should always be the first choice due to its efficiency and cost-effectiveness.¹¹⁹ As of 2013, the rate of direct deposit for unemployment benefits ranged from 16 percent to 82 percent, with an average of 57 percent, indicating that there is more states could do more to encourage and facilitate the direct transfer of

funds into recipients' bank accounts.¹²⁰ The Hawaii UI system is ahead of the curve in this regard, as bank information is collected at the time of application for UI benefits and currently over 99 percent of benefit recipients receive their payments via direct deposit. However, because nearly one-fifth (19.8 percent) of households in Hawaii are unbanked or underbanked, it is important to ensure that individuals have alternate means of receiving their cash benefits.¹²¹

There are two potential approaches to addressing claimants who, for whatever reason, are unable or unwilling to receive direct deposits. One option utilized by the other existing state paid leave programs is to provide preloaded debit cards, also known as Electronic Benefit Transfer or EBT cards, to leave-takers. While direct deposit is preferred, California and New Jersey have partnered with Bank of America to provide EBT cards that allow beneficiaries to access their funds, while Rhode Island provides cards through a contract with Chase Bank. In all three states, these are also the same cards that are also used to disperse UI benefits to claimants who do not utilize direct deposit. Hawaii does not have a similar contract for UI benefits, and recipients without direct deposit receive paper checks through the mail for their cash benefits. Hawaii does, however, have a current contract with J. P. Morgan Chase to provide EBT cards for recipients of benefits through Temporary Assistance for Needy Families (TANF), Temporary Assistance for Other Needy Families (TAONF), General Assistance (GA), Aid to the Aged, Blind or Disabled (AABD), Repatriates, Childcare, Employment and Training (E & T), First-To-Work (FTW) and the SNAP programs.¹²²

The use of such cards is not without its potential downsides, including fees for common actions such as checking the account balance or withdrawing funds. While cards that are associated with banks usually have free withdrawals when using an in-network ATM, recipients may not live in an area where they are readily accessible.¹²³ However, paper checks also can present problems for people who may have difficulty cashing them, and they are relatively expensive to process and mail. The state of California estimated that it would save \$4 million as a result of its switch from mailing checks to the use of EBT cards.¹²⁴ As a result, Hawaii should continue in its efforts to make direct deposit the first option, in keeping with federal law and in order to minimize delays in receiving payments and costs for benefit recipients.

Reviewing and processing appeals

Any paid leave program needs to have a process to address appeals in instances where employees' claims are initially denied. In Rhode Island, applicants who disagree with the decision made on their application for leave have the right to request a hearing with the Board of Review to address their case. The Board of Review is an independent entity that is not under the authority or direction of the Rhode Island Department of Labor and Training, which administers the state paid leave program. Workers have the options of bringing witnesses, representation, and any documents or evidence to support their claim to the hearing.¹²⁵ This is not a common occurrence, however. In 2014, there were 5,109 applications for paid family and caregiving leave filed, and 1,239 were denied (24.3 percent).¹²⁶ Only 62 of those cases (1.2 percent of all filed claims, and 5.0 percent of denied claims) made their way to the Rhode Island Board of Review.

The appeals process in New Jersey is similar, and applicants have the right to request an appeal hearing with the Appeal Tribunal. Appeals are addressed through telephone hearings at no cost

to the applicant, and they have the right to be represented by an attorney or another person of their choosing. Workers in New Jersey who are covered by private plans also have the right to appeal a denial of their claim to the Division of Temporary Disability Insurance.¹²⁷ Applicants in California can file with the State of California Employment Development Department (EDD) providing detailed information about why they feel their claim should be approved. If the information provided is not enough for the EDD to approve the claim, it is then forwarded on to the California Unemployment Insurance Appeals Board local Office of Appeals. The Appeals Board holds hearing dates where an impartial Administrative Law Judge will make a decision based on the information provided by the claimant and an EDD representative. Workers who are appealing a claim denial from a Voluntary Plan immediately proceed to the hearing stage.¹²⁸

The Hawaii UI system already has a similar process in place to reconsider unemployment insurance claims when applicants feel that they have been improperly denied benefits. Workers can file a request for reconsideration online or through the mail, and these requests are reviewed by the correct claims office to see if the decision can be reconsidered in office or if it requires further review. At this point, the appeal comes under the jurisdiction of the Employment Security Appeals Referees' Office (ESARO), which sets a hearing date. These hearings can occur in person or over the phone. Appeals officers are not bound by the original UI determination, and applicants have the opportunity to provide evidence and offer sworn testimony as to why they believe their claim should be approved. After the hearing the appeals officer issues a written decision on the outcome of the claim. If the claimant is still denied their claim and believes this decision is in error they can then apply for a reopening of the decision or file an appeal with the circuit court.¹²⁹ A system based on the UI procedures could and should be expanded to also cover appeals for PFL benefits in order to ensure that workers are treated fairly and have access to any benefits they are legally entitled to while preventing the payment of fraudulent claims.

Section 3: Recommendations and best practices

Paid family leave can be structured in many ways, but many of the core competencies of an administering agency remain the same regardless of the form it takes. And regardless of how a paid leave program is structured it is important that the program:

- Covers the majority if not all of the workforce and addresses the diverse needs of the workforce
- Allows workers to take adequate time away from their workplace duties to address their family needs
- Provides workers, but especially low-wage workers, with adequate wage replacement to ensure that they can afford to take leave while still meeting their financial responsibilities
- Ensures that the required contributions to fund the program are equitable and reasonable and
- Is administratively viable in as efficient and cost-effective a manner as possible.

Eligibility requirements

There are a number of ways that eligibility requirements can be developed, as is evidenced by the differing requirements of the existing and soon to be implemented paid family leave programs in other states. Eligibility can be based on wages, hours worked, or job tenure over a specified lookback period. Some options are more administratively complicated than others, and decisions should be made to create a program that balances what is most fair, cost-effective, and sufficiently generous. Wage data that the state already uses to administer unemployment insurance is collected on a quarterly basis, therefore eligibility requirements based on quarterly earnings may be simpler to administer than requirements based on other forms of information. Currently the UI system in Hawaii requires claimants to have been paid taxable wages in at least two of the first four of the last five most recently completed quarters (the base period), and requires that total wages in the base period must be at least 26 times the weekly benefit amount in the base period. The benefit amount in the base period is determined by looking at the highest quarter of earnings and dividing that amount by 21.¹³⁰ Creating a paid family leave program that determines eligibility based on earnings and employment in the base period and calculates wage replacement based on the highest quarter of earnings would be the most efficient way to administer a program since similar processes and procedures are already in place in another department.

Eligibility based on wages

Creating a relatively high earnings threshold for program eligibility results in an outcome where it is more difficult for low-wage workers to qualify for leave. For example, in Rhode Island a worker must have earned a minimum of \$11,520 in the base period to qualify for benefits. If a similar threshold were created in Hawaii, a minimum wage worker earning \$9.25 an hour would have to work at least 1,246 hours to qualify for paid leave. In contrast, a worker earning the Hawaiian median hourly wage of \$19.24 would only have to work 599 hours.¹³¹ Part time workers may have a difficult time meeting this threshold, but would still be taxed to fund the program under a social insurance model. In Rhode Island 34 percent of ineligible filed claims were denied due to insufficient contribution into the fund.¹³² Other programs have set their earnings thresholds much lower, for example California where workers only need to have earned taxable wages of at least \$300 in the base period to qualify. As a result, roughly the program covers three-quarters of all adults in the state.¹³³

Eligibility based on hours or weeks worked

The soon-to-be operational paid leave program in Washington state determines eligibility in part based on the number of hours worked in the base period. This strategy may appear to be more equitable because it does not differentiate between low- and high-wage workers as programs based on prior earnings do. However, in the state of Hawaii it would create administrative burdens because the state does not currently collect data on work hours or the number of weeks worked for an employer. Creating a program using this eligibility criteria would require new data collection by the state, or would have to rely on self-reported data or time-consuming verification with each individual employer for every claim. The latter option would be particularly burdensome in the case of workers who have more than one employer. And even if

the state chose to rely on this method it would still require an independent source of data to address scenarios where either the employee or employer challenged the number of verified weeks of employment.

Eligibility based on employer and continuous work

The paid family leave program in New York requires at least 26 weeks of consecutive employment with the same employer in order to qualify for leave benefits. In the case of a social insurance model where workers make payroll contributions to help fund the system, it is not recommended that eligibility be linked with job tenure for a specific employer. This could result in a scenario where an employee could pay into the fund for decades, change jobs, experience a need for family leave, and still be denied benefits. Because many employers with voluntary benefits programs have waiting periods before workers become eligible, new employees are especially unlikely to have access to any forms of wage replacement other than a state PFL program. Younger workers, women under 65, and black and Latino workers are all more likely to have shorter job tenures with their current employers and would be disproportionately impacted by these eligibility requirements.¹³⁴ Low-wage workers in general are more likely to change jobs frequently and are less likely to have access to paid leave through their employers, putting them at risk of exclusion as well.

Eligibility based on quarters participating

Determining program eligibility based on a set wage threshold, hours worked, or job tenure can disproportionately exclude subsets of workers and create administrative burdens, but it is reasonable to base program eligibility on prior labor force attachment. Because paid leave is intended in this context to be a work support and requires employee payroll contributions to fund the system, requiring claimants to demonstrate their prior work history is a logical choice. One potential option would be to require workers to demonstrate that they have had at least one quarter of the base period without establishing a minimum earnings threshold. Wages could be averaged over a longer time horizon when determining wage replacement in order to ensure that workers with weak ties to the labor force were not drawing disproportionately high cash benefits. Creating a requirement that workers have earnings in at least one quarter while averaging wages over a longer lookback period would ensure that the majority of workers were included in the program while also ensuring that those who had contributed very little via payroll deductions received a benefit amount reflecting their contributions to the fund.

Coverage of care for family members

The diversity of modern families requires a paid leave program with a broad and inclusive definition of family. Families are not simply parents and minor children, and the Hawaiian concept of ‘Ohana Nui, explicitly centered in the administration of the Department of Human Services, reflects an understanding of the depth and richness of intergenerational family ties.¹³⁵ The existing programs in California, Rhode Island, and New Jersey all cover an array of family relationships. Notwithstanding the importance of incorporating a range of family leave relationships, the majority of caregiving leaves taken are for immediate family members.

Table 4. Family definitions in state paid family leave programs¹³⁶

State	Family Relationships Covered by Paid Family Leave
California	<ul style="list-style-type: none"> • child • parent • spouse/domestic partner • grandparent • grandchild • sibling
New Jersey	<ul style="list-style-type: none"> • child • parent • spouse/domestic partner/civil-union partner
Rhode Island	<ul style="list-style-type: none"> • child • parent • parent-in-law • spouse/domestic partner • grandparent
New York	<ul style="list-style-type: none"> • child • parent • parent-in-law • spouse/domestic partner • grandparent • grandchild
Washington	<ul style="list-style-type: none"> • child • parent • spouse or domestic partner • grandparent • grandchild • sibling
Washington, D.C.	<ul style="list-style-type: none"> • child • parent • spouse or domestic partner • grandparent • sibling

Length of leave

The FMLA provides up to 12 weeks of job protected family leave, while the Hawaii Family Leave Law (HFLL) provides up to 4 weeks of job protected leave with more generous eligibility criteria.¹³⁷ Currently the Rhode Island program offers up to 4 weeks of paid family leave, California and New Jersey offer up to 6 weeks, Washington D.C. will offer up to 8 weeks of parental leave and 6 weeks of family caregiving leave, and New York and Washington will offer up to 12 weeks when fully implemented.

The Academy of Gynecologists and Obstetricians recommends that 4-8 weeks is a minimum amount of time needed by a mother for recovery after a normal birth; and more time is required to establish breast-feeding. Recovery from childbirth, bonding and establishment of breast-feeding are important reasons for enacting a paid family leave program. Medical needs of family members requiring care can endure for much longer, and any paid leave program must balance the needs of working families with the need to create an affordable and sustainable paid leave program.

Hawaii should be consistent with existing standards when developing a paid family leave program. As previously mentioned in this report, the standards set by a program establish the maximum amount of leave available, but most leave-takers do not take all the time available to them. While parents who use PFL to care for a new child are more likely to utilize the maximum amount of leave available, family caregivers should be expected to only take the amount of time that is medically necessary. A program with a minimum of 12 weeks of total allowable leave would be consistent with the FMLA and with the more generous leave policies passed most recently in New York and Washington. One option would be to follow the example of New York and launch a program with a shorter amount of leave, ramping up to a more generous benefit over time.

Wage Replacement

The utility of a paid leave program to workers is dependent upon the level of wage replacement provided. In California wage replacement was initially set at only 55 percent, which has been identified as a significant cause of the low usage rate among workers. The effect is particularly acute among low-wage workers who are less likely to be able to make ends meet if their earnings are cut nearly in half while on leave.¹³⁸ A study of Rhode Island's paid family leave program, which offers roughly 60 percent wage replacement, found that 80 percent of respondents who did not use the program when experiencing a qualifying event did so because they could not afford the loss of income.¹³⁹

For example, a full-time minimum wage worker in Hawaii receiving 55 percent wage replacement would only receive \$203.50 per week while on leave, compared to \$370 in normal wages. This reduction in earnings may not be sufficient for low-wage workers who are likely to need every dollar they can earn. Using Washington State's benefit calculations, that same worker would receive \$333 per week in paid leave benefits.

Creating a tiered benefit system with caps on the total amount of cash benefits allowable can help to ensure that low-wage workers are able to utilize the program while lowering payments for high-wage workers who are likely to have less need. This has the benefit of protecting the most vulnerable workers while keeping program costs down. One way this can be achieved is by offering a high level of wage replacement on earnings up to a particular threshold, which can be determined based on the state minimum wage or average weekly wage as is the case in Washington D.C. and Washington State, respectively. Earnings above that amount can be replaced at a lower rate, and benefits capped at a reasonable amount. This prevents “cliff effects” while keeping payments for high-earners in a sensible range. California, for example, currently caps their weekly benefits at \$1,173 and the state adjusts its maximum benefit amount annually so that benefits do not lose their value over time due to inflation.

Hawaii should provide either a high percentage of wage replacement, or a tiered wage replacement formula that will benefit low-wage workers in a cost-effective manner. Any paid leave program pursued should also require an increase in the weekly benefit cap that is the same as an increase in something that is related to wages in the state. The statewide average weekly wage, which is already calculated annually and reflects of how wages increase over time, is one good option. As previously stated in this report, Hawaii should continue to emphasize the direct deposit of cash benefits whenever possible, ideally by incorporating banking information in the initial application process, as is the case with UI.

Contribution rate

Funding a social insurance paid family leave program can be achieved through payroll tax deductions solely on employees, solely on employers, or as a combination of both. California, Rhode Island, New Jersey, New York, and Washington state fund paid family leave through employee contributions only, while Washington D.C.’s program will be funded entirely by employer contributions. New Jersey and New York fund temporary disability leave through a combination of employer and employee contributions.

If employee contributions are required it is important to ensure that low-wage workers are not disproportionately burdened. One option is to consider a sliding scale formula for deductions, another is to eliminate a cap on taxable wages. For example, in California workers solely fund their PFL and TDI systems through a 0.9 percent payroll tax on earnings up to \$110,902, with a maximum annual deduction of \$998.¹⁴⁰ Increasing or eliminating that cap would allow the program to remain solvent while lowering the tax burden on low-wage workers.

Program Administration

After reviewing the existing program structures with the state of Hawaii, it is recommended that the State of Hawaii Department of Labor and Industrial Relations (HI-DLIR) be the administering agency that houses a new Paid Family Leave program. The HI-DILR already oversees the Unemployment Insurance program and the Disability Compensation Division, which provide similar benefits. Creating a new unit within the HI-DILR would prevent unnecessarily duplication of processes and streamline the sharing of information and best practices.

While there are other state agencies that could potentially house the program and that can provide useful guidance and best practices, most notably the State of Hawaii Department of Human Services (HI-DHS), it is not recommended that a PFL program be housed there. HI-DHS does administer benefits directly to residents, including Temporary Assistance for Needy Families (TANF), Temporary Assistance for Other Needy Families (TAONF), SNAP – Nutrition Program (Formerly Food Stamp Program), and Aid to the Aged, Blind and Disabled (AABD), however these are not work supports like UI and PFL. HI-DHS does have an existing data sharing agreement with the UI program and has implemented a cutting edge, highly effective and efficient application processing system. However, because HI-DHS administers benefits to vulnerable Hawaiian residents, many of whom are not working or are unable to work, it is not a natural or logical home for a paid leave program that is intended to first and foremost serve workers across the income spectrum while supporting their return to work. Those functions have far more in common with the mission and objectives of the UI system.

It is vital to stress that this recommendation is for the creation of a new unit, not the expansion of UI to also cover paid family leave. The Unemployment Insurance (UI) system in the United States has its legal parameters outlined in the Social Security Act (SSA) and Federal Unemployment Tax Act (FUTA.) The UI system is intended to provide temporary, partial wage replacement to workers who are unemployed due to lack of suitable work. UI functions as a state-federal partnership, with states collecting taxes and administering benefits and the U.S. Treasury holding state trust funds. The SSA and FUTA are generally understood as creating a legal framework and “floor” for UI benefits, but states have some flexibility to be more generous and to create their own program eligibility requirements and benefit levels, provided that they do not run afoul of federal law. The SSA and FUTA have been legally interpreted by the United States Department of Labor as requiring that all UI recipients must be able and available to return to employment as a condition of receiving benefits.¹⁴¹ The very nature of needing paid family leave is based upon the fact that the individual is not able and available to work. However, that same ruling states that “nothing in federal law prohibits a state from using the existing (UI) administrative infrastructure for other programs, providing it properly allocates the costs of administration between the (UI) and non-(UI) programs.”¹⁴² This is consistent with the existing state temporary disability and paid family leave insurance programs, which use UI data but are not administered through the state UI systems.

Streamlining the Application Process

Any state PFL program should be intentionally developed to be as efficient and cost-effective as possible. This efficiency should operate on both ends – the program should be efficient to administer in addition to being straightforward and streamlined for the worker applying for and receiving benefits. This helps to ensure that claims are processed quickly while also reducing overhead costs.

The application process itself should be as simple and modernized as possible, balancing these needs with the need to ensure the integrity of the program. This is another example of how the state UI system can serve as a useful guiding example, as the UI application process is entirely online and applications are submitted by creating a registration through the online portal. There are kiosks located in the branch offices on each island, with staff available to provide assistance

as needed. The profile information submitted includes eligibility questions and the claimants' employment history which is matched against the quarterly wage data base. UI receipt requires verification of the reason for separation from employment, and because most employers are registered through the State Information Data Exchange System the majority of these inquiries can be completed electronically.

A state PFL system should seek to replicate these practice as they are the most modern and efficient way to currently receive and process claims. All components of the application process, including supporting documents from medical professionals and ability to verify last day of work by employer, should be completed electronically to the fullest extent possible. The online portal, similar to that utilized in the UI program, should provide detailed information to applicants about the necessary documentation, timelines for submission, and detailed instructions on eligibility criteria and the claims submission process.

Benefit Payment

Most governmental programs, including those in Hawaii, have transitioned away from providing cash benefits via paper checks in favor of electronic transfers of funds in order to save money and to simplify and expedite an individual's receipt of benefits. The UI program has a laudably high success rate in promoting direct deposit as the preferred way of dispersing funds, which is expedited by including bank information as part of the application process. A PFL program should take a similar approach, and include information about direct deposit and queries about bank information in the online portal for application.

Fraud detection

Any PFL program must include provisions for fraud detection. Housing a paid leave program with HI-DLIR would easily allow for fraud detection to be covered consistently with existing programs such as UI. Technology plays an important role in addressing potential fraud, and the UI system is currently able to detect fraud electronically in a number of ways. Due to Hawaii's unique geographic isolation, combined with the entirely online application process, it is relatively easy for the UI program to check IP addresses to ensure that workers are submitting claims from the islands. While valid claimants may have legitimate reasons for submitting claims from another location, this serves as a flag that further information may be needed. There are other automated processes to check claimants against other state held data bases such as the Directory of New Hires to ensure that they are in compliance with the rules of the program. Individuals who are found to have committed UI fraud face a number of potential strong penalties, including prosecution and possible jail or prison sentences, responsibility for repaying any benefits fraudulently collected, and garnishment of future wages or income tax refunds, along with losing the ability to receive UI benefits at a future date.

The potential fraudulent activity that could take place in a paid family leave program could be detected, prevented, and addressed using the same strategies and processes used by the UI system. Routinely checking IP addresses can help to prevent non-residents from fraudulently applying for PFL. Most family leave-takers will return to their same employer, but data should still be cross-matched against the State Directory of New Hires as appropriate. Additional

safeguards will be necessary to ensure that workers are not receiving PFL benefits while continuing to work. SIDES could be used to easily contact employers electronically, notifying them of a worker's paid leave benefit receipt and requiring them to confirm that the worker is on leave. Workers, employers, and medical providers should all be notified at the initiation of the claims process regarding the definition of fraud and potential penalties that could mirror those under UI.

IT

As already mentioned, the creation of a modern, user-friendly IT system to submit and process applications is vital to ensure an efficient and cost-effective system. Luckily, Hawaii is a leader in this space, as is evidenced by the current UI program, system upgrades currently underway within HI-DHS, and the consolidation of the state's IT departments into the Office for Enterprise Technology Services which has oversight into the purchasing and use of IT for all state executive offices. The result is a backdrop within which the development of a PFL program would be far more modern and tech-savvy than in many other states.

Any technology developed in the creation of a PFL program should be designed to be easily accessible and user-friendly for applicants, medical professionals submitting supplementary information, and HI-DLIR employees. The system developed should also incorporate workflow and document management to eliminate the need for paper and ensure that all records can be kept electronically. Each touch-point with applicants, health care providers, and employers should be documented within this electronic records management system.

One oft-overlooked component is that while the IT system should be structured to facilitate the application process, claims processing, and internal workflow, it must also be able to analyze data to ensure that that program is functioning well by detecting use patterns and maintaining an overview of program impact. The system should have the ability to analyze leave-taking from multiple perspectives, and include detailed data for internal usage on use of leave, wages, workforce categories, mean and median length of leave, costs, demographic information on employees, fluctuations in premium rates, and reasons for denial of applications.

Roles and responsibilities of employers

A Paid Family Leave program should incorporate processes to coordinate state-provided paid leave benefits with employer-provided benefits. Just as an individual cannot receive UI benefit payments after they start working at a new job, PFL claimants should not be able to receive state-benefits if they are still working.

In states that offer partial wage replacement to workers on paid family leave many employers choose to provide additional wages to workers in order to bring them up to 100 percent of their normal earnings. Rhode Island provides every leave-taker with a financial statement that details the length of leave they have been approved for and their benefit amount. Workers can then choose to share this information with their employers in order to make payroll adjustments as appropriate.

California has similar processes in place. In addition, San Francisco passed an ordinance in 2016 that requires employers to provide additional compensation to their employees utilizing state paid parental leave in order to bring their total earnings up to 100 percent of their gross weekly wage. Workers in California receive a Notice of Computation that details their paid leave weekly benefit amount to assist employers in making these calculations. Hawaii should implement similar procedures to ensure that program administration can be easily coordinated with employer benefits, using other state experiences as a template.

Voluntary plans and employer opt outs

In order to ensure access for all workers and a healthy trust fund, ideally a PFL plan should cover all employers and employees in the state. It is possible to create a program that allows certain employers to opt-out of the system as several other states have done, but doing so can have multiple negative effects.

California allows employers who offer Voluntary Plans (VPs) to exempt their employees from the state TDI and PFL programs, although workers have the right to opt-into the state system instead. An employer can choose to self-administer a VP or choose a third-party administrator. A VP must offer both TDI and PFL with the same rights as under the state program, cannot cost employees more than the state payroll tax for TDI and PFL, must offer at least the same benefit amount and duration of benefits, and most have at least one right or benefit that is greater than those provided under the state plan.¹⁴³ The State of California Employment Development Department, which oversees the TDI and PFL programs, has created a Voluntary Plan Administration Section that must verify and approve each VP in addition to auditing claims to ensure that they are in full compliance. The Voluntary Plan Administration Section has 2 managers and 11 staff to oversee all VPs, which currently oversee the Voluntary Plans of approximately 2,500 employers in the state.¹⁴⁴

Creating an opt-out for employers would create unnecessary administrative overhead and burdens within a new state PFL program. A universal program is preferable because it will help to lower overall costs and create economies of scale – a factor that is of increased importance in a small state such as Hawaii. It also helps to ensure that workers who change employers do not lose coverage when they may need it. It is therefore not recommended that any PFL plan developed in Hawaii include employer opt-outs or the creation of Voluntary Plans.

Outreach and education

The development of any new state program requires public education to ensure that residents are aware of the program, its basic rules for usage and eligibility, and how the program will work. This public education program should be funded by the PFL program and include information for employers, employees, and medical providers to ensure program awareness and their role within it. Employers should also be required to provide notice to workers about the program if and when they become aware that an employee has a need for paid family leave.

While California has had an operational PFL program for more than a decade, the program continues to be dogged with low levels of awareness among workers who are actively funding

the system through their payroll tax deductions. A survey of California workers found that less than half of all respondents were aware of the program and that low-income workers, workers of color, and younger workers had the lowest levels of awareness.¹⁴⁵ This has clear negative implications for workers who may need the benefit but do not know that it is available. It also has the potential to create administrative difficulties if claimants apply to the program late into their leaves because they were not previously aware of its availability and timing guidelines.

In a 2015 report conducted by University of Rhode Island, respondents who had used the state Temporary Caregiver Insurance in its first year were asked how they heard about the program.¹⁴⁶ Of those respondents, 26 percent of users learned of the program through family or friends, 20 percent were told by their employer, 14 percent learned of the expanded leave when speaking with Department of Labor and Training (DLT), 14 percent learned from co-workers, 9 percent were informed of the leave by their clinician, and an equal amount or heard about the leave from the media, internet, or other sources.

An effective education and outreach plan should be based at least in part around opportunities to identify and reach workers who experience the need for family leave.

Potential options include:

Outreach to the general public

- Purchasing radio public service announcements during commute hours
- Partnering with trusted community organizations to conduct outreach
- Distributing multi-language materials through other municipal and state agencies (such as school departments, and DHS staff)
- PSAs and commercials at large convening events, such as sporting events
- Traditional and social media, including targeted advertising
- Notices sent in tax refunds or other bills (such as partnering with a public utility to send basic information about the program).
- Information about the insurance on Hawaii state agencies website and communications.

Outreach to employees

- Working with employers and paycheck contractors (ADP, PayChex) to mail and email employees clear, concise information on how and when to apply
- Ensuring notices about the new insurance are placed in every workplace
- Requiring employers to notify employees on an annual basis, at the point of hire and at the point at which an employee might have reason to use the insurance fund
- Working with Employee Assistance Programs to understand the application process for insurance program
- Integrating with health insurance exchanges or employer-provided TDI programs, which can provide information about PFL when an employee submits notification of pregnancy or childbirth
- Coordinating with foster and adoptive family home-study and training programs for non-birth parents

Outreach to Employers

- Integrating training about new insurance into existing HR training and business outreach activities of HI-DLIR
- Integrating notice of the new program into employer communications from HI-DLIR, including newsletters, wage and hour posters, quarterly reporting and other points of contact
- Conducting regional training events for employers in partnership with nonprofit organizations, trade and business associations
- Conducting training with legal community to ensure business lawyers and employment lawyers understand the obligation of employers and employees

Medical Providers

- Regional trainings for clinicians – potentially offering continuing professional credits or webinars
- Coordinating with licensure oversight departments to communicate about new program during renewal process
- Train the trainer model to train heads of large healthcare systems, hospitals, community health centers and large physician practices on the application process
- Partnering with medical societies, Hawaii chapters of various membership groups such as the American Academy of Pediatrics, American College of OB/GYNs, National Association of Social Workers, etc.
- Ongoing communication through newsletters, advertising/ PSAs at medical conferences or meetings

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**PAID FAMILY LEAVE STUDY
OCTOBER 2017**

**Prepared for:
Hawaii State Commission on the Status of Women
and
Hawaii Children's Action Network**

BACKGROUND & METHODOLOGY

Hawaii Children's Action Network has contracted Anthology Research (formerly known as QMark Research) to conduct a quantitative study in the form of a statewide mixed-mode (online and telephone) survey. This study follows focus groups conducted earlier in 2017.

The fieldwork for this survey began on, September 22, 2017 and ended on October 9, 2017.

The sample for the online portion of the survey was provided by two online sampling companies, Survey Sampling International (SSI.) A total of 322 interviews were completed online.

The telephone sample was derived from a listing generated from Anthology's Random Digit Dialing software (calling both mobile and landline numbers). A total of 133 interviews were completed via telephone contacts.

A total of 455 surveys were completed using a stratified sampling approach. The margin of error for a total sample of this size (n=455) is +/- 4.69 percentage points with a 95% confidence level.

Each respondent was screened to ensure they were employed in the State of Hawaii. Fulltime, part time or self-employed workers were acceptable interviewees.

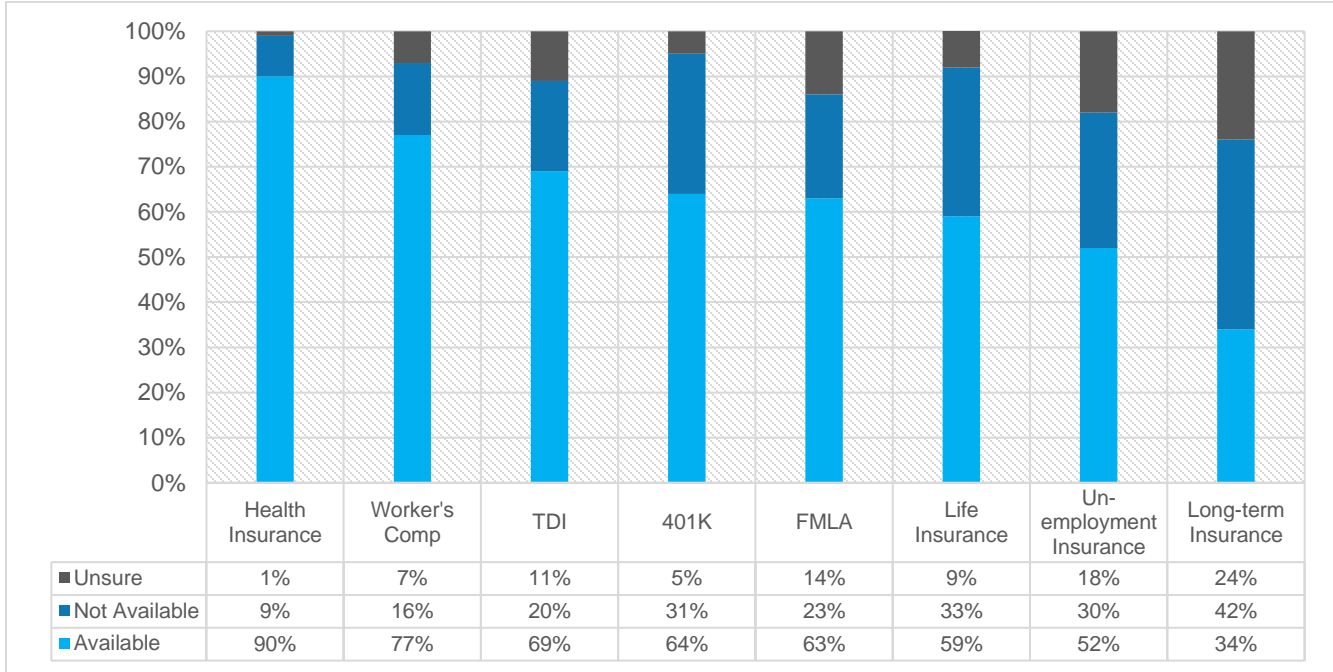
The questionnaire was designed by Anthology with input and approval by the client. A copy of the questionnaire is included in the appendix to this report.

This grant product was funded by a grant awarded by the U.S. Department of Labor's Women's Bureau. The product was created by the recipient and does not necessarily reflect the official position of the U.S. Department of Labor. The U.S. Department of Labor makes no guarantees, warranties, or assurances of any kind, express or implied, with respect to such information, including any information on linked sites and including, but not limited to, accuracy of the information or its completeness, timeliness, usefulness, adequacy, continued availability, or ownership. This product is copyrighted by the institution that created it. Internal use by an organization and/or personal use by an individual for non-commercial purposes is permissible. All other users require the prior authorization of the copyright owner.

SECTION – BACKGROUND

Current Benefit Package

At the outset of this section of the study research respondents were presented with a list of benefits and then asked to select all those that are currently available to them.



The research shows that 90% of those polled have health insurance as part of their overall benefits package. Seventy-seven percent believe they are covered by Worker's Compensation Insurance while 69% agree that TDI is a part of their benefits package.

Overall, 63% of those polled believe that FMLA is offered to them through their employer or is a benefit that they themselves provide. One in four (23%) indicate this is something that is not available to them while 14% is unsure.

- Generally speaking the availability of benefits as tested in this section is greater among more affluent segments of the working base.

Employment Status

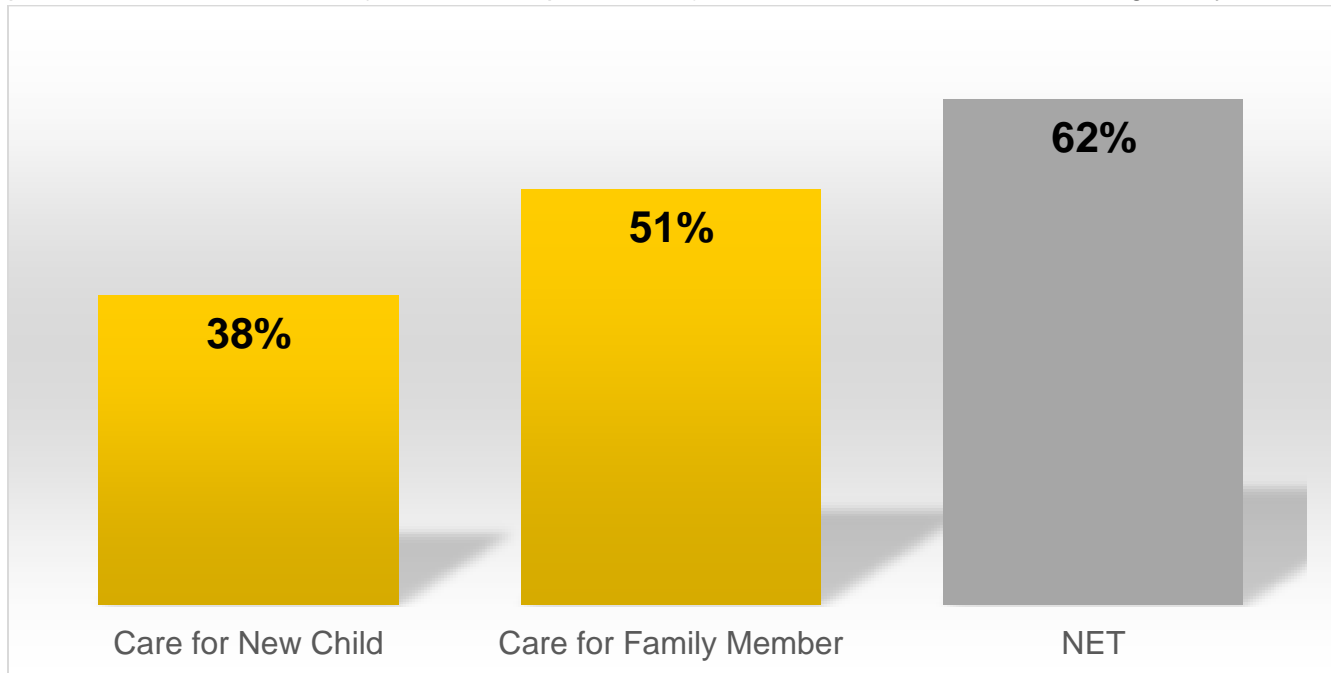
STATUS		TYPE	
88%	EMPLOYED FULL-TIME	85%	EMPLOYED BY COMPANY/ ORGANIZATION
12%	PART-TIME	11%	SELF-EMPLOYED
		4%	INDEPENDENT CONTRACTOR

Overall, a majority (88%) of those taking part in the study are employed on a full-time basis. Just 12% are part-time employees.

Most (85%) are employed by someone else while 11% are self-employed with four percent describing themselves as being independent contractors.

SECTION – FAMILY LEAVE HISTORY

Those taking part in the research were asked if they had ever wanted to take time off from work in the past to care for a new child (newborn, adopted, foster) or to take time to care for an ailing family member.



The research shows that 38% of those polled has wanted to take time off from work in the past to care for a new child (newborn, adopted, foster).

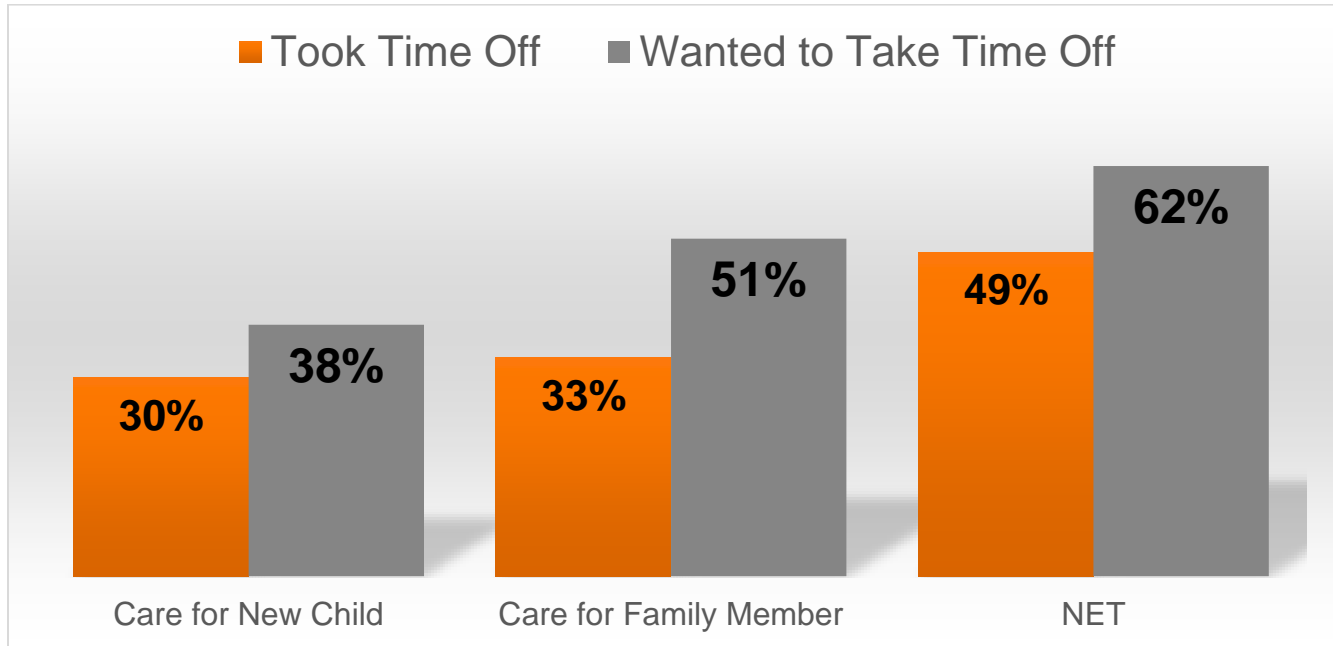
- Female (47%) respondents are nearly twice as likely to have wanted to take time off to care for a new child than their male (28%) counterparts.
- The desire to take time off to care for a new child increases as respondents become more affluent. For example, among those who reside in households that fall into the bottom income tier (<\$50K), just 23% indicated they had wanted to take time off to care for a new child. As a point of comparison, this number slowly rises until it tops out at 48% among those residing in households earning in excess of \$100K.
- Those residents born and raised in Hawaii (43%) were more likely to have wanted to take time off to care for a new child in the past than were transplants (31%).

Half (51%) of those taking part in the study have at some point wanted to take time off from work to care for a family member in need.

- Once again, females (57%) were more likely to express a past desire to do this than were their male (46%) counterparts.

When combined we find 62% of the workers polled have at some point in the past either wanted to take time off to care for a new child or help an ailing family member.

Next, these same individuals were then asked if they had actually taken time off to care for an ailing family member or new child.



The research shows that 30% actually has taken time off from work in the past to care for a new child.

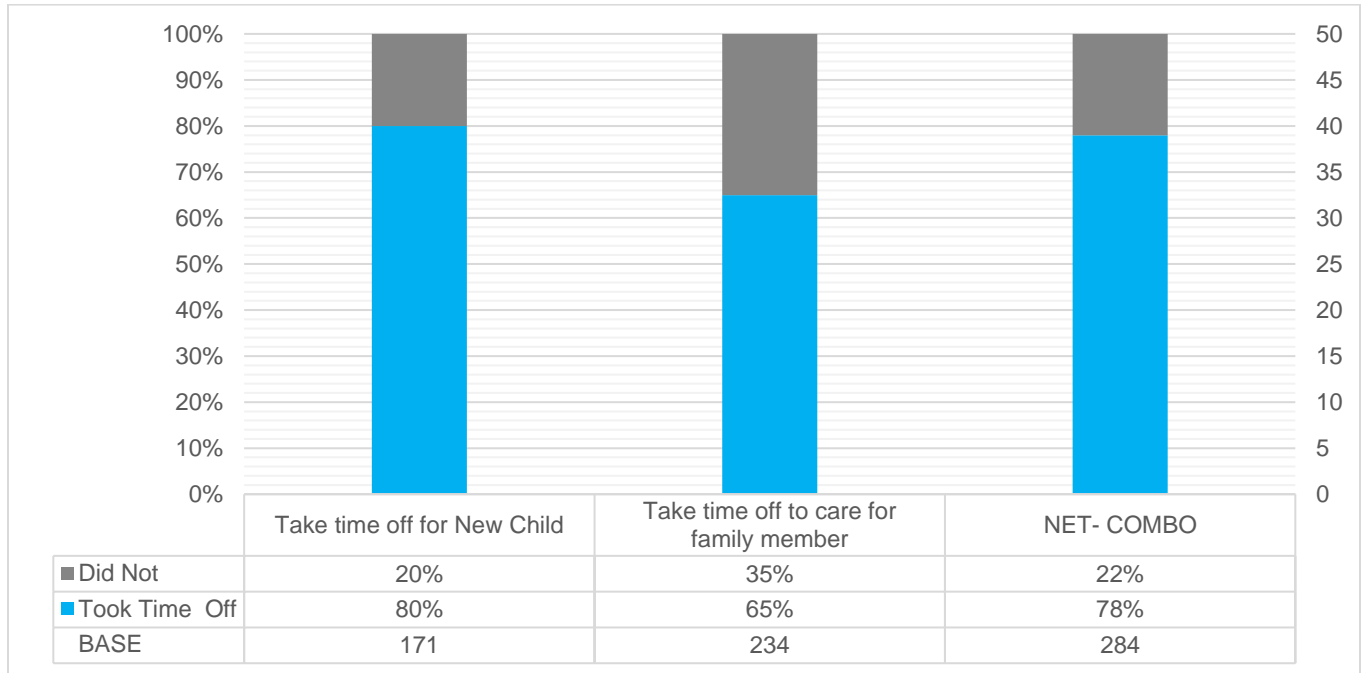
- Females (41%) were more likely to have taken time off to care for a new child than were males (19%).
- Less affluent segments of the sample were not as likely to take time off to care for a new child.

The variance is larger when it comes to caring for an ailing family member. In this instance, half (51%) indicated a desire to do so in the past with only 33% actually doing so.

- Females (41%) were also more likely than males (26%) to take off from work to care for an ailing family member.

Overall, among the 62% who wanted to take off for either of these two reasons, 49% actually ended up doing so.

In this next section, we filter the results to show the proportion of those individuals who wanted to take time off who actually ended up doing so.



Among those 171 individuals who wanted to take time off to care for a new child, 80% ended up doing so.

Among the 234 who wished to take time off to care for an ailing family member, 65% actually took a leave from their jobs.

When these numbers are combined we find 78% actually taking time off among those who had a need in one of these two areas.

Next, those individuals who took time off from work were asked if it was paid or unpaid leave.

	BASE	PAID LEAVE	UNPAID	COMBO OF BOTH
Care for New Child	137	53%	20%	27%
Care for Family Member	152	55%	32%	13%

The results show that among the 137 respondents who have taken time off to care for a new child roughly three in four received pay for at least a portion of the time they were away from work. Fifty-three percent were on paid leave while one in four (27%) in this segment had at least a portion of their time away being compensated. Of the remainder, just one in five (20%) were not paid at all.

- The men (73%) who took off from work to care for a new child were more likely to be on a paid leave than were females (44%).

Those who took time off to care for a family member were less likely to be compensated. For 55% of this segment it was paid leave while 13% had at least a portion of the time they were out covered. A third (32%) in this group took an unpaid leave to care for a family member.

- The same trend noted in the prior section holds true here where the males (67%) who took off to care for a family member were more likely to be on a paid leave than their female (48%) counterparts who also took off from work.

These same individuals that took time off from work were then asked how many weeks they were out.

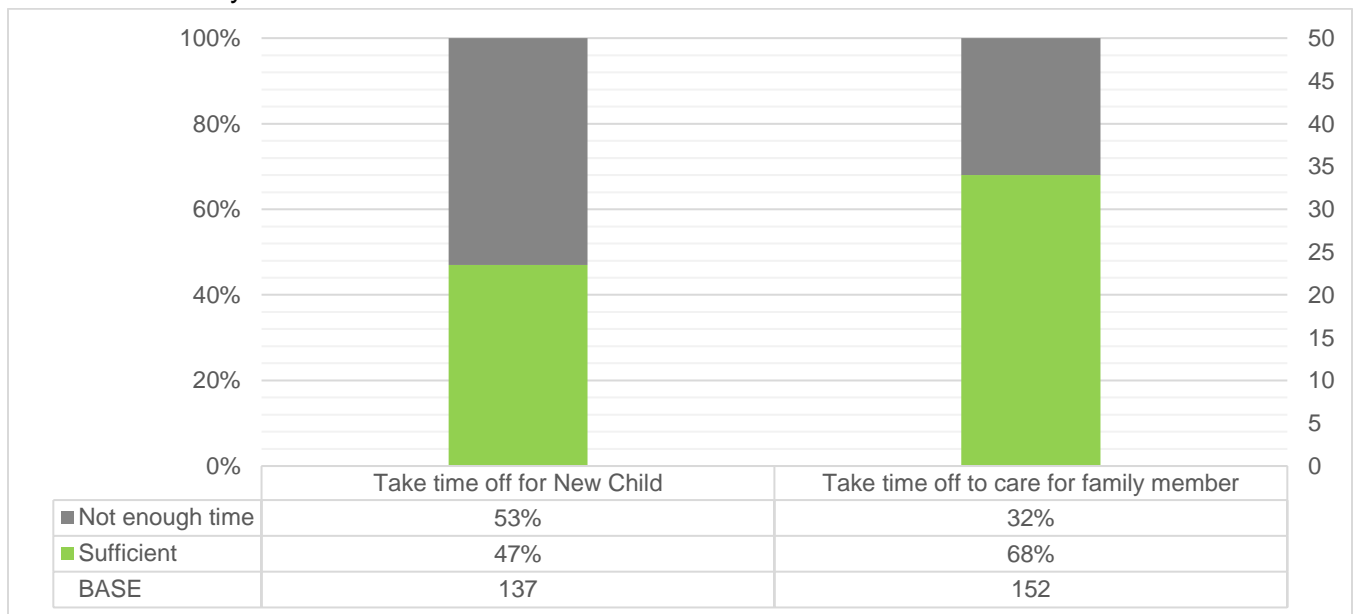
	CARE FOR NEW CHILD	CARE FOR FAMILY MEMBER
<= 4 WEEKS	42%	77%
5+ WEEKS	58%	23%
BASE	137	152
MEAN	9.53	4.27
MEDIAN	6	2

The results show the average number of weeks taken off to care for a new child was 9.53 with the median being lower at six weeks.

- Females (8-week median) who took off from work to care for a new child averaged longer stays out of work than the males (3-week median) who took off from work.

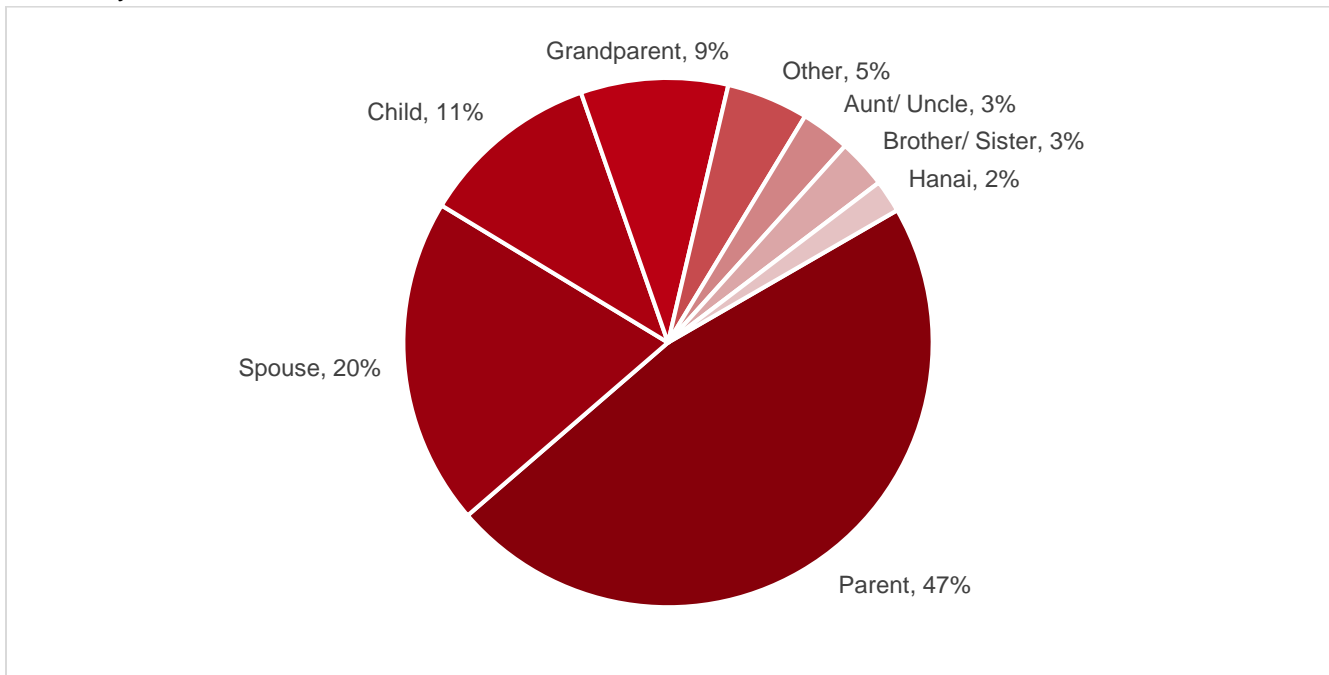
As far as caring for a family member was concerned this length of time was much shorter with the mean number of weeks being 4.27 and the median being two weeks.

At the conclusion of this section of the study those who took off from work for either of these two reasons were asked if they felt it was a sufficient amount of time.



The research shows that those who took time off for a new child were more likely to feel that it was not enough time than were those who took time to care for another family member.

Next, those respondents (n=152) that took time off to care for another family member were then asked to identify the individual.



The research shows that half (47%) of those who took time off to care for a family member identified that individual as being their parent. Ranking a distant second were the 20% who had to care for a spouse while 11% took time off to care for a sick child. Grandparents ranked just behind at nine percent.

SECTION – PROFILE OF TARGETED SEGMENTS

	TOOK TIME OFF	WANTED TO BUT DID NOT	NOT APPLICABLE
BASE	221	63	171
SAMPLE			
Oahu	71%	67%	71%
B.I.	14%	10%	13%
Maui County	9%	13%	11%
Kauai	6%	11%	5%
OAHU			
Metro HNL	22%	31%	30%
East HNL	18%	10%	16%
Windward/ NS	15%	5%	13%
Central	21%	31%	21%
West	23%	24%	20%
BIG ISLAND			
Hilo	71%	50%	57%
Kona	29%	50%	43%
PRIMARY RESIDENCE			
Own	68%	57%	63%
Rent	32%	43%	37%
AGE			
18-34	20%	30%	25%
35-49	38%	29%	28%
50-64	39%	37%	39%
65+	3%	5%	6%
MEAN	45.51	45.22	45.84
EDUCATION			
H.S. Graduate or less	13%	18%	14%
Some College	24%	38%	32%
College graduate	40%	30%	30%
Graduate degree	23%	14%	23%
ETHNICITY			
Caucasian	27%	25%	31%
Japanese	24%	24%	24%
Hawaiian/ Part	16%	19%	14%
Filipino	10%	14%	8%
Other	22%	18%	22%
BORN IN HAWAII	60%	62%	52%
HOUSEHOLD SIZE	3.28 persons	3.27	2.65
CHILD UNDER 18 IN HOUSEHOLD	48%	29%	20%
HOUSEHOLD INC			
Less than \$25K	4%	10%	6%
\$25K-\$50K	10%	24%	12%
\$50K-\$75K	17%	24%	23%
\$75K-\$100K	21%	14%	14%
\$100K+	36%	18%	31%
Rf	12%	11%	13%
GENDER			
Male	36%	68%	62%
Female	64%	32%	38%

College graduates comprise a greater proportion among those who took time off

Those born and raised in Hawaii more likely to have taken off or wanted to take time off

Those who wanted to take time off but didn't are less affluent

Females comprise the majority of those who ultimately took

Males comprise a greater proportion among those who wanted to take time off but didn't

SECTION – GENERAL APPEAL

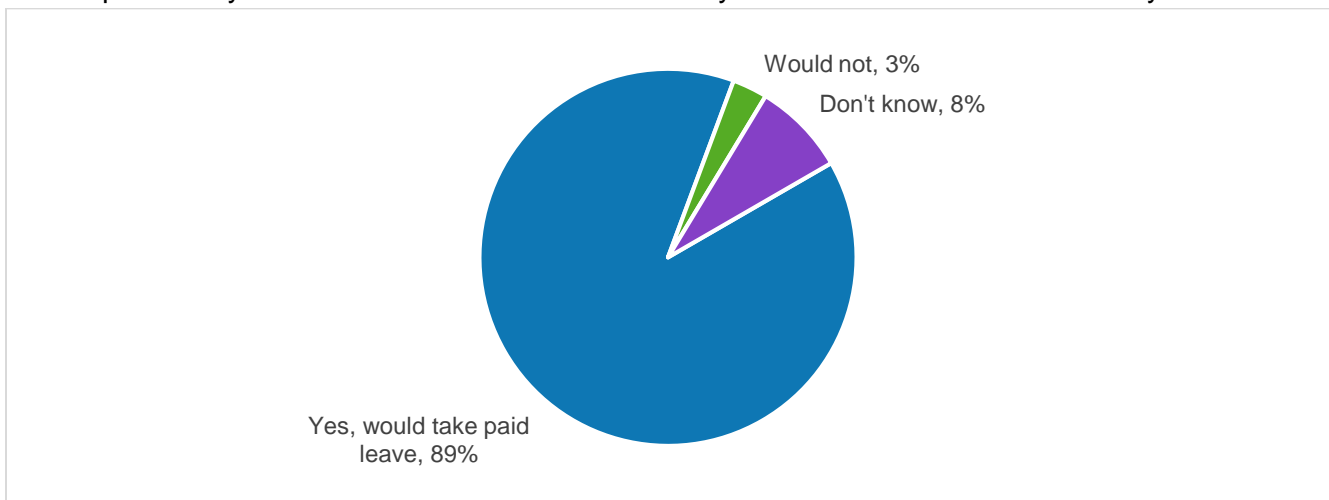
At the outset of this section of the study those taking part in the research were asked to rate the general likelihood they will need time in the future to care for a new child or family member in need. They were instructed to quantify their perceptions using a standard four-point rating scale highlighted in the table below. In addition to the percent results a mean or average score was also computed. The higher the mean score the greater the likelihood they would need time off from their jobs in the future.

	OVERALL
Very likely (4)	26%
Somewhat likely (3)	29%
Somewhat unlikely (2)	14%
Very unlikely (1)	25%
Not Sure/ Don't Know	6%
MEAN	2.60

The research shows that one in four (26%) are very likely to need time off from work in the future to either care for a new child or family member in need. Another 29% believe it is somewhat likely they will need time off from work for these reasons. Fourteen percent feel it is somewhat unlikely they will need time off while one in four (25%) believe it is very unlikely they will need to be away from work. When these scores are looked at in the aggregate they result in a mean or average score of 2.60 out of a possible 4.00.

- Those caregivers who have already taken time off from work to care for others (68% very likely + somewhat) indicate a greater likelihood to do so again in the future compared to those who have yet to do so (44% very likely + somewhat).
- Females (62% very likely + somewhat) appear more resigned to the fact that they will probably need time off from work in the future to be a caregiver than their male (49% very likely + somewhat) counterparts.

Next, in order to further probe this topic those taking part in the study were asked if they had the ability to take paid family leave in the future to care for a family member or new child would they do so.



The research shows a majority (89%) of those polled would take advantage of this benefit if offered.

SECTION – FMLA

At the outset of this section of the study each respondent was presented with the following:

This benefit allows employees to take time to care for seriously ill family members or to care for and bond with a new child (new born, adopted or foster child).

Through the national Family and Medical Leave Act, and the Hawaii Family Leave Act, certain eligible employees can already take unpaid, job-protected family and medical leave.

In this survey, we will ask you about the idea of building on these policies by offering earned paid family leave for all eligible Hawaii employees.

Research respondents were then asked to rate their level of familiarity with this benefit prior to taking part in the study. They were instructed to quantify their perceptions using a four-point rating scale highlighted in the table below. In addition to the percent results a mean or average score was also computed. The higher the mean score the greater the level of familiarity prior to the study.

	OVERALL
Knew about it a GREAT DEAL (4)	12%
Know about it SOME (3)	35%
Not too much (2)	28%
Nothing at all (1)	25%
MEAN	2.33

The results show the general level of familiarity with this benefit was relatively low prior to the start of the survey. Just 12% say they knew a great deal about it while 35% indicate they had some prior knowledge. Of the remainder, 28% knew “not too much” while 25% knew nothing at all about it. When these scores are looked at in the aggregate they result in a mean or average score of 2.33 out of a possible 4.00.

- Those with a college degree (52% knew a great deal + some) were more likely to have had prior knowledge of this benefit than those without a four-year degree (41% great deal + some).

Next, those taking part in the study were asked for their general thoughts on the description that was just presented to them. They were instructed to quantify their perceptions using a standard four-point rating scale highlighted in the table below. In addition to the percent results a mean or average score was also computed. The higher the mean score the more positive the overall perception.

	OVERALL
Very favorable (4)	60%
Somewhat favorable (3)	34%
Somewhat unfavorable (2)	4%
Very unfavorable (1)	2%
MEAN	3.52

The general reaction to this benefit is a very positive one. Sixty percent of those polled feel very favorably towards the information they were just presented with while 34% feel somewhat favorably towards it. Just six percent express reservations of any kind. When these scores are looked at in the aggregate they result in a mean or average score of 3.52 out of a possible 4.00.

- Females (67% very favorable) tend to react more favorably towards this benefit than do males (54% very favorable).
- Those who have taken time off from work in the past to care for a family member or new child (72% very favorable) have a more positive reaction to the information presented here than do those who have never taken time off from work for these reasons (49% very favorable).

Next, those these same individuals were asked why they responded the way they did in the prior section.

FAVORABLE n=427	UNFAVORABLE n=28
30% Positive- Agree with/ Need is there aging pop/ child	36% Burden on business/ taxpayers
22% Positive impact on families	21% Concern regarding funding
20% Financial security- peace of mind	14% General opposition to concept
7% Will use/ Have needed/ May use in future	11% Concern regarding abuse
5% Job security- peace of mind	11% Benefit is not necessary
5% Support but need more information	7% Don't believe people should be paid for not working
5% Support but concerned about abuse	4% Need more information

Among the majority that had a favorable perception of the general concept, 30% felt this way because they agree with it in general and feel there is a definite need for this benefit. Twenty-two percent like the positive impact that it will have on Hawaii's families while 20% specifically mention the fact that they will continue to be paid. No other single response garnered mentions from more than 10% of this segment.

- Female (25%) respondents were more likely to mention the financial security aspect than were their male (15%) counterparts who fall into this segment.

Among the 28 individuals who had an unfavorable perception of the information presented to them some feared the burden that would be placed on local businesses and taxpayers. Others question how the benefit will ultimately be funded while general opposition to the concept was also cited among those who do not believe in it.

Next, regardless of how they felt about the benefit, each respondent was asked how long an employee should be required to pay into the system before they can receive this particular benefit. They were asked to give their estimate in terms of months of employment.

	OVERALL
Less than one month	6%
One to three months	31%
Four to six months	24%
Seven to 12 months	30%
More than one year	8%
MEAN	8.67
MEDIAN	6

Six percent of those polled believe employees should be immediately eligible for this benefit. A third (31%) feels comfortable with someone working anywhere from one to three months before they can use this benefit. Twenty-four percent agree that four to six months of employment is sufficient while 30% like the idea of someone working between seven and 12 months. Eight percent feel this benefit should only be eligible to employees who have worked at their place of employment for at least a year.

The mean or average number of months was 8.67 while the median was lower at six months.

Each respondent was then asked what they felt was a reasonable limit in terms of the amount of paid leave one could take using this benefit.

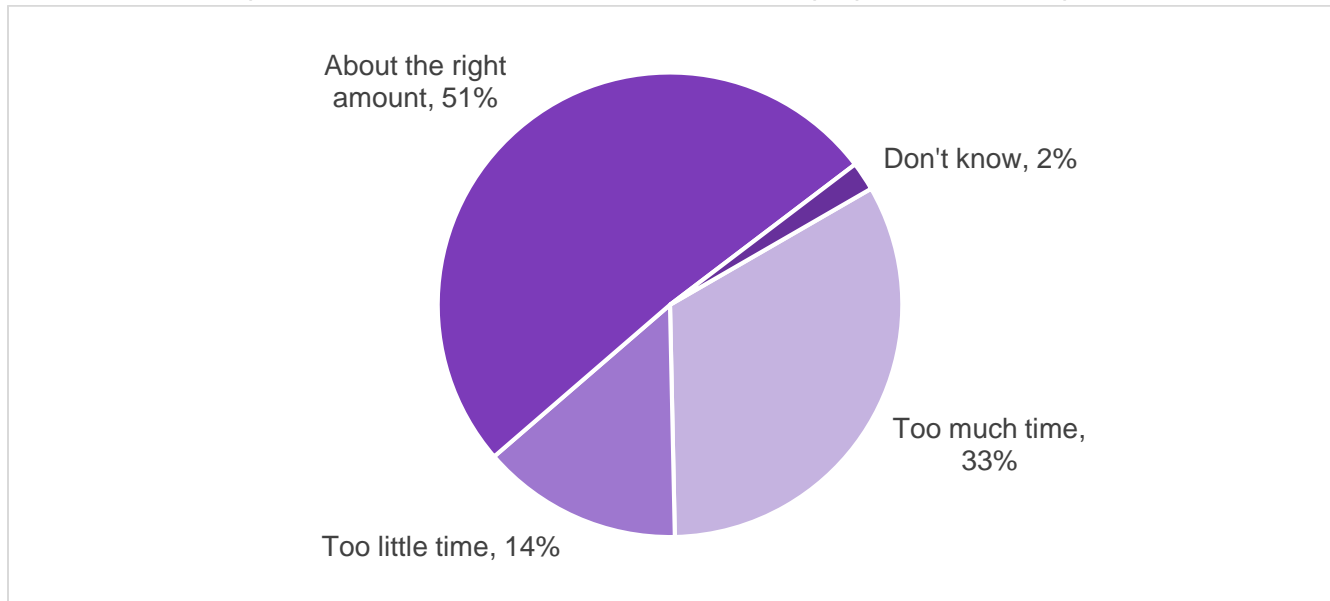
	OVERALL
< One week	3%
One to three weeks	19%
Four to six weeks	35%
Seven to 12 weeks	28%
More than 12 weeks	15%
MEAN	9.88
MEDIAN	6

Three percent feel that this benefit should consist of time off of less than one week. Nineteen percent believe that anywhere from one to three weeks is reasonable while 35% like the idea of four to six weeks of paid leave. One in four (28%) favors seven to 12 weeks while the remaining 15% is good for paid leave in excess of 12 weeks.

The mean or average length of time off that seemed reasonable to those taking part in the study was 9.88 weeks with the median being six weeks.

- Female (8-week median) respondents preferred longer paid time off than their male (4-week median) counterparts.

Next, research respondents were asked for their reaction to a proposed 12-week paid time off.



The research shows that 51% believe that 12 weeks is sufficient in most instances. A third (33%) are of the opinion that this is too long a period to be on leave from work with pay while 14% feel the opposite and agree that this is not enough time.

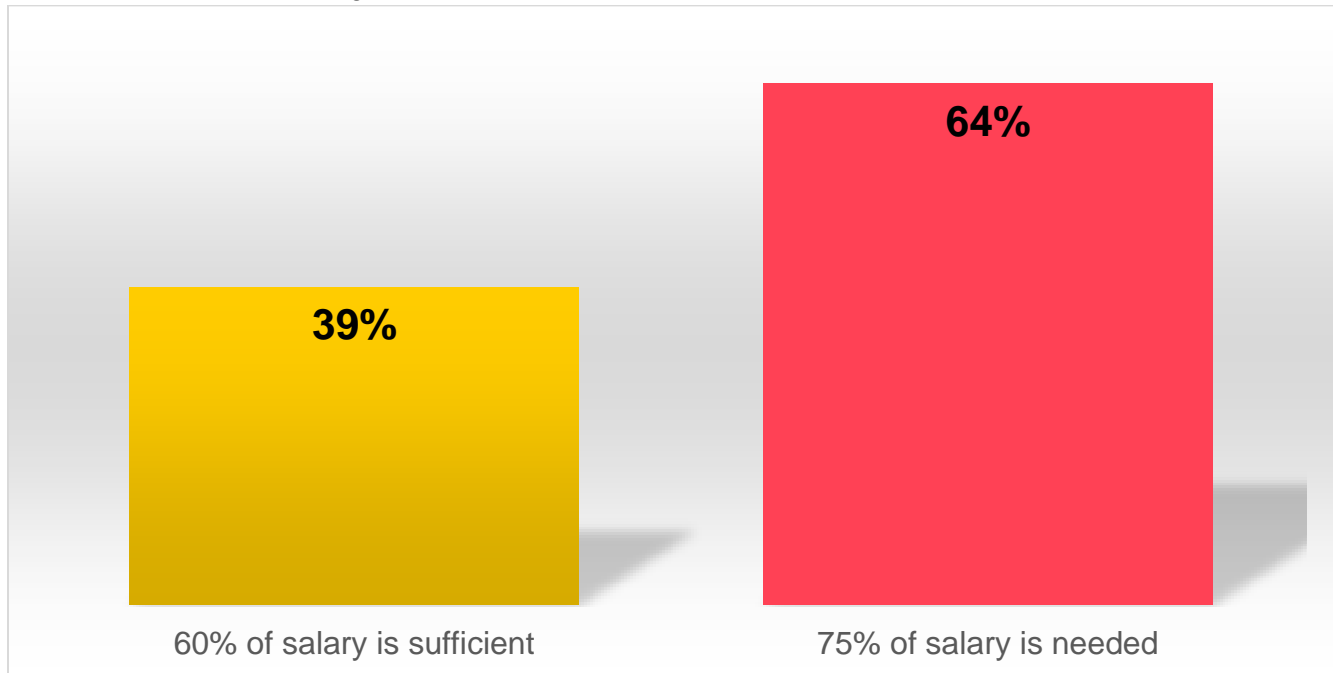
- Male respondents (49% too much time vs 20% female) are more likely to be of the opinion that 12 weeks is simply too long to be out on paid leave while females (19% too little vs 9% male) are more likely to feel that more time is warranted.
- College graduates (19%) are more likely to feel that 12 weeks is not enough time versus those who did not graduate from a four-year college (8%).

Each respondent was then asked to give an estimate of the percent of their normal pay they would need to receive during a paid family leave in order to provide for themselves and their families.

	OVERALL
<=25%	6%
26%-50%	13%
51%-75%	32%
76%-100%	48%
MEAN	74.75%
MEDIAN	75%

The average or mean percent was 75% of their take home pay was necessary for these individuals to survive during a paid family leave.

Next, in order to further probe this topic research respondents were asked if they felt they could sustain themselves on 60% of their salary during a paid family leave. If they indicated they could not they were then asked if 75% was a figure that was reasonable to them.



Overall, roughly two in five (39%) respondents indicate they could support themselves and their families on 60% of their current take home pay. When asked if 75% is a more realistic number this proportion increases to 64% of those polled.

At the conclusion of this section of the study research respondents were asked if they would be willing to commit a small portion of their paycheck each month toward a program like that one being discussed in this survey. They were then asked for a dollar amount they were comfortable with. Those who indicated they would not be willing to pay were assigned a value of \$0.

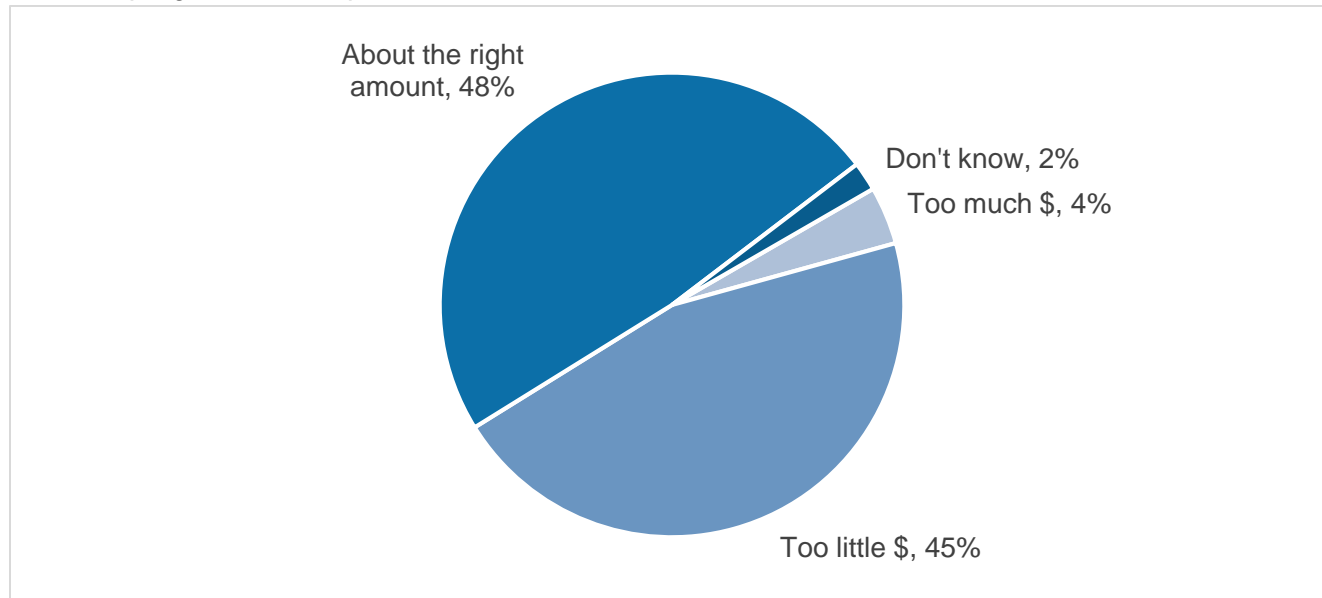
WILLING TO PAY TO TAKE PART IN PROGRAM		\$ AMOUNT/ PER MONTH
59%	Willing to contribute	\$41.88 MEAN \$25 MEDIAN
17%	Not willing to pay	
24%	Unsure	

The research shows that 59% of those polled would be willing to contribute a portion of their paycheck each month to have the benefit as described to them in the study. Seventeen percent are not willing to pay anything while one in four (24%) is unsure how they feel.

- The willingness to pay into the system increases as respondents become more affluent.
- College graduates (56%) are less likely to be willing to pay into the system compared to those without a degree (66%).

The mean or average amount respondents are willing to pay each month was \$41.88 while the median was significantly lower at \$25 a month among those with an opinion on this topic.

At the conclusion of this section of the study research respondents were asked if the amount needed to fund this program was \$2 per month what their reaction to this amount would be.



The research shows that half (48%) of those polled believe that \$2 a month is an acceptable amount to contribute each month. A near equal number (45%) is of the opinion that this dollar amount will not be enough to fully fund this benefit. Just four percent think that \$2 a month is too much.

- The proportion that believes the \$2 amount figure is inadequate to fund this benefit grows as respondents become more affluent.

SECTION – SUGGESTIONS/ THOUGHTS/ COMMENTS

In this section of the study research respondents were given the opportunity to offer any final thoughts, comments, or suggestions they may have regarding this particular topic.

Many taking part in the research react favorably to the general idea or concept.

LOVE the idea!!! My sister lives in California and has this benefit. I hope we can pass legislation to have this here as well.

I think it's a good idea for employees to take off a long period time to take care of a family member

This was a great subject I hope it happens

I am in favor of more benefits for families and employees

I understand that paying into a system may cause those who never have used it to be against this. But I think for young families and people that are taking care of their parents will find it to be useful.

I worked with an airline for 38 years and that was a benefit given to us and a lot of us took advantage of it when it was necessary. We made use of that benefit whether it was for a child or family member.

Several participants indicate they like the idea but need more information as to its mechanics. Many are still unsure about the concept itself, as the research shows an educational component to this is definitely needed. Several have their own ideas about how they feel the program should be run particularly as it relates to it being voluntary.

What happens to your monthly contribution if you don't utilize the paid leave?

I'm not too sure if what I used is considered "paid time off." I essentially had time off but used my vacation and some sick leave in order to get paid under HLA and FMLA. It seems like it would fit the first description in the survey but as I continued the survey it seemed like it's something totally different. You may want to clarify this in the survey to get accurate responses. As for when people can start using this leave, I think there should be a gradient of how long the person has worked and how much paid leave they can take per year.

The leave received should be the amount of leave accrued or dollars the employee puts in and the employee should be able to have that paid to them only on retirement.

Like insurance, this should be an option. If you do not pay in, you don't get it, period.

This policy should be purely optional. If a person elects not to opt into the policy then they should not have to pay into it nor should they be permitted to take advantage of it.

Not all employers should be required to participate. Employees should have the option of opting out.

I just like to say there need to be more options on that type of answers on the survey. Nobody should be force into this. I think it should be an opt into it. The employee and employers.

A program specifically for Family Leave Care (in my opinion) would normally be used in the private sector. Government employees have earned leave credits.... But the use is limited by union contracts. If the employee were able to use their leaves as they need it without abusing their leaves, I don't see a problem. The union contracts would have to be revised to allow more leniency on how employee use their earned leaves.

The research shows that many participants have concerns regarding the potential economic impact such a benefit would have on the local economy and the many local businesses that operate here.

I would worry about small businesses being able to afford to lose an employee for an extended period.

Given that the majority of Hawaii's jobs are in the hospitality sector, which has flexible hours, this is a totally unnecessary rule. Prior to enactment of such a rule, serious consideration should be given to the impact it would have on Hawaii's economy. Where are Hawaii's companies supposed to find qualified temporary replacement workers at the current unemployment rate?

I worry if it starts taking too much out on my pay check because it is very difficult to survive here in Hawaii because the cost of living is expensive

Very costly to employers which translates to higher prices for consumers

I think this would be a real hardship on most people, whether they're employees or employers in the state of Hawaii because the way it is in Hawaii, you work paycheck to paycheck. No one would be able to save any money for a rainy day, etc. Employers have a hard time, too because the cost of doing business in Hawaii is impossible.

I'm concerned about this plan. Middle class families already seem to have a big burden through these kinds of programs.

Paid family leave sounds like a great idea, however most families in Hawaii are already struggling and living paycheck to paycheck that I'm not sure what percent they could actually live off. However, I really like the idea of a small amount coming out of pay to cover paid family leave which should also go into a type of savings in case employee is fortunate to never have to use it.

Another concern would be questions related to who will monitor the program and police it for potential abuses.

It all depends on your personal situation, I just fear that people will take advantage of this and small business will be affected

It would have to be carefully monitored so the program could not be abused. Love the idea for newborn children but accident and illness to immediate family members could be abused easily.

This program would need to have guidelines/rules that would prevent abuse by employees, yet cause employers to allow truly "necessary" time.

Bring in entitlement area unemployment, food stamps, government various reason, this will fall into this category. Low end of the spectrum, let people have their pay with kicking taxes. Take a look at entitlements as a group first. Look at the employee and employers both can't be ripped off.

Several question the economics behind the \$2 per month charge and how this will adequately fund such a benefit.

\$24 insurance per annum seems too low

Seems like too little unless the employer is contributing too

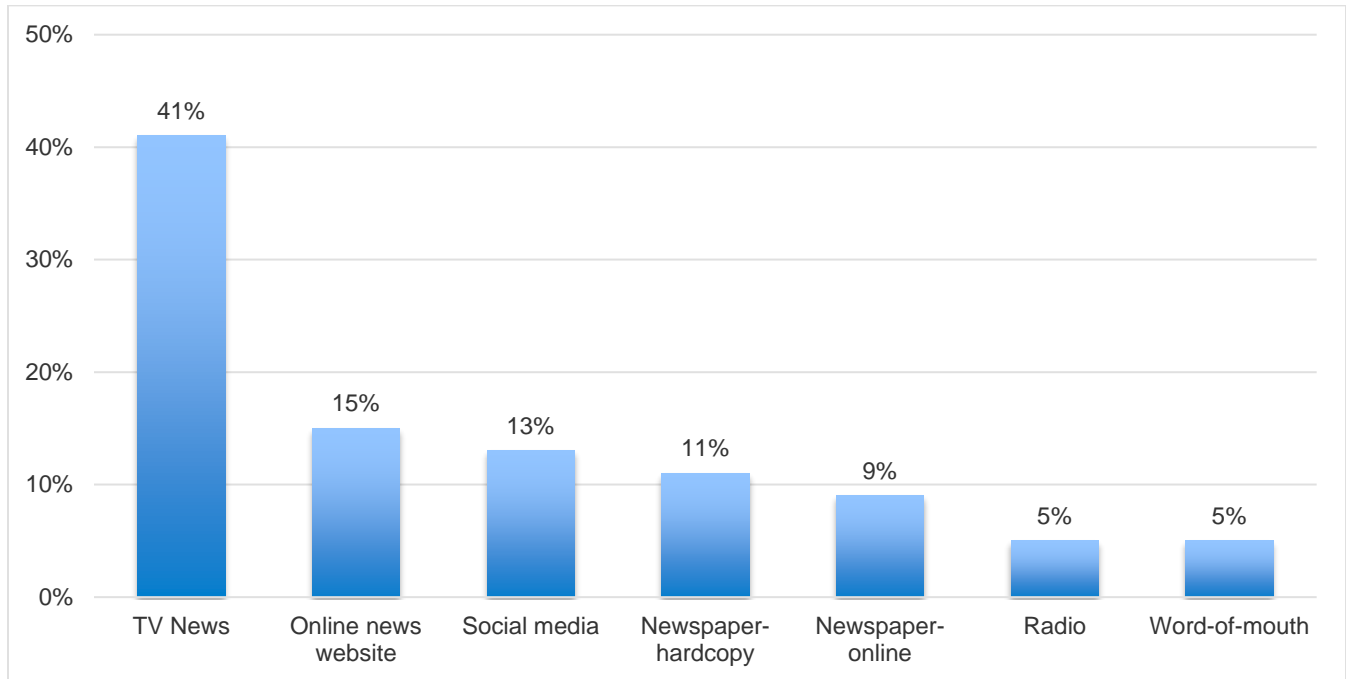
The amount deducted should be fair and \$2 seems too little.

I think it has to be more than \$2 a paycheck for month. I think it would never be successful if it's not too much money.

Make the fund larger with larger contributions

SECTION - COMMUNICATIONS

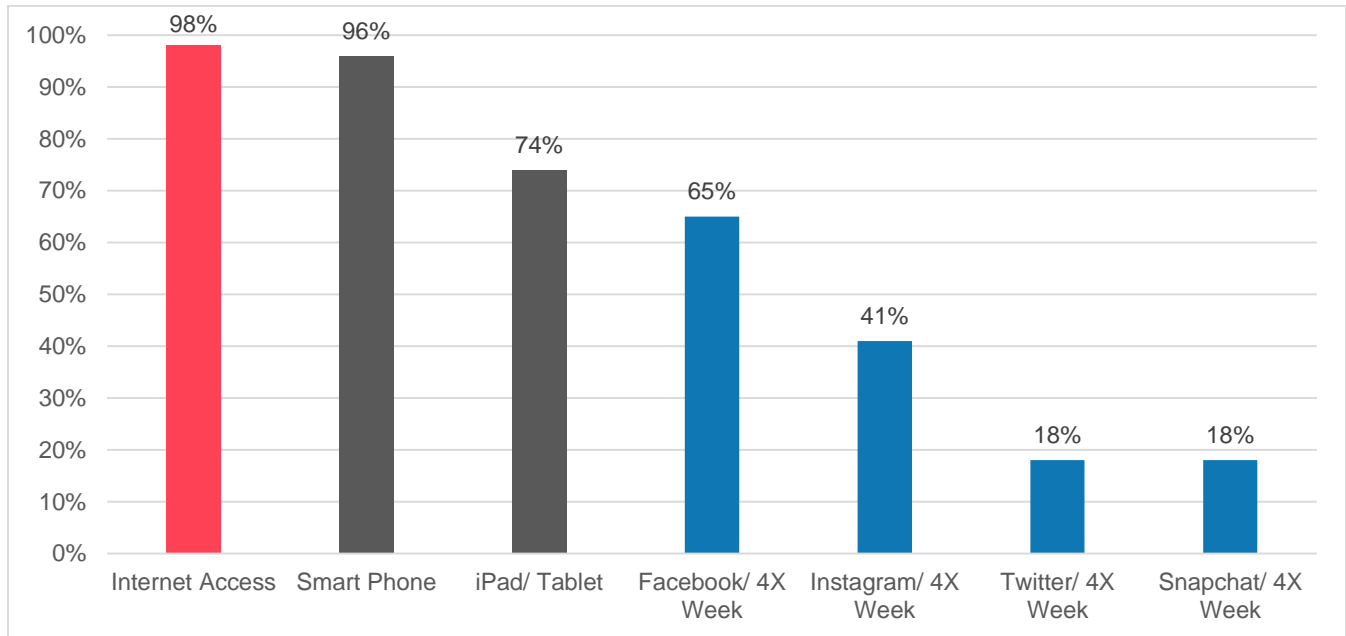
At the outset of this section of the study research respondents were asked to identify their primary source of local news.



The research shows that local television news (41%) is by far the top choice in terms of how research respondents gather information. When combined, the local newspaper both hardcopy and online ranks second. Individual news websites were chosen by 15% while 13% prefers to get their local news through social media channels.

- Females (18%) are twice as likely to list social media as their primary source of local news as compared to their male (7%) counterparts. Social media is also a more prominent source of information among younger segments of the sample. For example, 26% of young adults under the age of 35, list social media as their primary source for local news. As a point of comparison, this number falls to three percent or fewer among adults over the age of 50.

Internet/ Mobile/ Social



Overall, nearly everyone (98%) polled currently has access to the Internet.

Ninety-six percent have a smart phone while three in four (74%) possess an iPad or tablet.

As far as social media is concerned two-thirds (65%) are regular (4x per week minimum) Facebook users while Instagram is the next most popular platform at 41%. Both Twitter and Snapchat trail at regular usage rates of 18% each respectively.

- Social media usage is higher among younger segments of the sample and drops measurably once respondents hit the 50+ age segments.

At the conclusion of this section of the study those with access to the Internet were asked how often they logged on.

	OVERALL
Almost every day	93%
Few times a week	5%
Few times a month	1%
Seldom/ Never	1%

The research shows that nearly everyone goes onto the Internet at least once a day.

SECTION – HOUSEHOLD PROFILE

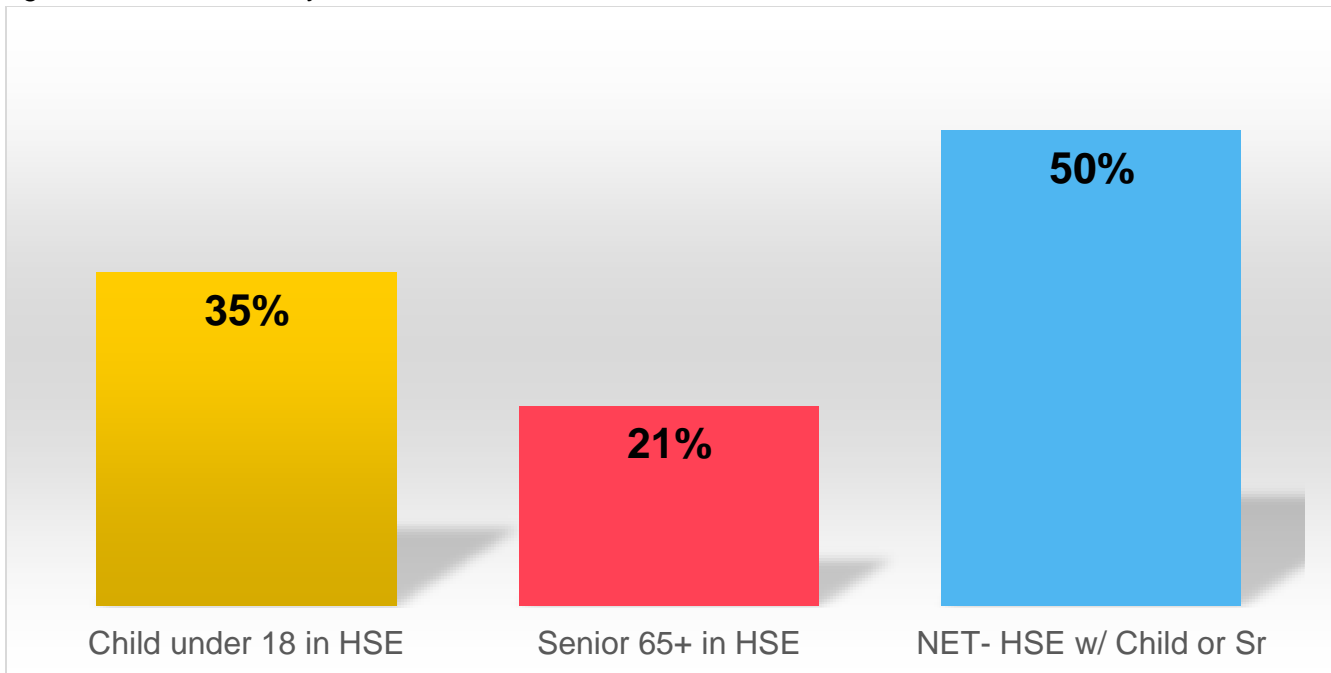
At the outset of this section of the study research respondents were asked to identify the number of persons in their immediate household.

	OVERALL
1-2 persons	49%
3+	51%
MEAN	3.04

The research shows the average respondent resides in a home with roughly three individuals. Forty-nine percent live in a home with one to two persons while the remainder live in households of three or more individuals.

- The research shows that Native Hawaiian (3.89) and Filipinos (3.87) tend to live in larger households than do their Caucasian (2.49) and Japanese (2.55) counterparts.
- Those with a college degree (2.81) tend to live in smaller households compared to those without (3.37).

Next, those taking part in the study were asked if their household contained any individuals under the age of 18 as well as any seniors 65 and older.

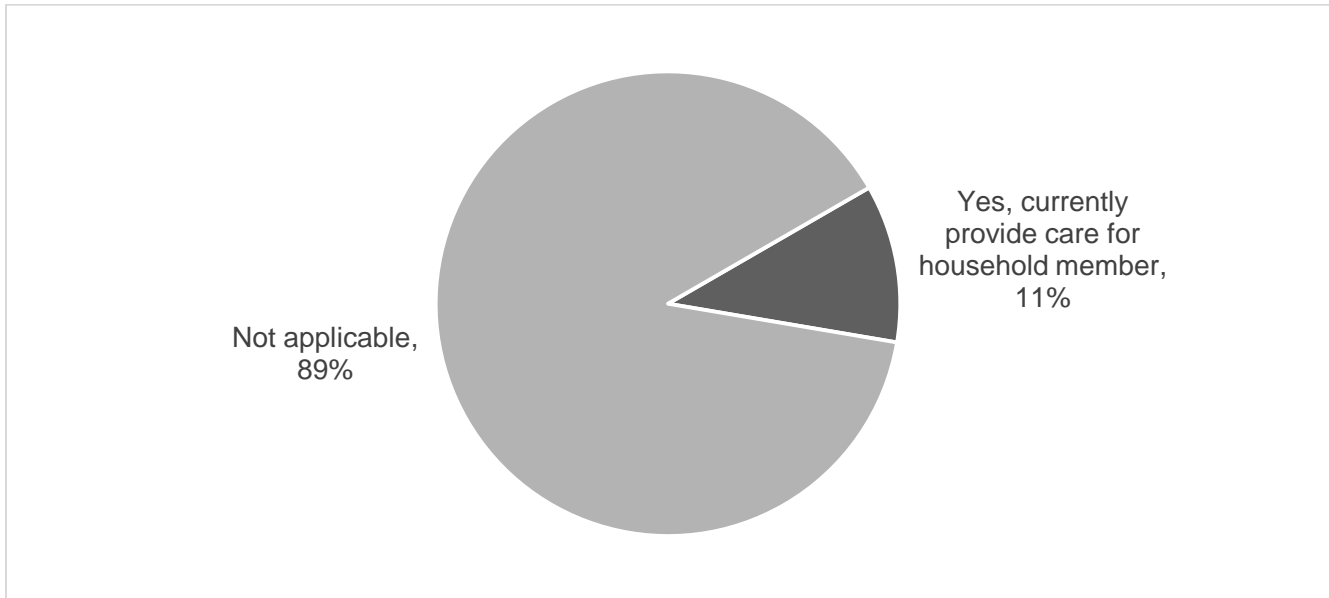


The research shows that half (50%) of those surveyed live in a household with at least one child under 18 and/or a person 65 years of age or older.

Thirty-five percent live in a household with a child under the age of 18 while 21% live in a household containing at least one senior 65 and older.

- Female (41%) respondents are more likely to reside in a household with at least one child than their male (29%) counterparts.

Next, these same individuals were asked if there are any persons currently living in their immediate household that they provide care for. The provided definition included the provision that the individual had a chronic illness or disability.



The results show that one in ten (11%) surveyed currently provide care for a household member while also maintaining a job.

At the conclusion of this section of the study those taking part in the research were asked how many individuals in their immediate household were contributing members as far as income was concerned.

	HOUSEHOLD SIZE	CONTRIBUTING MEMBER
1-2 persons	49%	83%
3+	51%	17%
MEAN	3.04	1.99

The research shows a vast majority (83%) of those polled reside in households with one to two persons contributing financially. The mean was 1.99 persons.

SECTION – PROFILE OF RESPONDENT

	OVERALL
SAMPLE	
Oahu	70%
B.I.	13%
Maui County	11%
Kauai	6%
OAHU	
Metro HNL	27%
East HNL	16%
Windward/ NS	13%
Central	23%
West	22%
BIG ISLAND	
Hilo	63%
Kona	37%
PRIMARY RESIDENCE	
Own	65%
Rent	35%
AGE	
18-34	23%
35-49	33%
50-64	39%
65+	4%
MEAN	45.59
EDUCATION	
H.S. Graduate or less	14%
Some College	29%
College graduate	35%
Graduate degree	22%
ETHNICITY	
Caucasian	28%
Japanese	24%
Hawaiian/ Part	16%
Filipino	10%
Other	20%
BORN IN HAWAII	57%
HOUSEHOLD SIZE	3.04 persons
CHILD UNDER 18 IN HOUSEHOLD	35%
HOUSEHOLD INC	
Less than \$25K	5%
\$25K-\$50K	13%
\$50K-\$75K	20%
\$75K-\$100K	18%
\$100K+	31%
Rf	12%
GENDER	
Male	50%
Female	50%

APPENDIX

2017 Hawaii Paid Family Leave Study September 2017

Hello, I'm _____ from **Anthology Research**. We're conducting a market research survey on important issues concerning Hawaii residents today/this evening and we would like to include your opinion. This is strictly market research as we do no product promotion or selling. May I speak to someone 18 years of age or older who lives in this household?

(REPEAT GREETING ONCE APPROPRIATE PARTY IS ON THE TELEPHONE.)

A. Are you or is anyone in your household employed in marketing, market research, advertising or public relations?

- 1 Yes
- 2 No

[IF "YES," THANK AND TERMINATE, CODE ON CALL RECORD SHEET.]

B. Are you a resident of Hawaii (lives in the state at least 6 months out of year)?

- 1 Yes
- 2 No

[IF "NO," THANK AND TERMINATE, CODE ON CALL RECORD SHEET.]

C. On which island do you live?

- 1 Oahu
- 2 Big island (Hawaii)
- 3 Maui
- 4 Kauai
- 5 Molokai
- 6 Lanai

D. **(IF SAID OAHU IN SC, ASK)** Which of the following best describes where you live?

- 1 Metropolitan Honolulu
- 2 East Honolulu
- 3 Windward Oahu/ North Shore
- 4 Central Oahu
- 5 West Oahu

E. **(IF SAID HAWAII ISLAND IN SC, ASK)** Which of the following best describes where you live?

- 1 East Hawaii/ Hilo
- 2 West Hawaii/ Kona

F. Which of the following best describes you?

- 1 Full time worker
- 2 Part time worker
- 3 Not employed (**THANK AND TERMINATE**)

G. Which of the following **best describes** your employment?

- 1 Employed by a company or organization
- 2 Work as an independent contractor
- 3 Self employed

1. I am going to read you a list of benefits sometimes offered by employers to their employees, as I read each one, please tell me, yes or no, if you think you have this benefit provided by your employer.

		<u>Yes</u>	<u>No</u>	<u>DK</u>
1	Health insurance	1	2	3
2	Unemployment insurance	1	2	3
3	Temporary Disability Insurance (TDI)	1	2	3
4	Worker's Compensation	1	2	3
5	Life insurance	1	2	3
6	Long term insurance	1	2	3
7	Family and Medical Leave Act (FMLA)	1	2	3
8	401k	1	2	3

2. Has there ever been a time at your current or past jobs in which you wanted to take time off to care for a new child including a newborn, adopted or foster child? How about to take care of another family member?

		<u>Yes</u>	<u>No</u>
1	Took time off to care for a new child (newborn, adopted, foster child)	1	2
2	Took time off to take care of a family member	1	2

3_1/3_2. **(FOR EACH YES, ASK)** Did you actually take that time off?

4_1/4_2. **(IF YES IN Q3_1/3_2, ASK)** Was that a paid leave or unpaid time off?

5_1/5_2. **(IF YES IN Q3_1/3_2, ASK)** How much time, in weeks, did you take?

_____ # of weeks you took off. (Round to the nearest whole week)

6_1/6_2. **(IF YES IN Q3_1/3_2, ASK)** In your opinion, was that enough time to bond with your new child or take care of your family member?

		Q2		Q3		Q4			Q5	Q6	
1	Took time off to care for a new child (newborn, adopted, foster child)	Yes	No	Yes	No	Paid	Unpaid	Combination	_____	Yes	No
2	Took time off to take care of a family member	Yes	No	Yes	No	Paid	Unpaid	Combination	_____	Yes	No

7. **(IF YES IN Q3_2)** What was your relationship to the family member for whom you cared?

- 1 Spouse
- 2 Sick or ill child
- 3 Parent
- 4 Brother or sister
- 5 Grandparent
- 6 Aunt or uncle
- 7 Hanai family member
- 8 Other relative (please specify _____)

8. How likely is it that you may need to take time off from your job to care for a new child or a family member in the future? Would you say it is very likely, somewhat likely, somewhat unlikely or very unlikely?

- 1 Very likely
- 2 Somewhat likely
- 3 Somewhat unlikely
- 4 Very unlikely
- 5 Don't know

9INTRO. In this survey, we are going to talk about a possible new benefit that could be offered in Hawaii. This benefit is referred to as Paid Family Leave. Let me tell you a little about this possible benefit and then I will ask you a few questions about it.

This benefit allows employees to take time to care for seriously ill family members or to care for and bond with a new child (new born, adopted or foster child).

Through the national Family and Medical Leave Act, and the Hawaii Family Leave Act, certain eligible employees can already take unpaid, job-protected family and medical leave.

In this survey, we will ask you about the idea of building on these policies by offering earned paid family leave for all eligible Hawaii employees.

9. Before I read this description of Paid Family Leave, how much would you say you knew about it?

Would you say...?

- 1 A great deal
- 2 Some
- 3 Not too much
- 4 Nothing at all

10. Generally speaking, after now hearing about it, is your first reaction toward the idea of Paid Family Leave very favorable, somewhat favorable, somewhat unfavorable or very unfavorable?

- 1 Very favorable **(GO TO Q11a)**
- 2 Somewhat favorable **(GO TO Q11a)**
- 3 Somewhat unfavorable **(GO TO Q11b)**
- 4 Very unfavorable **(GO TO Q11b)**

11a. Why do you feel very or somewhat favorable?

- 1 Helps employees to care for family members/ help in emergency situations
- 2 Family is important/ good for families that need it/ An important/ great/ good/ necessary/ helpful benefit/
- 3 Other states/ countries have it
- 4 Can take time off without worrying about finances/ get paid
- 5 Can take time off without fear of losing their job (job security)
- 6 Has/ had/ will/ may have family members (including self) who need/ needed/ will need to be cared for
- 7 General positive/ likes benefit
- 8 Worry about abuse/ taken advantage of
- 9 Burden to businesses
- 10 General negative/ does not like it/ needs improvement/ needs changes (non-specific)
- 11 Need more information
- 12 Other
- 13 Don't Know/ Not Sure/ N/A

11b. Why do you feel very or somewhat unfavorable?

- 1 Burden on businesses/ taxpayers
- 2 General opposes plan
- 3 Needs more information/ how will it work
- 4 Don't need it
- 5 Subject to abuse
- 6 Question about who will pay for it/ Financed
- 7 Other
- 8 Don't Know

12. If you had the ability to take paid family leave to be able to bond with a new child or to care for a close family member with a serious illness, would you take it?

- 1 Yes
- 2 No
- 3 Not sure/ don't know

13. How long, in months (12 = one year), do you feel an employee should pay into the paid family leave program before being able to use the benefit when they need to take care of a sick family member or bond with a new child?

_____ # of months

14. What would you say would be a reasonable amount of time, in weeks, to allow an employee to take off with paid leave when they need to use it?

_____ # of weeks

15. What about 12 weeks, does that seem like too much time, too little time or about the right length?

- 1 Too much time
- 2 Too little time
- 3 About the right amount of time

16. If you needed to take family leave, what percent of your normal pay would you need to receive in order to be able to support yourself and your family without causing financial hardship during the period you are on leave?

_____ % of pay

17. Could you sustain yourself with 60% of your pay?

- 1 Yes **(SKIP TO Q19)**
- 2 No
- 3 Not sure/ don't know

18. **(IF NO OR NOT SURE IN Q17, ASK)** How about 75%, would that work?

- 1 Yes
- 2 No
- 3 Not sure/ don't know

19. Would you be willing to pay a bit of your monthly paycheck toward a program that would allow you to take up to 12 weeks off in order to care for a new child, whether by birth, adoption or foster care, to care for a sick family member?

- 1 Yes
- 2 No **(SKP TO Q21)**
- 3 Not sure/ don't know **(SKP TO Q21)**

20. **(IF YES IN Q19, ASK)** What do you see as a reasonable amount for employees to pay out of their paycheck each month?

\$_____ (Round to the nearest whole dollar)

21. What if the amount needed per employee was **\$2 per month**, does that seem to be too much, too little or about the right amount?

- 1 Too much
- 2 Too little
- 3 About the right amount

22. Do you have any last thoughts or comments about any of the things we discussed in this survey?

- 1 Yes (Enter comments below)
- 2 No

And a few last questions for classification purposes only.

D1. How do you get your news about what is happening in Hawaii? Would you say your **primary source** is... **[ONE ANSWER ONLY]?**

- 1 Television news (local or national)
- 2 Newspaper – hard copy (local or national)
- 3 Newspaper – online (local or national)
- 4 Radio
- 5 Word of mouth from friends or relatives
- 6 Social media such as Facebook or Instagram
- 7 Online news website (i.e. MSN, Google News or Yahoo News)
- 8 Other source (specify _____)

D2. Yes or no, do you have each of the following:

		<u>Yes</u>	<u>No</u>
1	Access to the Internet	1	2
2	A smart phone	1	2
3	An iPad or other tablet	1	2
4	A Facebook account you visit or post to at least four times a week	1	2
5	A Twitter account you visit or post to at least four times a week	1	2
6	An Instagram account you visit or post to at least four times a week	1	2
7	A Snapchat account you visit or post to at least four times a week	1	2

(IF YES TO INTERNET, SMART PHONE OR IPHONE/TABLET, ASK:)

D3. Would you say you use the Internet almost every day, a few times a week, just a few times in a month or seldom/never?

- 1 Almost every day
- 2 A few times a week
- 3 Just few times a month
- 4 Seldom/never

D4. Including yourself, how many people live in your household?

_____ # of people in household

D5. And how many of these persons, if any, are children under the age of 18?

_____ # of people 17 and younger

D6. And how many, if any, are 65 years of age or older?

_____ # of people 65 and older

D7. How many of these household members contribute to the income of the household?

_____ # of people that contribute income to the household

D8. And are there persons living in your household that you currently provide care for? Do not include regular or routine care such as providing meals, etc. Do consider persons with chronic illness or disabilities...

- 1 Yes
- 2 No

D9. Do you own or rent your home?

- 1 Own
- 2 Rent

D10. What was your age on your last birthday?

_____ Age

D11. Were you born in Hawaii?

- 1 Yes **(SKIP TO D13)**
- 2 No

D12. **(IF NO IN D11, ASK)** How many years have you lived in Hawaii?

Would you say ...

- 1 Five years or less
- 2 Six to 10 years
- 3 Eleven to 20 years
- 4 Twenty or more years

D13. What is the highest level of education you have achieved?

- 1 Less than high school graduate
- 2 High school graduate
- 3 Some college
- 4 College graduate (Bachelors degree)
- 5 Post graduate and beyond

D14. What is your ethnic identification?

***[IF MORE THAN ONE, ASK, "WITH WHICH DO YOU IDENTIFY THE MOST".
IF NO CHOICE, CIRCLE MIXED]***

- 1 Caucasian
- 2 Japanese
- 3 Chinese
- 4 Filipino
- 5 Hawaiian/Part-Hawaiian
- 6 African-American
- 7 Other (please specify: _____)
- 8 Mixed

D15. I will read some broad categories of income and I would like you to tell me when I come to the category that includes your household's income before taxes for 2016. Please consider and include in your thinking the income of all persons living in your household as well as income from all sources including investments, retirement funds, etc.

[READ CATEGORIES]

Again, just stop me when I come to the correct category.

- 1 Less than \$25,000
- 2 \$25,000 but less than \$50,000
- 3 \$50,000 but less than \$75,000
- 4 \$75,000 but less than \$100,000
- 5 \$100,000 to \$150,000
- 6 \$150,000 or more
- 7 (DO NOT READ) Don't know/refused

D16. **[Record, DO NOT ASK:]** Gender

- 1 Male
- 2 Female

*Those are all the questions I have, thank you for participating in our survey!
May I please have your name, just in case my supervisor needs to verify I did this survey?*

Name _____ Telephone number _____

**PAID LEAVE STUDY
JUNE 2017**

Prepared for:

**Hawaii State Commission on the Status of Women
and
Hawaii Children's Action Network (HCAN)**

BACKGROUND & METHODOLOGY

HCAN would like to better understand current public perception, utilization and interest in paid family and medical leave among Hawaii business and union leaders. Such information could be used for public education and/or advocacy work at the Hawaii State Legislature.

Research Objectives

- Measure public awareness of paid family and medical leave programs in other states
- Measure current overall attitude toward paid family and medical leave
- Measure extent of need for paid family and medical leave in Hawaii
- Understand reasoning behind support or opposition to funding paid leave
- Identify initial messaging that might be successful in generating support for implementing paid family and medical leave policies in Hawaii

Recommended Approach

To achieve aforementioned objectives, we conducted a series of focus groups with respondents who represent specific groups impacted by paid family and medical leave. This qualitative research will help provide insight into perspectives of disparate groups, as well as serve as the basis for messaging that can be quantifiably tested with a subsequent poll.

The groups were composed as follows:

- One group of labor union representatives – leadership and/or members
- Two groups of employers – one group each with small/medium businesses and large businesses

The groups were held in Anthology’s Theatre and were moderated by an experienced Anthology focus group leader. Within each of the two business groups, a range of business types and size was sought. For the union group, we sought top union staff representatives.

GROUP 1 – Small/Med Business Employees

Condominium Management	15
Engineering	23
Art Supplies Sales	20
Accounting and Tax	12
Appliance Sales	35
Outpatient Surgery Center	41

GROUP 2 – Large Business Employees

Visitor Activities	100+
Financial Services	300
Printing	100+
Paper Goods Manufacturer & Distributors	92
Hospice Care	200+
Employment Agency	200+
Marketing Firm	100+

GROUP 3 – Unions Members

Political Ed. Director	6,000
Exec. Director	15,000
Deputy Exec. Director	42,000
Business Agent	1,000
Board President	550
Vice President	5,000

With approval and input from the client, a discussion outline was developed to facilitate the conversations. A copy of the discussion outline used to facilitate the groups is contained in the appendix of this report.

Each participant received a gratuity as a thank you for their participation.

This grant product was funded by a grant awarded by the U.S. Department of Labor's Women's Bureau. The product was created by the recipient and does not necessarily reflect the official position of the U.S. Department of Labor. The U.S. Department of Labor makes no guarantees, warranties, or assurances of any kind, express or implied, with respect to such information, including any information on linked sites and including, but not limited to, accuracy of the information or its completeness, timeliness, usefulness, adequacy, continued availability, or ownership. This product is copyrighted by the institution that created it. Internal use by an organization and/or personal use by an individual for non-commercial purposes is permissible. All other users require the prior authorization of the copyright owner.

SECTION – CURRENT BENEFITS PACKAGE

At the outset of the study research participants were asked to briefly describe the benefit packages available to their employees and the individuals they may represent. A fairly standard list of benefits were mentioned that include healthcare insurance as well as other items that have become expected by workers like dental, vacation days, sick days, PTO, different types of insurance, flexible spending plans. and various retirement plan options.

“Healthcare, dental, vision, pension, trades of apprenticeship. I guess you can consider that as a benefit” (Grp3- Union Representative)

“Medical...dental...PTO...401k...” (Grp2- Large Businesses)

“We offer medical, we have 401K and the vacation and sick leave” (Grp1- Medium Businesses)

“Ten days vacation, five days sick, paid holidays...the standard holidays...You know we’re looking at other things maybe we might want to increase maternity leave. [Moderator: What do you offer for maternity now?] Nothing” (Grp1- Medium Businesses)

“The big ones are obviously you’ve got your health insurance – life insurance and those sorts of things. We have a flexible spending accounts for childcare and for healthcare expenses and those sorts of things” (Grp3- Union Representative)

“Flexible spending accounts...parking...bus passes” (Grp2- Large Businesses)

“Ours has a medical and dental, health, vision, drug, chiropractic, acupuncture, discount gym membership. So, the more it [Comprehensive Health insurance] brings the better for all of our members” (Grp3- Union Representative)

“We do have a 401K plan that they can electively participate in and there’s matching by the company of their contribution up to 5%...holidays and sick time – PTO” (Grp1- Medium Businesses)

“We have a 401K with a profit sharing plan, medical, dental. We have a group term life – long-term disability. We also do – for the first five years to get 80 hours of vacation, 40 hour sick and after five years, they get a 120 and 60 hours” (Grp1- Medium Businesses)

“Long-term disability...life insurance” (Grp2- Large Businesses)

“[Moderator: Vacation, sick leave to those full-time employees?] None.” (Grp1 – Medium Businesses)

Next, research participants were asked if these list of benefits were a standard offering among all employees. The discussions reveal that full-time status usually availed the individual to the list of benefits highlighted previously. There were some who recognized certain small differences though

they were in the minority. Union representatives indicate benefit packages sometimes differ by bargaining units.

"[Moderator: Is your benefit packet the same for all full-time employees?] Yes" (Grp2- Large Businesses)

"Yes, all the same" (Grp3- Union Representative)

"We may have in the trade starting levels of skill versus non-skilled. The less skilled may not get certain aspects of our benefits like a pension or vacation pay so the trades get vacation pay - \$5.25 an hour into a bank account, every six months they get a check. In construction, you can't really take a vacation so they take the money and go with that but depending on if you're apprentice or a full-fledge you're going to get something a little bit different" [Moderator: "Okay"] "The only difference that we have is that our management team is eligible for the incentive bonus once annually based on the performance of the company" (Grp1- Medium Businesses)

"And we don't provide medical for the part-time employees." (Grp1 – Medium Businesses)

At the conclusion of this initial phase of the discussions, those taking part in the study were asked if they offered any type of benefits that they would consider unique to the local marketplace.

"We just carried the long-term disability and the group term-life insurance. So, those are two" (Grp1- Medium Businesses)

"...through our corporate parent we have...programs that teammates can participate in and get financial assistance. For example, we participate in an outreach Central American countries to provide surgery and teammates who want to attend will have their cost covered by the company, things like that." (Grp1- Medium Businesses)

"Yoga" (Grp2- Large Businesses)

"A gym – just a small little room with some bikes and treadmill" (Grp2- Large Businesses)

"...certain things like health insurance ...for our staff we do offer different wellness programs and things that are just for ourselves" (Grp3- Union Representative)

"For us the staff it does follow the same benefits as members gets but the difference is the staff is a whole year around, it's like the staff makes a lot better you know the members or anything but I think staff is well in that regard." (Grp3 – Union Representative)

"And we're trying to branch into offering more in terms of classes but let me first say there are sort of like the continuing classes, continuing education" (Grp3- Union Representative)

“For our members we have specials like member discount programs and as you know and we have you know insurance discount, auto insurance products, we have classes as well” (Grp3- Union Representative)

“Our organization offers a free attorney so if you want to do a will, if you get a DUI, we represent a member for free” (Grp3- Union Representative)

“Discounts of products...” (Grp2- Large Businesses)

At no point in this initial phase of the discussions were any type of paid leave mentioned in an unaided fashion.

SECTION – PAID FAMILY AND MEDICAL LEAVE

Research participants were asked to provide their own definition of what they thought “paid family and medical leave” meant to them. The research shows a fairly wide-range of descriptions. A few had a basic understanding of what this entails while others appear to sometimes confuse it with standard healthcare insurance benefits and areas like maternity leave.

“Employer paid medical benefits” (Grp1- Medium Businesses)

“Family - maternity leave, vacation time; Medical - time off paid for recovery.” (Grp1- Medium Businesses)

“Sick leave; Paid family - includes maternity, family crisis.” (Grp1- Medium Businesses)

“Maternity/paternity leave. Caring for an elderly relative or disabled. Time to take care of a sick child even an hour or two to pick them up from school if they're not feeling well.” (Grp3- Union Representative)

“That a worker may take time off for family leave such as the birth of a child or funeral. For medical leave, they may have paid time off for necessary surgery.” (Grp3- Union Representative)

“I know the employee continues to get paid while unable to work due to family or medical leave reasons” (Grp1- Medium Businesses)

“Paid time off to help family, terminal illness, death in family” (Grp2- Large Businesses)

“Time off of work that is paid by the employer for personal and family medical needs.” (Grp1- Medium Businesses)

“Paid time off to take care of oneself or family member. Not the same as a personal sick day.” (Grp3- Union Representative)

“Ability to take care of family/self without fear of losing job.” (Grp2- Large Businesses)

Several participants mention FMLA when asked about this topic.

“FMLA, maternity/adoption. Help for parents, children, military returning from war/deployment. Death of a family member. Cooperative amongst nonprofits on possible benefits [Moderator: Is FMLA, is that a paid benefit?] It runs currently with HFLL and TDI as I recall” (Grp2- Large Businesses)

“Exactly what it says FMLA with pay” (Grp3- Union Representative)

“Utilize PTO hours during medical leave or to care for family members - FMLA protected.” (Grp3- Union Representative)

“Companies larger than a certain amount provide FMLA...they provide your TDI” (Grp1- Medium Businesses)

Next, based on their own personal understanding of the topic, research participants were asked if this benefit was offered in Hawaii or anywhere else in the United States. The research shows very low unaided awareness of where this benefit might be available.

“Not sure” (Grp1- Medium Businesses)

“I hope so” (Grp2- Large Businesses)

“I know for a fact that pretty sure there are places – we have it in our contracts that you get paid. FMLA is by law you have to get but not paid” (Grp3- Union Representative)

“I’m not current but I know California either was looking at it or they’ve passed it because they’re probably more forward thinking but I’m not sure” (Grp2- Large Businesses)

SECTION – REACTION TO CLIENT PROVIDED DEFINITION/ INFORMATION

At the outset of this section of the study research participants were presented with the following information in order to facilitate the discussions going forward:

- *Sick leave is commonly used by employees to care for the health of themselves or a family member over a short period (e.g., a few days).*
- *Temporary Disability Insurance (TDI) is an employer funded program for eligible employees to use in order to take care of an employee's own health.*
- *In contrast, family leave allows employees to take longer term leave (e.g., several weeks) to care for seriously ill family members or to care for and bond with a new child (parental leave after birth or adoption of a child).*
- *Through the national Family and Medical Leave Act and the Hawaii Family Leave Act, eligible employees can take unpaid, job-protected family and medical leave.*
- *During this discussion, our focus will be on policy options that build upon these policies by offering wage replacement during family leave for all eligible employees.*

Paid Family and Medical Leave

What is Paid Family and Medical Leave?

Paid family and medical leave (Paid Leave) allows an employee to take job protected time away from work to care for their family and receive partial wage replacement during that time.

Caring for your family includes:

- Caring for a new child (birth, foster, or adoption)
- Taking care of a close family member who has a serious illness.

Paid Leave and sick leave are DIFFERENT.

What about the FMLA?

The federal Family and Medical Leave Act (FMLA) allows eligible employees to take unpaid leave to take care of their family. Unfortunately many employees are excluded because of company size requirements and many that are eligible are unable to afford to take unpaid leave.

All employees probably will need **paid sick leave** a few times per year.

All employees probably will need **paid family and medical leave** a few times during their life.

PAID LEAVE FOR ALL:

CAMILA

WHEN THEY NEEDED PAID FAMILY AND MEDICAL LEAVE

Camila had a C-section when she gave birth to her daughter. With paid leave, she was able to spend 3 months at home, allowing her to fully heal and give her new baby the best possible start in life.

KEKOA

WHEN THEY NEEDED PAID SICK DAYS

When Kekoa's mother had a stroke, her recovery was uncertain. With paid leave, he could take 4 weeks off with partial pay to care for his mother, arrange for her rehabilitation, and find her an in-home aide while she continued to heal.

Camila returned to her company and continued to build her career. When little Elsa started running a fever at daycare, Camila was able to use paid sick days to pick up her child and stay home with her until she was better.

Kekoa's restaurant job brings him in contact with many people and their food every day. When he got the flu, he needed a week at home to recover - and avoid getting his customers sick.

Paid family and medical leave is for major life events and gives employees a few weeks to take care of their family without worrying that they have zero income during that time.

The Family and Medical Leave Act (FMLA) was enacted in the early 1990s to allow employees to take up to 12 weeks off from work with job protection to care for a new child, a seriously ill family member, or the employee's own serious illness. This leave is not available to all employees though and is unpaid. Of the employees that are eligible to take FMLA, many cannot afford to take unpaid leave even if they really need to take time off, especially those in low-wage positions. Only four states and the District of Columbia have since enacted paid family and medical leave policies. Washington state also signed a paid family leave bill into law in 2007, but they still lack a funding mechanism, so the program has not gone into effect.

California (in effect since 2004) max leave for family care = 6 weeks
Rhode Island (in effect since 2014) max leave for family care = 4 weeks
New Jersey (in effect since 2009) max leave for family care = 6 weeks
New York (will be in effect by Jan. 2018) max leave increments, 8 weeks in 2018, 10 weeks by 2019, 12 weeks by 2021
District of Columbia (will be in effect by January 2020) max parental leave = 8 weeks, max family care leave = 6 weeks, max own serious health condition = 2 weeks

The four states that already have paid family and medical leave policies in place also have something else in common. All already had temporary disability insurance (TDI) programs in place for employees to take for their own serious illness/temporary disability. Hawaii is the only other state in the U.S. that has a TDI program.

Paid family and medical leave allows an employee to take job protected time away from work to care for their family and receive partial wage replacement during that time. This includes caring for a new child, whether by birth, fostering, or adoption, or taking care of a close family member who has a serious illness. All employees probably will need paid family and medical leave a few times during their working life. Paid family and medical leave is not to be confused with paid sick leave. All employees probably will need sick leave a few times per year. This could be used if the employee comes down with a cold or to pick up and care for their child who has a fever at school for example. Paid family and medical leave is for major life events and gives the employee a few weeks to take care of their family member without worrying that they have zero income during that time.

The initial reaction to this information was generally favorable among each of the three segments being tested. Many feel it is a benefit that is needed and is simply the right and humane path to take in these situations. Having the peace of mind of knowing that you have some financial help and job security in stressful situations like those being discussed appeals to everyone on an individual basis.

“[Moderator: Okay, so how many generally favorable? Okay, five (of six)]” (Grp1- Medium Businesses)

“[Moderator: How many say generally I feel favorable? Okay five (of six)]” (Grp3- Union Representative)

“[Moderator: How many say I feel favorable overall? Four, how many feels unfavorable? Three]” (Grp2- Large Businesses)

“[Moderator: Do you think employees would find this to be a valuable benefit?] Yes...Oh yeah...yes” (Grp2- Large Businesses)

“[Moderator: Do you think your employees would find this valuable benefit?] Yeah (several)” (Grp1- Medium Businesses)

“I think it’s the right thing to do...compassionate thing to do” (Grp3- Union Representative)

“...the overall concept is we want to raise our level of quality of society and care about each other and that’s what Hawaii is all about. So, for that reason I’m all for it” (Grp3- Union Representative)

“I think it’s the right thing – if someone has an emergency they shouldn’t be stuck in financial kind of stuff” (Grp3- Union Representative)

“I think people deserves to take care of themselves and their families” (Grp3- Union Representative)

“I agree it helps the employees so that they can take care of things that need to be taken care of” (Grp1- Medium Businesses)

“I think it would be great benefit – it would help the employee along a lot right because you’d have been to burn all of your vacation time instead” (Grp3- Union Representative)

“But in the case that have been something like a stroke or immediately we needed to provide help, new help – elder care where you had to set all these things up. It does take time and someone has to be responsible and if you don’t have siblings, it makes even harder” (Grp1- Medium Businesses)

“We represent a lot of guys I think it will encourage more men to stay home with the baby for a period of time and not rush to get back to work because men need rights too” (Grp3- Union Representative)

“Well, knowing that if something does happen that they can take care of their family or themselves and not only is the job protected because it’s already done via FMLA but the fact that there’s going to be some financial help with that – I don’t think it would cover everything but at least you’d have some kind of a base” (Grp2- Large Businesses)

“I do think if there’s a financial safety net it means things are getting paid – mortgage, utility, you can stay in your home, you have that security. Losing those things does not do anything but overall disturb an economic process – I mean that’s what we need. We need to keep food on the table, we need to keep our mortgage paid, rent paid, whatever the case might be, a car to drive. Too many people lose those things because there’s not a safety net there” (Grp2- Large Businesses)

Several who have personally been in situations where they might have taken advantage of such a benefit or know of employees who could have used this program have a greater understanding of its potential positive impact.

“I was in this situation late last year my sister was diagnosed with cancer and had to go to L.A. to get a bone marrow transplant. So, she’s going to be there for two months and a family member had to be there. Being self-employed I paid the bills and I was able to go right away but I was only able to stay there for a month. My brother, my mother, had to take turns so finish the remaining month. So I was familiar with FMLA because job protection... but they didn’t get paid. So, luckily both of my family members –their employee’s donated time so that they could take vacation. So, from that perspective where it helped my brother and my mother to get paid so they could care for my sister while she was undergoing her bone marrow transplant...” (Grp1- Medium Businesses)

“I went through something like this last year, my mother is 86 years old and she ended up in the emergency last November...I went to the hospital or to the rehab center every day. I’m the only child so when it was morning or evening I would go there... it was very stressful and to try to keep my hours at work because of my position I had to keep my hours at work and still make sure that I was on top of all those people that are taking care of my mom” (Grp2- Large Businesses)

“...it was a single mother that was having trouble you know pulling their life together and would have liked to step away for a little while to do that. But we had offered that relief. She took it but she didn’t get paid for it.” (Grp3- Union Representative)

“I’m going on 29 years with the company, my boss is awesome in that way because I went through breast cancer and he was very supportive. So, even though like he would say like don’t worry about your – you know don’t worry about to use this, let me know what’s going on and just take care of your health first. So, he didn’t even ask my hours – you know what I mean he just

still kept the pay but I just would be letting him know about my unemployment or whatever. I don't know our situation is kind of different because we have so family member – but because of it too I'd like to see something in place because we have so many families in our company” (Grp2- Large Businesses)

“I think it's probably some of the need we've been saying is our work force for this you know we have a lot of people who have been with us 20 plus years, 30 plus years and I have three co-workers that now have cancer and they're trying to deal with that. So, like XXX said you know things are going to happen and so they have to have some feeling of safety” (Grp2- Large Businesses)

Employer Benefits

From the perspective of the employer, potential benefits discussed included improved company morale and worker loyalty. The latter of which potentially impacts the bottom line in terms of lessening employee turnover thus saving on training costs and disturbing existing company operations.

“Experienced employee or trained employee, employed. You don't have to re-train” (Grp1- Medium Businesses)

“Depending on how it's handled you know hours planned being mandated versus not employers offer something like this is a benefit or opt-in to something like this optionally and contribute and participate that would be a great incentive.” (Grp1 – Medium Businesses)

“... you would not need to go to training again and all of that” (Grp2- Large Businesses)

“I think it's a good benefit to keep the good employees in your company” (Grp1- Medium Businesses)

“More loyalty for the employee” (Grp1- Medium Businesses)

“I think it's just like improving the morale. I think that's the only benefit I could see” (Grp2- Large Businesses)

“I think overall, it gives the perception that the company cares...These are things that you – sometimes money can't buy...these are the little things that can be done to provide that perception” (Grp1- Medium Businesses)

Cost/ Funding

Although most see the result or outcome of this law as being an overall positive development for the employee and the community at-large, one of the first questions that's automatically posed by participants are questions related to how this benefit would be funded.

“[Moderator: What was your first reaction to this?] As the accountant, I'm thinking cost” (Grp1- Medium Businesses)

“What’s it going to cost?” (Grp2- Large Businesses)

“I don’t know how you’re going to pay for it but it sounds good” (Grp3- Union Representative)

“[Moderator: I want to make sure I’m hearing it correctly – that most of the government employees would need this then?] I know funding is probably going to be another issue” (Grp3- Union Representative)

“I think it’s the cost on how to fund” (Grp2- Large Businesses)

“First of all, the cost, companies here in Hawaii are really struggling with how the economy and the economic conditions and everything. To add another burden to the company...” (Grp2- Large Businesses)

“The cost of doing business here in Hawaii is already quite high for companies by offering another benefit. We’re one of the states here – a few states that offer TDI where most other states do not and it’s a paid for benefit by some companies. I see it with losing jobs, if people think they’re going to lose their job, they were not communicating well enough about what HFML is protected unpaid leave as is FMLA – it’s protected unpaid leave for up to certain amount of time. So, that’s not a concern for me, my concern again is the cost to each organization if it’s a required benefit.” (Grp2- Large Businesses)

“I’m just curious on how to be paid for. In other words, is it a program like TDI where there’s a pool and then you draw among the pool...” (Grp2- Large Businesses)

“Probably if it was like TDI and the company pays part of it and all that maybe I would be more open to that” (Grp2- Large Businesses)

“But just you know what’s it going to cost and who’s going to pay for it and where’s the responsibility going to you know?” (Grp1- Medium Businesses)

“It’s the way I’m reading this, it looks like it’s sick leave, vacation leave, then there’s this FML type of leave. Whether if it’s for you or the life-threatening or a family member for a serious as defined under FMLA. So, I see very costly” (Grp2- Large Businesses)

Potential Abuse

Another potential talking-point or obstacle to overcome is the fear of abuse with workers taking paid time off they are not entitled to. This point was independently brought up by both employers and union representatives.

“[Moderator: What little something is worrying you a little bit about it?] Abuse” (Grp3- Union Representative)

“How would work in again coming from construction industry – I think we’re a little bit different in the way we relate to our employers. Then also you know as mentioned people cheat contractors – employers on the TDI – they’re going to cheat on this.”(Grp3 – Union Representative)

"I think the typical potential for abuse but that's going to happen in anything no matter what it is" (Grp2- Large Businesses)

"What will qualify exactly? What qualifies under family and medical leave? You know my company is service oriented so clients call in and see taking to their accountant you know and you're down a person and we're not a big company or down a person everyone else has to help pick up that load and so maybe part of the concern is see if there's abuse by a particular employee... You know FMLA – you can't terminate the position but you're kind of stuck" (Grp1- Medium Businesses)

Some are hoping that if such a benefit were to be approved that strict guidelines are enforced to help curb this potential problem.

"My first reaction is that in order to receive it, you've probably are going to have to jump a lot of hoops to get it. It's one of those things where it's just going to be – for lack of the better word – regulated. Very tightly regulated to make sure that people are not abusing it" (Grp2- Large Businesses)

The potential for abuse was also called out on the employer level by a trade union representative.

"One thing of that this thing talks about TDI which in the construction industry there are lot of contractors that just don't pay in. They try to get away with it and so my concern is if we were to establish a benefit whether it's employer pay or employee pay – there are a lot of companies that just wouldn't until they're caught... So, it's not only how to pay for it but how can like enforce it and administer all that" (Grp3- Union Representative)

Negative Economic/ Company Impact

Another concern is the obvious direct impact to businesses with the loss of skilled labor for extended periods of time.

"The other thing is you know the construction industry were all of sort of slaves at schedule you know everything has to be done and if this one thing doesn't happen you know the rest of the building can't be built. So, I think there's a challenge of you know people potentially leaving and if the employers got a lot of concerns about you know what of their key guys leaving the middle of the project. I think there's also a lot of pressure on the guys" (Grp3- Union Representative)

"None of our contracts have that, it's either you're going to be well and finish the job or you're going to be replaced." (Grp3 – Union Representative)

"And think they have first and then I mean likely they would probably lose their position and go on unemployment because the job isn't moving." (Grp3 – Union Representative)

Confusion/ Lack of Understanding

It is important to note that even after being presented with this fairly detailed description in a controlled environment many are still confused as to how this potentially new benefit would fit into the existing structure of employee leave options and laws.

“When we’re designing and hear it, it says – there was a statement in here that says that this is outside of sick leave. So, I don’t know where it is in here right now.” (Grp2 – Large Businesses)

“I think from my experience of what I know like some companies they offer this but they still – I think the employer or the employee doesn’t feel like their job is protected.” (Grp2 – Large Businesses)

“FMLA is unpaid leave the employee does not have to use any late – the employer can adopt the policy to require an employee to use all of their earned leave, while they’re on unpaid leave. If it doesn’t adopt it then the employee gets the choice of using this or that. So, when I’ve read this one and it separate from using according to this. Our current company offers a generous PTO policy and according to this, it is separate than the PTO part. Is that correct? Am I understanding of reading them?” (Grp2- Large Businesses)

“You know under the FMLA currently if you offer sick leave and vacation. The employer – I believe has to allow the employee to charge 80 hours of sick leave to care for the family member...It’s not the law...The company has to adopt that aspect and put it in their policy that it runs concurrently” (Grp2- Large Businesses)

“It would be complicated to try to institute a benefit of paid leave when you have a system that we have in a lot of places we are in” (Grp3- Union Representative)

Insurance vs Flexible Spending

Another issue or question participants debated was whether a program such as this would be treated like TDI or more like a flexible spending plan that employees can contribute to and draw on at a later date. This idea was discussed among union representatives who tended to favor the flexible spending approach more.

“...but [in] most of them, we already have something that covers it so with those having it like a flexible spending account type of thing would work better or the individual does it that I can see where if you have a traditional sick leave type of thing that would be better like an insurance plan. But we already contracts have covered that’s where they’re doing it like a voluntary flexible account could be a benefit that I could see a lot of people use it and going for it” (Grp3- Union Representative)

“I mean I looked at it more as a self-funded account so if I accumulate over you know three years of working, three or four thousand dollars in an account and then I need to take FMLA, then I can draw on that at that time and if I quit that job, I can take that fund with me to my next employer... more of a savings plan thing...than like an insurance plan [Moderator: So, the benefit would be the pre-tax?] Right... So, that’s very similar to the flexible spending plan for healthcare... then it’s not really a burden on the employer but it’s an added benefit for those who want to put it away” (Grp3- Union Representative)

"I think it can happen if you're creative. I have a 401K that – you have huge bank – there's no cap on it. Then if you care to – you can elect to have \$5000 put towards the care of the dependent and that's just their when you need it. So, if you could be a device that's there when you need it, a not so much burden to the employer it's just something that's part of the total package as needed might be favorable to the employer" (Grp3- Union Representative)

"...we have laws on the books that allow someone to max out all the benefits that you already earned and their job is still there for them. And because in your documents here you say that I only access it only once or twice in my working life, I don't want to be – actually the employer pay something which I may or may not ever access. So, if I feel like I want that peace of mind like my 401K or other health savings account that they have then I should you know take that upon myself as a benefit that I want to put away for. That's tax deductible" (Grp3- Union Representative)

Union Perspective

Given the current list of priorities when discussing collective bargaining, a potential obstacle a benefit like this may face is its relatively importance or priority when looking at the overall benefits and pay packages during contract negotiations. Currently, this does not appear to be something that unions would be willing to fight for at the expense of other benefits already on the table.

"...I think in a broader sense you know thinking about to the progressive _____ prepaid healthcare act right – so similar to that, the challenges that we're facing is the aging population to definitely consider. But then even as far as membership in terms of priority, I'm not sure whether this would be up there" (Grp3- Union Representative)

"Yeah, paying for – you know we're constantly fighting takebacks from our employers – contracts they always want to takeback the benefits that we have" (Grp3- Union Representative)

"I don't think the employer cares how do you slice the pie. I think they care how much they're putting in the pie" (Grp3- Union Representative)

"So, you know to this point of family leave if there's an extra 25 cents on the table, you know do we put that in family medical leave or do we put that under their pension" (Grp3- Union Representative)

"I think most of our contracts would be icing on the cake because we already have family and we already use the benefits that we accrue now you know like you've said the concept when you go to the negotiations, you figured the employer has a limited size pie and where you're going to cut those pieces into what programs. They're going to – you'd get some extra some dollars – is it going to wages, going to pension or medical benefits" (Grp3- Union Representative)

"I am not for special monies for family medical leave. Enhance your sick leave, enhance your medical PTO, enhance the benefits that we already have" (Grp3- Union Representative)

SECTION – CURRENT FAMILY LEAVE POLICY

After having the opportunity to discuss family leave in the prior section those taking part in the study were asked what their own company/ union negotiated policies were regarding this particular issue.

The discussions reveal that several have not addressed this issue at all on the managerial level while others simply rely on existing programs like TDI, sick leave, PTO, and FMLA.

“I don’t – we don’t have a formal policy...but my boss he’s a kind person and caring and of course if it doesn’t cost him money, he’ll give the time off to the people to do what you need to do” (Grp1- Medium Businesses)

“And we’ve had a complete opposite happened where something happens to a family member and actually – they give you that option and you know a lot of the idea of time – the time and money invested.” (Grp1 – Medium Businesses)

“[Moderator: So, what’s your family leave policy at this time?] Non-existent” (Grp3- Union Representative)

“To be honest I’m not sure of the specifics of the policy. I know that we have some amount of time off provided...In addition we have a fund like a teammate support fund that a folks from across the corporate enterprise electively contribute to and that can be accessed for teammates for this and another means on a case-by-case basis” (Grp1- Medium Businesses)

“...you know the typical maternity where you’d get six weeks or eight weeks...That’s the only specified leave we have...we’re a small company so luckily we value the employee you know we’ve had –used of their vacation and needed more time. So, to help them out we just continue to pay them. I mean let the vacation go into a negative you know – you don’t want to lose a whole lot but you still want to allow them to take that time and I think in the long run what you’ve got is a more dedicated employee” (Grp1- Medium Businesses)

“[Moderator: But paid or unpaid, in other words, can an employee take time off? Take the time off if they have these kinds of emergencies at this point in time? Or is it just do you think they can’t just do it?] They can take off but on their own...but when they come back, they’ll be at the bottom for another job” (Grp3- Union Representative)

“In my industry if they took off they determined by their scale. If they come back at all you know if they’re terrible worker, they will be replaced.” (Grp3 – Union Representative)

“[Moderator: So, what happens now if a guy has an emergency?] Exercise whatever, TDI...I mean likely they would probably lose their position and go on unemployment because the job isn’t moving” (Grp3- Union Representative)

“Definitely whether the employer would fund something like this. None of our contracts have that, it’s either you’re going to be well and finish the job or you’re going to be replaced.” (Grp3- Union Representative)

"I mean to get paid, you save your sick leave, you save your PTO that you can, and if need more then there's probably some kind of long-term insurance when it comes to all these other benefits that we have. That's how I could get it" (Grp3- Union Representative)

"If you want to get paid, then you save your benefits to get paid for that...It's the bank that you accrue" (Grp3- Union Representative)

"...it seems like when women here get pregnant – they get pregnant all at the same time and they seem to get pregnant as soon as I hire them. So, they're really not eligible for family – we get family medical leave like leave. So, they're eligible for – so we give it like because we don't want people to suffer or lose their job" (Grp2- Large Businesses)

"I'm not the HR person I have someone who takes care of that but we try to be as flexible as possible. In other words, we do our thing by the law so we don't get in trouble but we have a lot of workers from Micronesia and the Philippines and they go to Philippines to try to take care of somebody and it's almost like we have a policy of you can take the time off as long as we can afford you to take off and it doesn't impact business which we can figure it out. But also – and it doesn't matter whether you have what we called PTO you know – when you get paid or not, does not impact the ability for you to go and do something. So, it's a kind of the definition" (Grp2- Large Businesses)

Next, research participants were asked how they typically dealt with staffing issues when someone took an extended leave of absence. The discussions reveal that many simply require other staff members to take up the slack with a few seeking outside help on a temporary basis.

"I've got a situation in a week we have one of our employees – my co-worker that's going to Egypt for the whole month. That's not normal so she's got two weeks vacation and had two weeks unpaid... I'm not happy about that... I'm not familiar with their area... the other options would be to bring someone in but when it comes to invoicing and billing, my boss doesn't want to bring somebody in because he feels it's confidential" (Grp1- Medium Businesses)

"...people from the Philippines. They go back three or four weeks at a time. So, we have somebody to call straight in to do their job. You can't hire the employment services because they don't know anything" (Grp1- Medium Businesses)

"We do have some cross-training but that's not applicable across the entire you know business. I think one advantage that we make and do have is we could rely on some temp or like agency staffing" (Grp1- Medium Businesses)

"I've already experienced this. I make sure that there is always someone else who knows...constant cross-training" (Grp2- Large Businesses)

"The rest of the people within the department just pitching in and do their work" (Grp2- Large Businesses)

"We hire temp – sometimes because we do cross-train but sometimes in that one section there isn't enough people" (Grp2- Large Businesses)

“We load others up. We cross-training and then we get overload and they know it’s temporary and then the person comes back and jumps right back in and then for other jobs we’ve had to supplement by bringing another person in temporarily” (Grp2- Large Businesses)

“[Moderator: What do you think in general happens when an employee takes this kind of leave or takes FMLA, who covers the work of the employee?] We’d just get another worker [That simple?] Yeah” (Grp3- Union Representative)

SECTION – EXPECT TO USE/ EMPLOYEES

In this section of the study research participants were asked to estimate potential usage of this benefit should it be offered to their employees/ members. Many expect the impact to be fairly minimal in terms of participating employees with several basing their estimate on current FMLA numbers.

“...hardly any – depending on the broadness of definition of its covered. [Moderator: Okay, does everybody agree? Everybody’s nodding and agreeing]” (Grp1- Medium Businesses)

“[Moderator: How many you had one or more employees that you felt could’ve benefited from this benefit? We have at least one]” (Grp1- Medium Businesses)

“Eight to 10 percent but it’s normally the same people” (Grp2- Large Businesses)

“I don’t know something small...5% maybe I don’t know” (Grp3- Union Representative)

“I mean how many people do you have on FMLA now because that would indicate to you how many would take paid. So, like we have a 150 employees, we have two people on FMLA so maybe that’s kind of low. I don’t know” (Grp2- Large Businesses)

“I think less than 20 (percent) [Moderator: How many employees do you have?] 220” (Grp2- Large Businesses)

“I think right now we have about 20 people (FMLA) close to 300 employees” (Grp2- Large Businesses)

“...how it was put into place would matter than whether they thought it was of value to them. If they could use this instead of using vacation hours” (Grp3- Union Representative)

“So, we encourage them to utilize FMLA. Because they can’t discipline them if it’s FMLA protected. If you got a cold they can discipline you” (Grp3- Union Representative)

Next, research participants were asked to identify possible reasons for the low participation rates. In addition to the fact that these types of occurrences were fairly rare, several fear that employees may be reluctant to take advantage of it due to fear of losing their position, job, or prospects for future employment.

“[Moderator: Do you feel – is it your feeling, that employees are hesitant to take any time off to take care of themselves or family members?] Yeah...some...some...” (Grp2- Large Businesses)

“We had one employee – it’s just a workaholic – she just couldn’t, she wanted to check her emails from home and we had to cut her off.” (Grp2 – Large Businesses)

“...they worry that we’re going to see more talent and the people who are taking their place” (Grp2- Large Businesses)

[Moderator: "Do you think there are employees who hesitate to take this time off? What's their main reason for not wanting to take? Is it financial? Or is it worried about their job waiting? What is it?"] "I think they worry about their job and then financially they just feel like they can't do it" (Grp2- Large Businesses)

"I think from my experience of what I know like some companies they offer this but they still – I think the employer or the employee doesn't feel like their job is protected...so they don't want to take it" (Grp2- Large Businesses)

"...our employees can solicit an employer to get on to their next job. And so– I think there's pressure maybe it's unspoken or whatever of it you know when you take time off like you're sick or whatever. They're not going to get the recommendation – they'd hire somebody else" (Grp3- Union Representative)

At the conclusion of this section of the study research participants were asked what they felt was a reasonable amount of time to allow employees to take off and also how long they should be employed before they are eligible for this particular benefit.

Research participants generally feel that the length of the benefit should not exceed eight weeks.

"Four (weeks) for me" (Grp1- Medium Businesses)

"4 because the person you need to hire _____ thinking of what's leftover when the person comes back to work." (Grp1 – Medium Businesses)

"About 6 to 8 weeks" (Grp3- Union Representative)

"[Moderator: What should be the outside limit?] Eight weeks" (Grp1- Medium Businesses)

"12 weeks...FMLA law so I would think the same coverage" (Grp3- Union Representative)

"I think in a perfect world, I would say could be a sliding scale based on how long you've been with your organization. That to me seems fair... You would think that the person who's been there 8 years and I'd be more perhaps more entitled." (Grp2- Large Businesses)

As far as how long one needs to be employed before becoming eligible some felt one year should be the minimum while others felt a lesser amount was reasonable.

"One year because if you were saying that that's how FMLA is then they should follow the same background" (Grp2- Large Businesses)

"Yeah, so with that I'd say 12 weeks" (Grp2- Large Businesses)

SECTION – EXPLANATION OF FUNDING

In this section of the study research participants were asked about different funding sources and then asked to choose the one they preferred most. The research shows a definite preference for a combination of contributions that come from both sides of the bargaining table.

“[Moderator: First is totally funded by the employer? Two, How many think it should be funded to or by the employee? Nobody, How about by a combination of both? Four]” (Grp1- Medium Businesses)

“[Moderator: I’m going to start from the top – how many say you think it would work best if it was funded totally by the employer? I have no hands up, how many say totally funded by the employees? I have one, and how many say by a combination of employee and employers? (the remainder)]” (Grp2- Large Businesses)

“[Moderator: How many say this should be definitely an employer responsibility? Two, how many say, it should be definitely an employee responsibility? I’ve got one, how many say – it should be a combination of the employer and the employee? Three]” (Grp3- Union Representative)

Employee Contributions

Most of those taking part in the research believe that the employee should financially contribute to help pay for this benefit. This sentiment was shared not only by employers but by many union representatives.

“I think we’ve just discussed that there’s benefits for both employee and the employer so it’s fair” (Grp1- Medium Businesses)

“If they’ve got skin on the game they’re going to appreciate a lot more” (Grp2- Large Businesses)

“I feel if it is truly a benefit that the employer provides, it’s part of the total compensation package as part of what is attracting you know as to hire...but then you know understanding that they will be strict criteria at the same time I feel it should be some sort of responsibility or something taking in – you know for the employee as well” (Grp3- Union Representative)

“So, if you’re thinking about the benefit to the employer – when it comes to health, it’s a no-brainer. You want healthy workers, when it comes to leave of any kind, it’s hard to sell that to the employer and you’re going to pay for your worker to leave is a hard sell. So, I would think that the easiest choice either would be the fully-funded employee – which I’m against, or a hybrid of the two of some kind” (Grp3- Union Representative)

“To be more successful you need to understand that business and labor have to work together. If you have demands that are just too much for the employer to handle financially then you’re actually going to lose jobs to the employer and the employer goes down, you’ve got no jobs” (Grp3- Union Representative)

"I don't want hurt the employer" (Grp3- Union Representative)

*"That's actually a good point because some of the Unions _____ funded by ability issues and if the choice is pension versus some sort of the program and they know where they putting in."
(Grp3 – Union Representative)*

When discussing employee funding, one of the primary topics that was brought up was whether this should be an optional choice for employees. Some feel that this benefit should be an additional optional coverage or benefit while others argue such a policy would raise costs and ultimately punish those that may have opted out originally but need the benefit at a later time.

"If you have the opt-out option is going to really hard to keep it viable right because people are opting out – you're going to have much smaller pool" (Grp3- Union Representative)

"I think if it was employee paid or there's a combination – they may not participate and there's still going to take their time off" (Grp1- Medium Businesses)

"[Moderator: When they need it, it's done through payroll deduction. How do you react to that idea?] I'd say not everybody would use it..." (Grp3- Union Representative)

"A lot people don't have parents or married like they don't take care of and they might not use it. They may live or may have died 25 years ago." (Grp3 – Union Representative)

"I just thought that it would be more powerful to the employer if the employee was also kicking on it...But like XXX's point though where you're going to get people who aren't going to contribute and are going to need it you know. Coming from young people that don't contribute 401K plans you know because they don't see it – I want the money now" (Grp3- Union Representative)

"...it just provides more options for your employee. Puts them in the driver seat you know we have a number of employees that don't take advantage of the health plan that we offer for example because they are the getting somewhere coverage through a spouse and I think there's a fair argument to be made that perhaps were able to pay more because you know we don't automatically just provide it to everybody. This would be a similar thing" (Grp1- Medium Businesses)

"It wasn't mandated to give health insurance to the employees and so we gave and they're usually appreciative of health insurance. Once it became mandated, you don't get to see the appreciation to the employee that you can and so when I think about it they're going to give it to everybody they'd become – they just taken for granted...if it's an optional thing that companies were opting in to then it can be appreciate it and that can be something that really sets you apart in the market" (Grp1- Medium Businesses)

“I think that to allow the employee to do this individually is one thing and I think that’s a good thing. Then let the free market kind a drive those benefits. So, if an employer wants to step it up and attract more qualifying people and be noticed the employee of the best jobs to work or whatever, then they can offer this” (Grp3- Union Representative)

“So, you’d know I’ve had some concerns on the way TDI has been implemented people pay in – I think TDI is a good example – it only works because it’s an expectation of the employers paid in and it’s – I think it’s social benefits like it’s the entire community. So, that’s the only way we could get every employee to be covered by state. I just worry that the employee has to pay – if you’re going to choose not to, but then find themselves in the situation where – I should have and I would hate for an employee to ever be put on that position” (Grp3- Union Representative)

“I would think if you present it in a package where it was like that 401K example where it was already – if needed, if it’s part of this package, it would be easier, it would be more palatable to the employer” (Grp3- Union Representative)

“[Moderator: Are you saying that you think an employee should be able to opt-in and opt-out?] Yeah...Yes, they may need it someday and then they will have it. It’s like a 401K. You can opt-in or out and somebody you may have – and some day you may not when you need it” (Grp2- Large Businesses)

“The disadvantage are optional would be that employees who say I don’t – I can’t afford it right now because we have a bunch of employees – we can’t afford the 401K but my question is how can you not afford to do it? But they can’t even do \$5 a month you know” (Grp2- Large Businesses)

“I think each company should decide what they want to give even if they’re not – it shouldn’t be mandated that every company has to have that.” (Grp1- Medium Businesses)

Employer Contributions

Similar to the discussions held previously most agree that if such a benefit were to be offered that for it to be truly successful the employer would need to contribute their fair share.

“The cost of living in Hawaii is so high and admittedly wages are lower than the national average, so to add that additional expense – again, this is without knowing what the cost is – you know I don’t completely agree with that comment to make the employee only” (Grp1- Medium Businesses)

“...if it’s a nominal thing such as what I’m thinking because it falls on the TDI area and it’s very infrequent that it shouldn’t be that much” (Grp1- Medium Businesses)

Next, in order to further probe this topic research participants were asked for their thoughts on the idea of an employer portion of \$1 per employee per month. Most found this dollar figure to be a fairly reasonable expense though some felt it might be a difficult sell during negotiations.

“Yeah that makes sense” (Grp2- Large Businesses)

“[Moderator: Do you think that is something that the employers would consider for the Union workers?] Not our employers” (Grp3- Union Representative)

“And it is different because you know like what I was saying you know you want to be progressive in the types of benefits that these company workers receive. I’m not sure how many of them is getting _____ that’s directly gets in their pocket.” (Grp3 – Union Representative)

“[Moderator: Who would pay the whole 2 then? The employee or the employer? When you say the total cost with \$2 – you’re saying the employee would pay it or the employer?] The employer.” (Grp1 – Medium Businesses)

“\$2 I think the employee pay full.” (Grp1 – Medium Businesses)

SECTION – HANDOUT ADDRESSING WHAT OTHER STATES ARE DOING

In this section of the study research participants were presented with information (provided by client) from the National Partnership for Women & Families which highlighted how California, New Jersey, Rhode Island, Washington, New York, and the District of Columbia currently addresses this particular job benefit.

“There’s no coincidence that these are strong union states” (Grp3- Union Representative)

“I mean there’s obviously a lot of differences between the states but like I think the most of the things... is pretty reasonable” (Grp1- Medium Businesses)

Many found the payroll deduction/ employer contribution adopted by several of the States to be reasonable for the benefit being discussed.

“It doesn’t seem that expensive overall” (Grp1- Medium Businesses)

“I prefer to be split out over the entire population” (Grp1- Medium Businesses)

One somewhat negative thing that this comparison sheet exposed, that appears to be important to local participants, was the rather narrow definition of the classes of family members that would be included in terms of inclusion.

“I mean in Hawaii you’d get extended families. I noticed a lot of that is not covered their brother and sister. You know what if you don’t have parents and you only had brother and sister? You know who knows how many siblings and how many children so I think – but I think the broader and the wider you make it – the broader you make it, the more expensive would be” (Grp1- Medium Businesses)

“I think Hawaii doesn’t cover siblings right now [Moderator: Do you feel that it should cover siblings?] Yes (several)” (Grp2- Large Businesses)

Most in the employer groups agree that they would prefer the amount of allowed paid leave to be something closer to a six week maximum.

“...the one I’m surprised was the maximum length – we’re talking I think three to four months and some are saying four to six weeks so – or wait this one N.Y. was eight weeks and Columbia varies as much as the amount of time would be covered. I’m just looking back to my family probably. Four to six weeks would be a reasonable amount.” (Grp1- Medium Businesses)

“Similar to our TDI’s – four to six weeks are reasonable” (Grp1- Medium Businesses)

“[Moderator: Look across the board do you see six weeks, eight weeks, 10, 12] Wow...it’s long...I tend to go shorter – I would say like four because they have a lot of other options available I mean they exhaust all those things buy the time you add all that up, it could be gone – a really long time so.” (Grp2- Large Businesses)

Several participants noticed that some states have modeled the program or piggy-backed it onto their TDI policy. This is generally viewed as the preferred way to administer this program by certain participants.

“One of the thing that I always – TDI, workers’ comp, they don’t pay you full wages. So, I think that’s a – it’s invisible hand pushing in Hawaii back to work because they’re not getting paid – they used to get paid” (Grp1- Medium Businesses)

“The funding at TDI – that looks really more attractive than anything else” (Grp2- Large Businesses)

“I liked that idea of having TDI tight benefit” (Grp2- Large Businesses)

“For family and being able to use that.” (Grp2 – Large Businesses)

“I think the difference I see between having an insurance who monitors this versus individuals who pay in so if the employer and the employees open the same amount and then eight people use it and then you’ve put in all that money aside, where it going? So, I’m not sure I’d like that aspect but the insurance side is because it is a pooled on there and the employees based on payroll, then it just takes the percent not based on who and the age and where we’d all – I’m kind of like again using it more as an insurance type of like TDI” (Grp2- Large Businesses)

Responses were somewhat mixed when it came to discussing eligibility requirements for the various state programs.

“The eligibility requirements you know generally same...the areas where some consistency seems like they’re reasonable and fair” (Grp1- Medium Businesses)

“Employee eligibility requirements... It’s unfair for the employer to have to own the job position if the employees were only show up on period of time when something happened... I would look at it something far out like a year... it’s unfair to the employer because do they have to pay the premium during that period of time for that particular employee” (Grp1- Medium Businesses)

“[Moderator: Employee eligibility requirements. Any reaction to that?] You should follow FMLA... NY is pretty good” (Grp2- Large Businesses)

“From the recruiting standpoint, the lower – the least amount of time to be eligible – the CA would be it’s a benefit when you’re telling someone why they want to join your organization you know it’s like from the get-co you know you’re going to...” (Grp3 – Union Representative)

Some wonder aloud what happens to monies in States that fund the program solely on employee contributions.

"I was trying to qualify mathematically like quickly RI, it is 1.2 percent of the first \$66,000 so we're talking about \$700 a year that would come up \$60 a month. So, that's a bit more than what we had talked about the \$2 example [Moderator: This is funded by the employee only for the employees own usage... So, it's more of like a savings account – I don't know what happens if you never use it] Yeah, that's the question" (Grp1- Medium Businesses)

Others have questions related to the unpredictability and unique aspect of each personal situation and how the different plans might address these issues.

"How the benefits are paid out I think it needs to be re-looked at because if you're sick, you're probably going to be out the whole time but if my mom gets sick, I may share the responsibility with my siblings so it might just be intermittent and right now TDI won't pay your intermittent" (Grp2- Large Businesses)

"I think it's something that needs to be re-thought because even for your own disability, you know we want our employees to come back as soon as possible. As soon you're able to and sometimes they're able to but then they'd have to go out again and then they start the waiting period all over again. I think it's that intermittently that needs to be think about" (Grp2- Large Businesses)

At the conclusion of this section of the study research participants were asked which of the six State programs highlighted in the handout they preferred most.

The discussions reveal a clear preference for the New Jersey model among business owners.

"As far as the funding – NJ seems makes sense. NY seems work too and the family care is one of the employee only – that makes a lot of sense too" (Grp1- Medium Businesses)

"Superficially, looks like NJ...I guess coming from the concept using an existing vehicle method which is the TDI insurance. Remember we pay that – because I want us to be easy on the accounting side. I want to see easy program to implement and to maintain and before doing it try to creating a whole separate system which creates a whole bureaucracy and added cost to it" (Grp1- Medium Businesses)

"A lot of parts of it, the benefits paid, care of the child you know what qualifies under that. I think the maximum length of paid leave seems reasonable. Six weeks of family leave, 26 weeks half a year of own visibility... The fact that it's paid by employer and employee, so that's a good one." (Grp1- Medium Businesses)

"There's a mix of a funded between the employee and the employer – I'm not sure what the details are but there's even with the employer contribution – it looks like there's a range" (Grp1- Medium Businesses)

“The measure of the benefits for the employee. I liked the in fact you have the 20 calendar weeks – you can’t just start out a job and all of the sudden you’re going to take this. You’d be able to be employed for a while” (Grp1- Medium Businesses)

“Two areas – one, in fact that the employer has to own that _____. It’s unfair for the employer to have to own the job position if the employees were only show up on period of time when something happened.” (Grp1 – Medium Businesses)

“[Moderator: So, how long should that eligibility –...how long do you think an employee needs to be employed before you get eligible?] I would look at it something far out like a year...then again from the coverage point of view you know you wanted to kind a kick in right away but you know I prefer to have a waiting period of time. In other words, it’s unfair to the employer because do they have to pay the premium during that period of time for that particular employee.” (Grp1 – Medium Businesses)

“The NJ is like a TDI and well their program doesn’t look like it’s going to cost a whole lot more than what we’re already paying. And if it’s a shared cost with 50/50 which is like TDI is now that wouldn’t be too bad. We pay 100% for our employees too but we do 50/50 for the employees for this benefit” (Grp2- Large Businesses)

“NJ – make it a no brainer like TDI I mean nobody even thinks about TDI – they think about medical insurance – HMSA or whatever Kaiser and all other stuff but if it’s a no brainer than it’s easy” (Grp2- Large Businesses)

The discussions among union representatives revealed no clear preference among the choices provided to them with many finding specific things they liked about different State programs. With that being said California’s efforts in this area were oftentimes singled about by numerous members of the union group.

“Well, the eligibility is very low so it’s easy to be eligible for it” (Grp3- Union Representative)

“From the recruiting standpoint, the lower – the least amount of time to be eligible – the CA would be it’s a benefit when you’re telling someone why they want to join your organization” (Grp3- Union Representative)

“Because there’s a threshold on and then they added grandparents, children which I liked that and siblings” (Grp3- Union Representative)

“I would say CA is by the easiest to copy and paste. Because a lot of our employers also work in CA are used to that” (Grp3- Union Representative)

“I like California...the ease” (Grp3- Union Representative)

The program instituted by New York and the District of Columbia were also praised by several union representatives.

“I still like NY because of the link of the paid leave. But I know whatever happens on the west coast, we follow usually so we’re probably going to – I mean that’s what we normally do but I do still like a lot of what the NY one – half employer, half employee funded” (Grp3- Union Representative)

“Regarding I guess our public employees – I would look for the most I guess generous which I think is DC – I mean fully funded. I mean that’s would fight for our members” (Grp3- Union Representative)

“But I do like the DC as the employer funded and the benefit when they take – when they get the leave is 90% of the wage, I think that’s really per worker. So that appeals to me” (Grp3- Union Representative)

SECTION – FINAL REACTION

At the conclusion of the study after providing participants with more information regarding this topic they were once again asked how they generally felt about this potential new benefit for Hawaii. The results show that union representatives still remain positive about this but there was some erosion of support among businesses as the discussions raised issues they had not anticipated at the start of the study.

“[Moderator: How many say I feel favorable? Three, how many say I feel more unfavorable than favorable? Two] I think you could have it but again not mandate it...I guess I’d go favorable” (Grp1- Medium Businesses)

“[Moderator: How many say good idea? Five (of six)]” (Grp3- Union Representative)

“Well, yeah with caveat and just I hesitate because I’m not abjectly opposed to it but this isn’t necessarily something that I can see being a huge benefit for my business so. Yeah, it’s nice to have but not in top priority” (Grp1- Medium Businesses)

“My problem would be that if it became a burden to my expense I would hope this to be a very reasonable. If it gets big like medical insurance, now that’s ridiculous... [Moderator: If it was modeled after the TDI program?] TDI is super reasonable – I don’t know why we even look at. It’s cheap. It’s the cheapest of Oahu policies we have but it’s hardly ever used.” (Grp1- Medium Businesses)

“I see it happening it already. I see that we have the choice already. We have the choice to save our money in the 401K. We have the choice to have a long-term insurance. We already have choices... And you know when FMLA came out, that wasn’t too long ago. It was that protection – that alone kept your job” (Grp3- Union Representative)

APPENDIX

PAID FAMILY AND MEDICAL LEAVE – BUSINESS AND UNION GROUPS

Discussion Guide Outline

June 2017

Objectives

Based on the feedback received from these groups and from a future quantitative survey, a program will be developed and submitted to the legislature to institute a Paid family and medical leave in Hawaii.

GREETING

Self-introduction:

- Research consultant and not personally involved in any of the issues being discussed today/this evening.

Explain mechanics of group to include:

- Establish participants as experts
- No right or wrong answers
- This is an exploratory discussion; all questions and opinions are welcome
- Don't be shy. Everyone's opinion counts. Please feel free to speak out on any issue.
- Time is limited — I will be moving the discussion along to cover each topic — to insure that we cover all of the material and get you out of here on time.
- May interrupt: sometimes I may ask you to hold a thought, as it may be a topic we plan on addressing further into the discussion.
- Taping
- Associates behind the one-way mirror
- Written report – Confidentiality

INTRODUCTIONS

I would like to ask everyone to introduce him or herself – first name only is fine, what is your position or association with your company/union? What are your interests outside of work?

BASICS

These groups are being sponsored by a group of non-profit organization /state agency folks. They are very appreciative of your willingness to be here today and to share your feedback.

We are going to talk about a new type of benefit that could be offered to Hawaii workers... Let's start out by setting a few guidelines. No one here is affected one way or the other by anything you say and we are simply interested in your honest opinions whether favorable or negative.

Let's talk briefly about the range of benefits that are currently offered to your employees/union members... Just start mentioning what is offered at this time. Which of these things are most valued by your employees/members?

Are these benefits offered to all employees or are different tiers of benefits offered depending on a person's position?

Are there any benefits/options offered that you consider unique or different? What are those?
(PROBE FOR DETAILS)

**PAGE 1 IN PACKET
INTRODUCE CONCEPT**

When I use the term – Paid Family and Medical Leave – what comes to mind? Write the first thing you think of on this first page in the packet in front of you. **Have some share what they wrote...**

(FOR THOSE NOT SURE) Describe what you suppose it might be all about based just on the name?

Is this benefit offered in other states that you know of? (IF YES, ASK) Where is it being offered?

**PAGE 2 IN PACKET
CLARIFICATION OF KEY ISSUES**

This evening we will be focusing our attention of paid family leave. Before we do that, I'd like to take a moment to provide some clarification on a few key issues that we'll be discussing in this group.

- Sick leave is commonly used by employees to care for the health of themselves or a family member over a short period (e.g., a few days).
- Temporary Disability Insurance (TDI) is an employer funded program for eligible employees to use in order to take care of an employee's own health.
- In contrast, family leave allows employees to take longer term leave (e.g., several weeks) to care for seriously ill family members or to care for and bond with a new child (parental leave after birth or adoption of a child).
- Through the national Family and Medical Leave Act and the Hawaii Family Leave Act, eligible employees can take unpaid, job-protected family and medical leave.
- During this discussion, our focus will be on policy options that build upon these policies by offering wage replacement during family leave for all eligible employees.

Are there any questions?

**PAGE 3 AND 4 IN PACKET
DEFINING THE BENEFIT**

This sheet in your packet describes what we mean by Paid Family and Medical Leave:

SHEET WITH GRAPHICS (PAGE 3)

BELOW INFORMATION (SHEET 4) The Family and Medical Leave Act (FMLA) was enacted in the early 1990s to allow employees to take up to 12 weeks off from work with job protection to care for a new child, a seriously ill family member, or the employee's own serious illness. This leave is not available to all employees though and is unpaid. Of the employees that are eligible to take FMLA, many cannot afford to take unpaid leave even if they really need to take time off, especially those in low-wage positions. Only four states and the District of Columbia have since enacted paid family and medical leave policies. Washington state also signed a paid family leave bill into law in 2007, but they still lack a funding mechanism, so program the has not gone into effect.

California (in effect since 2004) max leave for family care = 6 weeks

Rhode Island (in effect since 2014) max leave for family care = 4 weeks

New Jersey (in effect since 2009) max leave for family care = 6 weeks

New York (will be in effect by Jan. 2018) max leave increments, 8 weeks in 2018, 10 weeks by 2019, 12 weeks by 2021

District of Columbia (will be in effect by January 2020) max parental leave = 8 weeks, max family care leave = 6 weeks, max own serious health condition = 2 weeks

The four states that already have paid family and medical leave policies in place also have something else in common. All already had temporary disability insurance (TDI) programs in place for employees to take for their own serious illness/temporary disability. Hawaii is the only other state in the U.S. that has a TDI program.

(MODERATOR'S CRIB SHEET IF THERE ARE QUESTIONS) Paid family and medical leave allows an employee to take job protected time away from work to care for their family and receive partial wage replacement during that time. This includes caring for a new child, whether by birth, fostering, or adoption, or taking care of a close family member who has a serious illness. All employees probably will need paid family and medical leave a few times during their working life. Paid family and medical leave is not to be confused with paid sick leave. All employees probably will need sick leave a few times per year. This could be used if the employee comes down with a cold or to pick up and care for their child who has a fever at school for example. Paid family and medical leave is for major life events and gives the employee a few weeks to take care of their family member without worrying that they have zero income during that time.

What is your first reaction to this description of a new possible employee benefit? Tell me about it in your own words. Are you feeling mostly positive or mostly negative about this idea? **(GET SHOW OF HANDS – THEN ASK EACH OF THE TWO GROUPS- PRO AND CON)** Why do you feel that way, what are you thinking?

Regardless of how you feel overall, what is the most positive thing about this? What aspects do you like?

And again, regardless of how you feel overall, what concerns do you have? What needs to be addressed?

What questions, if any, are you left with after having read this description? Do you think your employees/member would find this to be a valuable benefit?

HOW BENEFIT MIGHT BE USED

What is your family leave policy at this time? What are the eligibility requirements?

Thinking of your employees / members overall – how many might you expect to use this benefit in a given year if it was available? How long (in weeks) should an employee be able to take? - limit 12 weeks for an individual employee or member in any year?

Can you remember someone who was faced with such a challenge and used or might have used this benefit? What might be the benefit to the employer? Does your company do anything for the employee? What? Paid or un-paid, can an employee take time off? How do you cover the work of the employee who is taking family leave (paid or unpaid)?

FUNDING PAID FAMILY LEAVE

There are several options for funding of this benefit:

- By employers
- By employees
- By a combination of both

In your opinion, which would be the most effective option? Why did you choose that one?

How do you feel about a program that is entirely employee funded (through payroll deduction)?

FOR BUSINESSES: Do you think businesses (your business) would agree to pay a share of the cost (what if total cost per employee was \$2 a month – you pay \$1)? What seems fair?

FOR UNIONS: Do you think the organizations that employ union workers would agree to pay some of the cost (would you lobby during salary negotiations for the employer to pay it all)? What other thoughts do you have? Would the employer agree to pay a share of the cost (what if total cost per employee was \$2 a month – you pay \$1)

WHAT OTHER STATES ARE DOING

(PASS OUT SET OF “STATE PAID FAMILY LEAVE INSURANCE LAWS” CHARTS)

Now we have charts that detail what the other states that offer this benefit are doing. Take a look at it for a minute: What stands out to you? Regardless of how you feel overall, which state’s model is most appealing? Why did you choose that one?

Now that you have seen what other states are doing, what are your thoughts? Does this change your thinking at all? Is there one state’s program that is more appealing than the others? Why is that one the most appealing? Look at page 4 of this handout “Method to fund insurance system” – Which payment method is most appealing? Why did you pick that one?

Is Paid Family and Medical Leave a benefit you think should be introduced in Hawaii? Why or why not?

CONCLUSION

Are there any questions you have as we complete our conversation? What is your reaction to all you have heard? Are you left feeling overall favorable or unfavorable to this idea of Paid Family and Medical Leave for Hawaii workers? Any other last thoughts?

Thank and dismiss...

Paid Family Leave Focus Groups

MOTHERS, FATHERS, AND FAMILY CAREGIVERS

FOCUS GROUPS CONDUCTED AND REPORT PREPARED BY:
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Moms: PFL Focus Group 6/26/17

I. Participant Introductions

▪ Please introduce yourself by stating your name, how many children you have and their ages.

- Kuulani: 7, 4 and 8 months
- Shelly: 2 year old
- Moani: 22 month and 4 month old
- Lynn: 15 month
- Kathleen: 9 month
- Vi: 3 1/2 year old
- Lianna: 5 and 3 year old

▪ What do you think of when you hear “paid family and medical leave”?

- Who’s going to pay?
- Europe.
- Security.
- Wish I had it.
- Depends on context.
- Universal.
- Work/Life Balance.

II. Awareness and Experience with Family Leave

▪ If you are currently employed, does your employer offer paid family and medical leave?

- None.

▪ Please raise your hand if there has ever been a time at your current or past jobs in which you had to take time off to care for a new child. What about to aid a seriously ill family member?

- Kids, 4 out of 4.
- Parents, 3 out of 4.

▪ Was there ever a time in which you felt the need to leave the workforce because of your family caregiving responsibilities?

- No. (none)

▪ Describe your experience, good and/or bad, in taking family leave. Or if you have not taken family leave when you needed it, why did you not take leave?

- Two children with 2 different companies, TDI then everything else was PTO. Had only been at second job for 9 months, TDI for 6 weeks, had to dip into vacation days. Had to go back to work at 7 weeks. I wish I could have saved it for when I actually needed it.

- I changed jobs when I was on maternity leave, so I made the decision to come back after two months. I think it was too soon. I would not recommend to do that again. You make choices for your family and try to do what you think is best.

- My mother offered to help watch my baby, but my stepdad got hit by a car, so grandma could not take care of baby. I had to scramble to find childcare before returning to work.

- I took off for 3 months, and used TDI, which covers 60% of pay. I used my vacation.

- I exhausted all vacation and sick days to get the 3 months off; employers asked, "give me your ideal situation and we'll make it work." With that support, I was very lucky in being able to take time to be with baby. 3 months was not enough for me.

- There is no standard way to give people leave. There is the danger of favoritism. We get stuck between: Do I go back to work to keep my full income or stay home with my child?

- I can take up to 1 year and still have my job and benefits guaranteed (as a teacher for the DOE).

○ Did you experience a financial burden because leave was unpaid?

○ Did you have to take out loans?

○ Did you have to leave the workforce?

○ Were you given enough time to recover and bond with your child?

- I didn't have to take out any loans but had to rely on parents to support me at the time. I came back to work at 4 months, and my employer allowed me to do some part time work at home. I exhausted all vacation and sick time and HR ended up miscalculating my leave and I had to owe back the company hours.
 - I accrued enough time to be able to take the time off I wanted.
- If you could change something about the leave that you took to take care of your family, what would you change to be able to have supported yourself and your family better?
 - If I didn't have to worry about losing income.
 - Flexibility in coming back. Not going from like 0 to 100%, especially in the work load. I was "still in the fog" after having a baby. Giving myself permission with being ok with where I was at - not trying to push between being a great mom and being back to work.
 - 6 months would have been great for my physical and mental health and preparation. It takes 2 months for breastfeeding to be established. Maybe go back half-time.
 - If everyone in the room here had the ability to take paid family and medical leave to be able to bond with a new child or to care for a close family member with a serious illness, would you take it? Why or why not?
 - Conditionally, if....?
 - Everyone would take leave if it was paid.
 - Conditionally:
 - a) If you do not have job security.
 - b) Animosity from others who feel that it was not fair: if they can relate because they are not in that stage in life
 - c) Definition of paid is only for salary and not for fringe. Need insurance paid for during leave.
 - d) Not everyone's temperament allows for caregiving.
 - e) Break it up - choice to use 6 months in segments.
 - f) Share the leave between you and your partner.

III. Opinions About Policy Specifics

- What would you say would be a reasonable amount of time to allow an employee to take off with paid leave for when they need to use it?

- 6 months - 1 year; using other models from other countries.
- It's a "value" issue. We should value parenting and bonding; don't view it as a burden but as an investment in the future; have the option of "sky's the limit" for time off and moms can choose when to come back to work.
- Have a couple hours a day/week; flexibility to use it however you want. When parents get old, they don't get old for a small amount of time, but continue from that point on.
- Will need to use those hours to take kids to the doctor.
- Use TDI, vacation and sick, and the employer will cover the remainder. Get 12 weeks unpaid. Everyone is guaranteed 3 months of paid leave.

o How do you feel about up to 12 weeks of paid family and medical leave?

- All: yes.

▪ If you needed to take family leave, what portion of your normal pay would you need to be able to sustain yourself and your family without causing financial hardship while you're on leave?

o Could you sustain yourself with 60% of your pay during the period of leave?
75%?

- We are working for our future. Nobody here is working for fun. HI is expensive.
- Would need 100% of income. Minimum threshold, 75%. 50-60% just too low.
- Have a minimum wage that is a living wage. If you make more, then you get more?
- Future benefits based on current income.
- Need that 100% because once your TDI is over, you have to figure out how to pay for child care.
- Guarantee housing.
- Need formula to quantify.
- Supplement: everybody has the same. State can help subsidize.

o What do you think of a tiered system? - Meaning that those making a lower salary would get a higher portion of their salary during the period of leave, and those making a higher salary would get a lower portion of their salary during the period of leave.

- 7 for it; 1 indifferent.

- Someone could be making less, but sharing expenses. Good concept, just wouldn't work for everyone.
- If you are not making enough, then there is a supplemental option. A solution would be a formula with putting in all of your expenses.
- Flat rate: (food, water, shelter) guaranteed.
- "Can we help each other as mothers?" Share or donate vacation days to those who need it.

▪ Who should pay for a program like this? Shared employee/employer contributions? Employers only? Employees only?

- Employee should pay into the system? NONE
- Employers only? NONE
- Combination, employee and employers? 4 out of 4 yes
- Everybody should pay for some piece of the policy.
- The mechanism of revenue would depend on if you'd get taxed for the benefit of PFL.
- "Whether or not you have children, we are all investing in the future."
- Universal: everyone should pay.
- Even if you don't have children, one day you will age and the younger generations will be taking care of you.
- What about taking care of yourself, and other loved ones?

▪ Would you be willing to pay a portion of your monthly paycheck toward a program that would allow you to take up to 12 weeks off in order to care for a new child, whether by birth, fostering, or adoption, or to care for a seriously ill family member?

- Everyone would be willing to pay a portion of their paycheck.
 - o If you would, how much money would you be willing to pay into the system for this each month?
- At least 5 % pre-tax.

What would be the maximum amount per month that you would be willing to pay?

- \$100/month – Yes
- <100\$/month - Yes

- Or should the program allow for a tiered system based on each employee's wage?
- Percent amount all across would be fair, but maybe not dollar amounts.
- How long do you feel that an employee should work at a company before being able to use the paid family and medical leave benefit when they need it?
 - 2nd was an unexpected pregnancy, had only been at the company for 2 months; I didn't have a choice. You cannot plan for certain life events.
 - Probation period: need to work for it.
 - Conditional: accept paid family leave, have to stay with the company for a year.
 - Fair to pay back balance if you do not complete the contract. Example of education program.
 - What about families with a child born with special needs? Do you need to be penalized if you do not fulfill the contract?
 - Think about insurance model as an example.
 - At least 3 months' probation period.
 - If I'm paying into it, I should be able to pull it whenever I want.
 - "Bank with the government" concept.
 - Fathers would be able to tap into it.
 - Everyone should be able to participate/benefit from fund.

IV. Closing

- How would paid family and medical leave affect you if you had access to it? If you are in a relationship, if paid family and medical leave was available to your partner, how would your family be affected?
 - Less stress because of flexibility; alleviate pressures.
 - Emotionally and physical well-being of the whole family.
 - More security.
 - When my husband has to work and then come home and help with the baby he is physically there, but his mind is not.
 - Took 2 weeks off: "Best two weeks."
 - Flexible 2-month stay with 3 kids.
 - Just the hospital stay: mom and sister helped out after that.
 - 2 weeks, paid. Not vacation nor PTO, for "bonding."
- Any last thoughts or concerns that you would like to express?

- Universal side, government paid. Shared responsibility.
- Not just for mothers, messaging that everyone can benefit.
- Laws need to keep up with current times. Not an issue 50 years ago when women didn't work outside the home.
- Everyone at some point will benefit.
- 6 months, 100% paid. No minimum time in. Most vulnerable are the ones who are not supported.

DADS: Paid Family Leave Focus Group 6/27/17

I. Participant Introductions

▪ Please introduce yourself by stating your name, how many children you have and their ages.

- Paul: 1 girl, 9 months
- Aubrey: 2 boys, 3 years and 5 years
- Vincent: 1 girl, 2 boys, 10, 5, 2 years
- Francois: 11, 9, 5

▪ What do you think of when you hear “paid family and medical leave”?

- Paid time off to care for loved ones, child, spouse, parent; out of regular vacation time
- Take time for any form of family, in addition to sick leave
- Emphasis on older generations due to culture in Hawaii and diversity; simple numbers of baby boomers retiring and aging; don't have the infrastructure of retirements homes
- 2 life threatening incidents with daughter; need to have PFL for unforeseeable circumstances; 27 week preemie; had to go to work to put food on the table;
- Daughter contracted a virus, needed 3 shift care to watch her, needed other family members to watch her, needed to balance care/time with other family members. This experience was a nightmare: wish there was a system that could support families going through these extreme circumstances.

II. Awareness and Experiences with Family Leave

▪ If you are currently employed, does your employer offer paid family and medical leave?

- No (all).

▪ Please raise your hand if there has ever been a time at your current or past jobs in which you had to take time off to care for a new child. What about to aid a seriously ill family member?

- Yes.
- Yes, 2/4.

▪ Was there ever a time in which you felt the need to leave the workforce because of your family caregiving responsibilities?

- Nothing in the past, but maybe in the future. We have family members on the mainland, if they get sick...may want to enjoy the last remaining years with them.

▪ Have you ever taken time off from work to care for your new child, whether by birth, fostering, or adoption, or to care for a seriously ill family member?

○ If so, was it paid or unpaid?

- Used vacation, so paid.
- Work with mothers/females pretty understanding of having a new baby. There was an under the table understanding that I could take some time off to take care of baby and wife; however, we had to make sure I met a specific amount of hours.

○ And how much time did you take off from work?

- Not enough, only took 2 vacation times and called in sick 3 times
- First child, took 1 week off; 2nd child 2 weeks off (all vacation/sick time)
- 5 day off; with daughter on/off taking time off for 3 months

○ In your opinion, was that enough time to bond with your new child and take care of your family?

- Not enough time, baby came 2 weeks before the due date, mother-in-law flew in 1 week before due date, 1st week was difficult, not something that was meant for the first child, but helped plan for 2nd child, saved up vacation hours for 2nd child.
- Don't have family on island; juggled work and family; would have been nice to have more time to stay home in the first few weeks, both boys were C-section.
- 2-4 weeks would be fair to have time off; juggle who's going to do what, especially with C-section because mom can't physically move; have to help out with all of the really simple things.
- My case is a little extreme, boys were deprived of their sister because she was always in the hospital, had to spend time in the hospital for thanksgiving, only way to get together, difficult to juggle and think of all

aspects, is my daughter going to die/live, am I neglecting my sons, work: is there a support system?

▪ Was there a time that you wanted to take some leave from work to take care of your family, whether your new child or an ill family member, but felt that you were unable to take time off? If so, why did you feel that way?

- I would take it, because I was in a new position in my job, used intermittently, it was difficult to get time off, it is difficult to get away from the job, would like to use it for the next child, would need flexibility.
- Key would be to have flexibility in when you can use it; space it out; allowing to have more time at home and few weeks to use later when kids get sick and need to take care of them; not having to use vacation days for that would be great.
- Absolutely, would definitely take it, seems like a no-brainer.
- Family comes first, but a lot of jobs don't understand that. If your child is suffering and needs you, you want to drop everything.

▪ If everyone in the room here had the ability to take paid family and medical leave to be able to bond with a new child or to care for a close family member with a serious illness, would you take it? Why or why not?

- Conditionally, if....?

III. Opinions/Experiences about Paternity Leave

▪ Imagine that your elderly father is ill. Would you take time off to care for your father? Now, imagine that your partner just gave birth to your child. Would you take time off to care for your family?

- In my current situation, it would be very difficult, I would, but it would be for a short time.
- Would have to use vacation time, if I had it, then taking paid leave; could probably do it without losing my job; but would stop being paid at some point; partial wage replacement would be good.
- I would, but that's because he's here, would have to be creative with the employer, maybe work remotely, work half-days.
- Both parents are deceased, but wife's dad is around that age, so if wife feels that they need to do something, he will to make her happy.

Would you feel more likely to take time off for baby as opposed to taking care of family member?

All (yes).

▪ In your opinion, why don't more men take time off from work to take care of their baby, ill family member, or elderly family member?

- Social stigma, people still call it maternity leave even though it's for men, social understanding that moms are the primary caregivers.
- Former boss quit because he was not having enough time with his kids, like being able to go to their baseball games.
- Biased against men of being equal caretakers of children.
- Maternity leave as a recovery time for mom as opposed to a bonding time (for both parents); so feel like dad's don't necessarily need it.
- What are you recovering from? Why would you need to take maternity leave?
- "We" have a child, together.

▪ In your opinion, what could make it easier or more likely for men to take family leave to care for a new child or seriously ill close family member?

- If there was more time and actual access, it would open other people to use it, expectations, more examples so it would become more common, if there was structure that would be good, there is no vehicle for men to take time off as of right now, especially now that we live in a 2-income households; it is detrimental if the mother cannot go to work and has to care for child, losing out of ½ or even more of the income.
- 2 income households being more common, my wife makes more than I do, but she's taking time off, offered to be stay at home dad; culture is changing just having it put out there in the mainstream for a mindset change.
- Culture is important, companies that are based on industries are not acceptable compared to family companies, if you want high turnover rates, it is very hard to get support.
- Europe can get up to 6 months maternity leave and up to 2 months vacation, America has walls; it's becoming an economic choice of whether or not to have a baby, having siblings provides a legacy, if the company is not compassionate or supportive for family, there should be something.
- Majority of us work for companies that don't support it; some companies don't feel like they can be competitive

▪ If your partner/spouse and you both had access to 12 weeks of family and medical leave with wage replacement during that time, would that possibly affect the likelihood of you taking paid leave?

- Yes
- Both are important to have, wage replacement depends on how much you need it, for a brand new baby you would need to use more
- A lot of different factors, if you can find someone to do the work while you're gone, having to figure out who will take care of your child, want to try support your child, luckily has a nanny that is a family friend, right when I get home, it is for the baby, is it enough? No. But believe that the baby will be happy and healthy. Not sure if can have more.
- Ease of mind in any type of institution; no real institution where you can send baby under 18 months; use time to take care of baby instead of trying to find a babysitter/caregiver right away; by that time baby sleeps better, breastfeeding has been established; it would be a luxury to combine the 12 weeks.
- No one would want to drop off a 6 week old child with a babysitter, babysitters are not necessarily the most secure or safest.
- Extraordinary situations would be when it would be most important.
- First time parents are scary because you may not know what you are doing, scary having someone watch your child.

IV. Opinions About Policy Specifics

▪ What would you say would be a reasonable amount of time to allow an employee to take off with paid leave for when they need to use it?

◦ If you were to have a new baby or need to take care of your ill elderly parent, about how much time would you feel would be an appropriate amount of time for you to take away from work? How do you feel about taking 12 weeks off?

- 12 weeks sounds good
- Equality; both mom and dad get the same amount of time
- In extreme cases, maybe there should be an added layer (extra time)
- 12+12, around 6 months, it would help a lot
- 12 weeks makes the most sense; there is the fear factor from the employer's perspective of them abusing the system
- There is still a bias towards women where they won't promote women; what would that look like for men? Would my employer be tolerant of taking 12 weeks off then coming back as if nothing happened? Will I get demoted or is someone going to take my position? Understanding is one thing but then there is reality; especially in a corporation.

- I don't want to be that dad that never sees their child, decided to leave the company that would not understand that.
 - Society stigma/perception that men have to work. It seems weird when men are not working.
- If you needed to take family leave, what portion of your normal pay would you need to be able to sustain yourself and your family without causing financial hardship while you're on leave?
 - Could you sustain yourself with 60% of your pay during the period of leave? 75%?
 - $\frac{2}{3}$ or somewhere around 60%
 - 12 weeks out of the year 60%
 - What do you think of a tiered system? - Meaning that those making a lower salary would get a higher portion of their salary during the period of leave, and those making a higher salary would get a lower portion of their salary during the period of leave.
 - It makes sense.
 - Basic cost of living.
 - There should be tier.
 - What is the value of each person's life? Would you put more value to that parent because they make more money? Would I have to take my son out of private school because we can't afford the tuition in those 12 weeks?
 - If you're living on minimum wage and need to take time off, 40% is going to be really low; There should be a higher tier for lower income, as long as there is balance between low and high income.
 - Low income already get supplements and support, so could there be balance/support to begin for those low-income people. Different pieces of each puzzle.
 - If we just look at monetary amount, tiered system is good, but low income get a lot of supplies as it is.
 - We spend more because we have more; it depends on lifestyle.
 - High income families have the ability to find resources for help.
 - Tiered system already in place with taxes, implementing a program could go off of that, replicate off of a system that already exists.
 - Who should pay for a program like this? Shared employee/employer contributions? Employers only? Employees only?

- Employers? None.
- Employees? None
- 100% shared.

▪ Would you be willing to pay a portion of your monthly paycheck toward a program that would allow you to take up to 12 weeks off in order to care for a new child, whether by birth, fostering, or adoption, or to care for a seriously ill family member?

- Yes, works the same as insurance. It's not just for those who have kids, everyone has family.
- If it was paid, makes sense.
- 100% yes.

○ If you would, how much money would you be willing to pay into the system for this each month? What would be the maximum amount per month that you would be willing to pay?

- Pre-tax 2-4%
- Depends on so many variables, lot more time means a lot of percentage, needs to know how long you've been with the company
- Hovering around 2%
- Somewhere around 1-2%, depending on your salary
- High income would have to dish out more and get less benefits in return. There may be some pushback from higher income people.
- Maybe we could put a cap like 12 weeks every two years; knew if you paid into the program and you had it and could use it whenever you need it.
 - Or should the program allow for a tiered system based on each employee's wage?

○ If not, please explain why. Does \$100/month for 12- weeks/year, fair?

- Yes, but for someone making minimum wage could be really hard.
- \$100 is reasonable by itself, but sometimes if you add up all of the fees, it adds up
- What about people who can't have kids or don't have parents?
- Homelessness (in Hawaii), if you could have support for them, we need to be creative about the situation.
- The fees should be safeguarded and be used for the system and not some random project.
- Does \$2/paycheck seem fair? Yes. 100%.
 - It would be easy to give a few dollars a paycheck.
 - Is it up to 60% wage replacement?

- Should employees be required to wait before accessing a family leave insurance program? How long do you feel that an employee should work at a company before being able to use the paid family and medical leave benefit when they need it?
 - Yes, it is fair.
 - Even for maternity leave, some companies need you to work for 1 year until you have access to it.
 - Would it influence if it was a general system you paid into, not specific to one company?
 - Possibility of people hopping from job to job to use the 12 weeks. Needs to be a system to protect the employers and employees
 - The longer you contribute to the system, the more benefit it is to you; could be a huge gap in between the birth of your baby and taking time off to take care of parents; use the funds like social security (how much you paid in, what you could do with the \$\$ if it isn't used).
 - 5-10 year paid in, you get 60% wage replacement.
 - 2-3 year paid in, 30% wage replacement.

V. Closing

- How would paid family and medical leave affect you if you had access to it? If you are in a relationship, if paid family and medical leave was available to your partner, how would your family be affected?
- Any last thoughts or concerns that you would like to express?
 - Most importantly, having a team effort - employee, employer & government.
 - Education process where employers know how to work with their employees on this matter; it definitely sits on an emotional level; people have to be willing to give up these preconceived ideas and look at the benefits down the line.
 - It is complicated but making sure that we are addressing low income, high income, younger and older workers, make it make sense for everyone.
 - Making non-opt out to make the financial and culture change work.
 - Mandate it.
 - How do we prevent system abusers? Require documentation of reason for taking leave.
 - Overall I think it is a good thing, I believe we are behind, why do we already not have this?
 - To be embraced by the culture, even if it takes a long time, it has to start somewhere.

CAREGIVERS: Paid Family Leave Focus Group 8/8/17

I. Participant Introductions

- Lyn: caregiver to husband, also cared for mother-in-law and mother while working full time
- Mei: 14 month old
- Bonyen: 6, 4 and 2 year old; grandmother who has dementia and uncle
- Puna: takes care of father 96 and mother 93
- Susie: caregiver of children and mother

II. Awareness and Experiences with Family Leave

▪ If you are currently employed, does your employer offer paid family and medical leave?

- I work for PATCH, they have great work and sick leave benefits. My mother wasn't able to take care of daughter because she hurt her shoulder and I was able to bring my baby to work with me as long as it wasn't a disruption at work. Fortunate to have that option.
- I worked from home and was able to bring daughter and infants to work. Perhaps provide an incentive for the support of employers to support family leave.
- When I was caring for my mother-in-law, I did everything for her after work. When my mom got ill too, I never took time off work to take care of her either, I would go and help her at night. As her dementia progressed, I would go see her during my lunch hour and dinner and then stay til 9pm. When mother got really bad, I had to start going in the morning to make sure she was eating and taking medication. I worked for a national organization and they didn't understand why I was taking care of mother-in-law. "This is our culture, this is what we do. We take care of family and extended family". Real eye opener working for an organization of caregivers and chronic disease, they still didn't understand it. When my husband had his amputation it really changed our lives. I had a job that was extremely demanding. Finally after 3.5 years trying to do my job and take care of him, I asked for flex hours but couldn't get them scheduled. Had to take 2 weeks' vacation then had to hire in-home assistance so I could go back to work. The only time took I took PFL was when I took my husband to the doctor. By the time I got home, I was extremely exhausted. Eventually had to quit job because my husband was going through depression and withdrawal. We went on social

security. I was able went to do a part time job and its very accommodating to my schedule and I am able to still take care of husband. It's extremely expensive to have homecare.

▪ Was there ever a time in which you felt the need to leave the workforce because of your family caregiving responsibilities?

- 5 of 5, yes.

▪ Have you ever taken time off from work to care for your new child, whether by birth, fostering, or adoption, or to care for a seriously ill family member?

○ If so, was it paid or unpaid?

▪ And how much time did you take off from work?

- Took 3 months of maternity leave, had to use vacation/sick leave to cover the whole time. Work was extremely supportive, it was my choice to hurry up and go back to work. If I wanted to take longer, I would end up taking leave without pay (works for PATCH); recently was able to bring baby to work as long as I could do my job.
- Had children and still worked, flexible enough where could I do work from home, also took kids to work until parents retired and could watch the kids. There needs to be an option for parents who don't have the option to take kids to work. There needs to be a way for there to be an incentive to both employees and employers.
- Concerned about the caregivers; one sister (a caregiver) had 800 hours of overtime. Whole system is being exploited. When I start seeing the mothers who are complaining about all of this; we don't have kids who are planning to take care of the older generations. Everything costs money and we have a different story now, nothing changes and nothing moves on. We do have necessary things that are going to come in; don't have the incentive anymore. Need to value the time and energy on what you (focus group) are focusing on. Didn't realize we had to get to this point, programs are not connecting the services.
- With my firstborn, took 8 weeks; 6 weeks of approved leave time for maternity but it should be at least 3 months. With my second daughter, I took 6 weeks and with my 3rd kid I was going to take 6 weeks but TDI paperwork only approved for 5 weeks but decided to stay out for the 6 weeks. My youngest son has special needs, hospitalization for a week. We didn't have the money to stay out as long as we'd have liked to but was going to deal with the financial burdens later to ensure my son was taken care of.

▪ If you could change something about balancing your responsibilities of caring for your family member(s) and work, what would you change and why?

- I'd put the emphasis on family instead of on my job. By the time it got to my husband, I should have put more emphasis on him. Because his amputation was so traumatic (emotional, physical, mental, financial), took so much more than work. Shifting priority. My focus wasn't on family, it was on the money.
- Having the flexibility in schedule towards work. Trying to find the balance; even if I take time off to take care of my son, still on my laptop doing work. If I am at home with him, I want to fully be at home. If there was something that was offered to employees, like if they needed to take time off work and not worry about work duties so we can focus on the family member that needs you. Finding that balance is hard.
- So hard in Hawaii because everything is so expensive. Only way to pay for mortgage, medical, food is to work. Hard to put family first when you need to provide, especially when you become the provider. It's hard to say, I'll shift my emphasis because we need the money to survive.

▪ If everyone in the room here had the ability to take paid family and medical leave to be able to bond with a new child or to care for a close family member with a serious illness, would you take it? Why or why not?

- 5 of 5, yes.
- Alleviate stress, mental health.
- As a grandmother too, you know that the rest of the family needs taking care of and possibly the whole family could benefit. Somebody is going to have to quite work to help take care of another family member at some point.
- Peace of mind.
- Balance and boundaries. Before kids, had no problem bringing work home. But having the ability/luxury to leave work at the office. Balance - being present with children but working for my children. Does my job align with my values in how I am providing for my children? Realization and revelation that it is not selfish to take care of ourselves. It is not fair to pour from an empty cup.
- I was able to bring my kids to a lot of my functions. If there was a way to create the same experience for other families. A lot of children don't know what their parents even do. I would spend day time with my family but would stay up at night doing work, usually only slept for 3 hours. That may have already impacted my health.
- Even though work is something I love to do, finding boundaries to be fully present. It would be really nice for jobs to recognize that we do love our jobs and they should support us in other ways. Have benefits as a mother available to you.
- Biggest problem with employers, until they experience it, they can't relate to it.

- Looking at dynamics of support groups, start telling stories realize that is life.
- The realization of the revelation. As caretakers, we have to take care of ourselves.
- What is the balance not just for myself, but what is the balance for everything that I do.
- Support group for caregivers. Having that support group, they can start sharing information on how they can get help.

IV. Opinions About Policy Specifics

▪ What would you say would be a reasonable amount of time to allow an employee to take off with paid leave for when they need to use it?

What's reasonable amount of time to take off? For "paid" PFL time off?

- Depends on the scenario. 12 weeks for maternity. Say you have a loved one that has serious illness? It would depend on the variable.
- Hard question, depends on how much time you need. Don't have an answer
- Depends on scenario, you can put a timeline on maternity. But other scenarios where you may need it for longer time. But if policy doesn't have a time line, then it's hard to make a policy. Maybe 3-6 months?
- Paid for in home care for a year, at the end of the year, felt he (husband) had healed enough and I felt confident enough that he could be left alone at home. But it took a year to get to that point.
- With what we know about child development and bonding, at least 1 year of PFL should be available.
- I had to stop breastfeeding because I had to go back to work.
- No, it wasn't enough time at all.

○ If you were to have a new baby or need to take care of your ill elderly parent, about how much time would you feel would be an appropriate amount of time for you to take away from work? How do you feel about taking 12 weeks off?

- 5 of 5 agreed, with 12 weeks.
- If you could use family leave for anyone that you care for; could have multiple family members and you each take those 12 weeks at different times.
- Desperate communities would abuse this system; each company should decide on their own, I don't know if the whole state should do it.

▪ If you needed to take family leave, what portion of your normal pay would you need to be able to sustain yourself and your family without causing financial hardship while you're on leave?

○ Could you sustain yourself with 60% of your pay during the period of leave? 75%?
60% of normal pay?

- 0 out of 5 agreed.

75% of normal pay?

- No, because I've already had to dip into my 401k four times. I've taken out ½ of my savings in the past year and half.
- For one income, would need 100% of at least one income to cover everything. In order to make it doable to leave work.
- Standard of living will never be the same, standard drops significantly. What can we live on? What do we give up?
- I would need 100% but the x factor in my scenario is my son's medical bills, if something were to happen and our savings went away, we'd still have these medical bills. And we'd have to choose between food and medical bills.
- When I went part time, I would not eat, personal sacrifices.
- Hawaiian people are pretty resilient.

▪ **Who should pay for a program like this? Shared employee/employer contributions? Employers only? Employees only?**

- Shared employee/employer? 2 of 5 agreed.
- Only employers? 2 of 5 agreed.
- Only employees? 1 of 5 agreed.

▪ **Would you be willing to pay a portion of your monthly paycheck toward a program that would allow you to take up to 12 weeks off in order to care for a new child, whether by birth, fostering, or adoption, or to care for a seriously ill family member?**

- 5 of 5, agreed.

-

○ **If you would, how much money would you be willing to pay into the system for this each month? What would be the maximum amount per month that you would be willing to pay?**

- 1% or at least less than 5%
- 1%
- If an employee recognizes when their employees are well rested and not stressed out they do their jobs so much better. There is a benefit to the employer.
- Employers have to look for ways to keep employees;
- Employer benefits should be different depending on what kind of company it is, vary on size of company (nonprofit or for profit).

- Make it super seamless for employer where they don't have to hire another employee when that individual goes out for PFL.

- o **If not, please explain why. Does \$100/month for 12- weeks/year, fair?**

- 100/month from paycheck? No one.
- \$25/month? 3 of 5, yes.
- As a teenager making minimum wage, \$25 would be a lot.
- Having to finance other things like the rail, so don't know what other expected finances going to have to pay.
- \$2-\$4? 5 out of 5 yes.

- **How long do you feel that an employee should work at a company before being able to use the paid family and medical leave benefit when they need it?**

- One year time period before getting that benefit, would have to be actuality sound.
- Available as soon as employee takes the job; already paying it with other employer, should still get that benefit right away.
- As long as there is a period of contributing to the system, then right away.
- Think there's other ways to generate money not utilizing employee or employer's money.
- If you're a contributing member of society, still should be able to access the program.

V. Closing

- **How would paid family and medical leave affect you if you had access to it? If you are in a relationship, if paid family and medical leave was available to your partner, how would your family be affected?**

- **Raise hand if have ability to take PFL if you had the option:**

- 5 out of 5, agreed.

- **Is access to PFL is necessary?**

- 5 out of 5, agreed.

Why?

- Focus on the one you need to take care of.
- Don't have to worry about paying bills. Focus on caregiving. There can be flexibility.
- You're not going to take off if you aren't getting paid. Especially if you're not making much money.

- Very important to have that option. Knowing that PFL is there, is really nice to have. Hesitant on whether or not I would take it. May or may not use it, but knowing it is there if I absolutely need it. Wouldn't use it unless it was an extreme situation. People do abuse the privilege.
- More employers that had the option where employees could share their vacation/sick time to coworkers who really need it.
- This concept has actually benefited me. Just started new job, my father died and my supervisor gave me some of her vacation time so I could take care of things. One reason would be hesitant to take PFL would be finances unless it was paid PFL.
- Guaranteed paid leave relieves stress.

Any last thoughts or concerns that you would like to express?

- Where is the money going to come from? It has to come from somewhere. That money has to be taken from some other place to pay for it.
- For each of us to pay for our own. Employer only would be ideal. If the employees are the ones paying for it, it is coming from our pockets. Realistically, I would be ok with contributing.
- 12 weeks to 3 months is the ideal time frame.
- Mother-child bonding, taking a year.
- Realistically I'd be willing to pitch in to the system even though I would just like employers to pay for it.