

Simulation Model Estimates for Pennsylvania HB 181 (2023)

Family and Medical Leave Insurance Act

Policy parameters based on Printer's No. 139 (March 8, 2023)

- Up to 12 weeks per year for bonding with a new child, caring for family members, or the employee's own serious health condition.
- Benefits are payable for a maximum of 20 weeks in a benefit year for all reasons.
- Private employees and state or local government employees are covered; self-employed individuals may opt-in.
- Covered workers are eligible if they have worked and contributed to the fund for at least 18 week in the last 12 months and earned at least \$2,718 in income.
- Benefits are calculated as 90% of weekly earnings up to half the state average weekly wage; 50% of weekly earnings over the state average weekly wage.
- Maximum weekly benefits are equal to the state average weekly wage.

Simulation Model Estimation

- Worker Paid Leave Usage Simulation ([Worker PLUS](#)) is an open-source simulation tool that can be used by researchers and federal, state, and local policy makers to estimate the effects of various worker leave scenarios and policy options on worker leave-taking behavior, and to estimate the benefits paid as well as costs of administering any given program.
- Worker PLUS employs public microdata from the Department of Labor's Family and Medical Leave Act (FMLA) Employee Survey to train models for individual-level leave needs and behaviors and simulates specific leave-taking behavior and outcomes using demographic data from the five-year American Community Survey (ACS) Public Use Microdata Sample (PUMS) for the Pennsylvania workforce.
- Current version is based on the 2016-2020 ACS for estimating the Pennsylvania workforce. Earnings and benefits are estimated in 2020 dollars unless otherwise specified.
- Benefit take-up rates specified by the analyst were selected based on previous analyses of simulating recent state paid family and medical leave programs (Washington, Massachusetts, and Connecticut) to determine rates that best reproduce administrative reports on claims and benefits paid.
- All self-employed reporting at least 6 months of employment in the previous year are included in the estimates for benefits. Future analyses could omit them or model their participation at some anticipated level. (Both would require additional guidance from the legislative or administrative staff. By including all self-employed, these estimates likely represent an upper bound on claims and benefit costs.)

Simulation Results

- Based on the simulation model results, about 261,500 workers would claim program benefits for 290,600 family and medical leave reasons each year under the proposed policy.

- Approximately 5.1 percent of eligible workers would experience a covered family or medical need, take leave from work, and have an approved application for paid family and medical leave benefits in a year.
- Paid family and medical leave benefits would cost \$1,489.0 million (2020 dollars) based on results from the microsimulation analysis.
- Costs for benefit administration would add \$89.3 million based on reports from other state paid family and medical leave programs and estimating as 6 percent of benefits paid.
- Using the Quarterly Census of Employment and Wages, Pennsylvania total wages paid by private employers, state, and local governments totaled \$332.6 billion. Applying the revenue calculations in the bill (0.588% of wages) would provide revenue of \$1,955.6 million for the paid family and medical leave program.

Additional Costs Not Estimated in the Worker PLUS Simulation Model

- Costs for Safe Leave uses of the policy.
- Additional costs for children born, adopted, or placed in the year before benefit payments begin whose parents claim benefits when first available, but within the first 12 months. If 25 percent additional bonding leaves were claimed in the first year of benefits, Pennsylvania would expect 29,300 additional claims paid at a cost of \$144.9 million (2020 dollars). This would not be a recurring cost.
- Repayment of general revenues appropriated for start-up costs.