


Improving Work Life in Hawaii

ADMINISTRATION OF PAID FAMILY LEAVE

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Prepared and presented by:
Sarah Jane Glynn, PhD



What is Paid Family Leave?

Paid family leave insurance provides wage replacement when workers need time off to:

- Care for a new baby
- Care for a seriously ill family member

- This is different and distinct from other employer-provided workplace policies
 - Temporary disability leave
 - Can be taken to recover from childbirth and to address pregnancy-related medical needs
 - This is limited to birth mothers and cannot be taken by birth mothers' partners or adoptive parents
 - Paid sick days
 - Can generally be taken to care for a family member, but are shorter in duration (usually a few days) and are employer-funded
 - Provision of paid sick days by employers is currently voluntary in Hawaii

The United States versus the rest of the world

The United States:

- Only advanced economy without paid maternity leave
- One of a handful without paid paternity leave or paid family
- Only high wealth country without any form of paid leave at all

As of 2017, among civilian workers in the U.S.:

- Only 14 percent have access to paid family leave through their employers

4 states currently offer Paid Family Leave:

- California
- New Jersey
- Rhode Island
- New York

Washington state and the District of Columbia recently passed a paid family and medical leave bill, and more than a dozen states have introduced paid leave insurance legislation last year or are looking into their development.

Why Paid Family Leave?

Economic benefits to workers and economy:

- Increased likelihood of labor force participation
 - Labor force participation rate for mothers with children under 6 years only
 - 66.8 percent in Hawaii
 - 70.6 percent nationally
- Increased income and wages for parents and other family caregivers
- Reduced gender wage gap
 - Current wage gap in Hawaii is 83 percent, ranking in at 10th among states
 - Not projected to be eliminated at the current rate of change until 2051

Health care benefits:

- Breastfeeding, vaccinations, child well-being
- Reduced stress

Anti-poverty measure, reducing the risk of:

- Bankruptcy
- Job loss
- Having to rely on benefits like SNAP and TANF
 - 53 percent of SNAP beneficiaries in Hawaii are in working families, compared to 44 percent nationally
 - Inflation adjusted TANF benefits in Hawaii are 45 percent below their 1996 level, and only 38 percent of families with children living in poverty currently receive TANF

Need for Paid Family in Hawaii

- Nearly seven-in-ten children (69.5 percent) live in families with all of the available parents are in the labor force, either because a single working parent or a dual-earner couple heads the household.
- More than a quarter of children (28.15 percent) live with a single parent, and the poverty rate for families headed by single mothers are higher compared to all families with children.
 - Native Hawaiian and other Pacific Islander children are disproportionately likely to live with a single parent, and to be living in poverty.
- Hawaii has more seniors (16.1 percent of the population) than the rest of the nation (14.5 percent)
 - Seniors projected to comprise 20 percent of the population by 2040, this will happen sooner in Hawaii

Important Consideration for Policy

Eligibility

- Low eligibility threshold to ensure most vulnerable workers are covered

Inclusiveness

- Should cover all workers in the state

Length of Time

- No less than 12 weeks

Benefit level

- Wage replacement should be high enough to allow for program participation

Contributions

- Employer, employee, or both

Administration

- Government-run program is preferable
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Overview of currently operational policies

Location	Covers	Program type	Total length	Wage replacement	Eligibility	Funding
U.S. (FMLA)	TDI/PFL	n/a	12 weeks	0%	Based on: Job tenure, Work hours, AND Employer size	n/a
California	TDI/PFL	Social insurance & limited employer private options	52 weeks TDI/6 weeks PFL	55%, weekly max of \$1,173; 2018 PFL benefit increases to 70% for those earning < 1/3 AWW, & 60% for others	Based on: Prior earnings	Employee payroll tax
New Jersey	TDI/PFL	Social insurance & limited employer private options	26 weeks TDI/6 weeks PFL	66%, weekly max of \$633	Based on: Prior earnings	Employer & employee payroll taxes
Rhode Island	TDI/PFL	Social insurance	30 weeks TDI/4weeks PFL	60%, weekly max of \$817 plus dependent benefits	Based on: Prior earnings	Employee payroll taxes
New York	TDI/PFL	State fund, with highly-regulated private options	26 weeks TDI/12* weeks PFL	TDI: 50%, weekly max of \$170 PFL: PFL: 67% up to a cap of 67% of state AWW*	Based on: TDI/PFL: Job tenure, TDI: OR Work hours (domestic or personal employees, TDI only)	TDI: Employee payroll taxes & employer covers balance PFL: Employee payroll tax


Overview of pending policies

Location	Covers	Program type	Total length	Wage replacement	Eligibility	Funding
D.C.	TDI/PFL	Social insurance	2 weeks TDI/8 weeks PFL	90% of earnings up to 150% of D.C. min wage, plus 50% of earnings above this threshold, weekly max of \$1,000	Based on: Employment history	Employer payroll tax
Washington	TDI/PFL	Social insurance & limited employer private options	12-14 weeks TDI/12 weeks PFL (total of 16-18 weeks)	90% AWW up to 50% of state wide AWW, plus 50% of employee's AWW for all earnings above 50% of statewide AWW, with weekly max of \$1,000	Based on: Job tenure, AND Work hours	Employer & employee payroll taxes

For more information on other state programs, please see Sarah Jane Glynn, Alexandra L. Bradley, and Benjamin W. Veghte, "Paid Family and Medical Leave Programs: State Pathways and Design Options" (Washington: National Academy of Social Insurance, 2017), available at <https://www.nasi.org/research/2017/paid-family-medical-leave-programs-state-pathways-design>.

Designing a Paid Family Leave Program

Policy decisions regarding PFL programs should always have the combined goals of:

- Providing universal access
 - Reflecting the paid leave needs of **all** workers
 - Promoting equity and reducing existing inequalities
 - Creating the most efficient, and cost-effective program possible
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Key policy decision making points: Program administration

Program Design	Pros	Cons
Social insurance	<ul style="list-style-type: none"> • States have experience running social insurance programs (UI, WC) • Allows for universal coverage at low cost by maximizing risk and resource pooling • Still allows high road employers to “top off” benefits 	<ul style="list-style-type: none"> • Potential for business opposition (although this is true for any program design)
Social insurance with employer private options	<ul style="list-style-type: none"> • May benefit high road employers who already provide private options (likely to be an extreme minority in any state) 	<ul style="list-style-type: none"> • Adds administrative complexity • Potential problems if employees have to disclose medical information • May increase program costs (while increasing program administrative overhead) if many employers choose to provide private options • May lead to job lock
State fund, with highly-regulated private options	<ul style="list-style-type: none"> • None in states without strong existing regulatory agencies to oversee private insurance carriers with ability to set community rating and audit compliance 	<ul style="list-style-type: none"> • Requires strong oversight and regulations, which states are not likely to have in place • Adds administrative complexity
Employer mandate	<ul style="list-style-type: none"> • Reduces (but does not eliminate) the role of government, albeit with significant negative impacts 	<ul style="list-style-type: none"> • Difficult to regulate • Likely to lead to employment discrimination • Increases likelihood that employees will face difficulties accessing leave • Increases costs to employers/employees • Disproportionately burdens businesses with lots of women/caregivers as employees

Necessary Components of a Paid Family Leave Program

In order to function efficiently and effectively, any PFL program must be able to:

- Evaluate qualifying events

- Requires the ability to verify births/adoptions/foster placement and make medical determinations related to family caregiving
 - Applications for TDI and Caregiving leave should require medical certification from licensed medical providers. This should include:
 - HIPAA waivers
 - IDC codes
 - Additional detailed diagnostic information as appropriate
 - Signed certification from the care recipient (in the case of family caregiving leave)
 - Penalties for falsifying medical information should be significant.

- Determine program eligibility

- Varies depending on exact program rules, in most cases will require access to individual-level data on earnings for workers employed in the state/municipality

- Calculate benefit amount and process payments

- With the exception of flat benefits, also requires access to data on prior earnings.

- Process information efficiently and effectively (IT)

- Review and process appeals for claims that are initially declined

Existing Sources of Information or Inspiration

While Hawaii does not have a state-run TDI infrastructure that can be easily expanded, there are existing data sources, processes, and efficiencies that can be built upon.

Some potential sources of data and processes include:


- Unemployment Insurance
- State Directory of New Hires
- State Taxing Authority
- Workers' Compensation
- Potential for collaboration with other states and/or municipalities developing programs

Potential Agencies to Administer Paid Family Leave

Hawaii Department of Labor and Industrial Relations

- Oversees the Unemployment Insurance program and the Disability Compensation Division, which provide similar benefits
- Consistent with framework of Paid Family Leave as an earned worker benefit intended to support labor force attachment and sustained work
- Consistent with how other states' effective and efficient programs are administered

Hawaii Department of Human Services

- Administers other assistance programs such as Temporary Assistance for Needy Families, Temporary Assistance for Other Needy Families, SNAP – Nutrition Program, and Aid to the Aged, Blind and Disabled
 - Less consistent with framework, as HHS's mission is to serve Hawaii's most vulnerable residents
 - Inconsistent with how other states administer Paid Family Leave programs
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Thank You

Sarah Jane Glynn, PhD
sarahjane@sarahjaneglynn.com