



Universal Family Care

Designing State-Based Social Insurance Programs
for Long-Term Services and Supports, Paid Family and Medical Leave and
Early Child Care and Education

Study Panel of the National Academy of Social Insurance

Alexandra L. Bradley
Lead Policy Analyst
Study Panel on Caregiving

About the Study Panel

PFML/ECCE Working Group Members

- **Heidi Hartmann**, Working Group Chair; President and CEO, Institute for Women's Policy Research; Research Professor, The George Washington University; MacArthur Fellow
- **Indivar Dutta-Gupta**, Co-Executive Director, Economic Security and Opportunity Initiative, Georgetown Center on Poverty and Inequality
- **Kathryn Edwards**, Associate Economist, RAND Corporation; Professor, Pardee RAND Graduate School
- **Joan Entmacher**, Senior Fellow, National Academy of Social Insurance
- **Jocelyn Frye**, Senior Fellow, Center for American Progress
- **Jeffrey Hayes**, Program Director, Job Quality and Income Security, Institute for Women's Policy Research

PFML/ECCE Working Group Members

- **Elaine Maag**, Senior Research Associate, Urban-Brookings Tax Policy Center, The Urban Institute
- **Aparna Mathur**, Resident Scholar, Economic Policy, American Enterprise Institute
- **Michelle McCready**, Chief of Policy, Child Care Aware of America
- **Ray Pepin**, Temporary Disability Insurance (TDI) Administrator, Rhode Island Department of Labor & Training
- **Erik Rettig**, Senior Manager, SMB/Economic Policy, Intuit
- **Christopher Ruhm**, Professor of Public Policy and Economics, Frank Batten School of Leadership and Public Policy, University of Virginia
- **Marci Ybarra**, Associate Professor, School of Social Service Administration, University of Chicago

Paid Family and Medical Leave

What is Paid Family and Medical Leave?

- Coverage against the risk of needing to take time off of work due to a serious personal or family health-related incident.
- Qualifying events for leave typically include:
 - Birth, adoption, or foster placement of a child
 - Serious health condition of a family member
 - Worker's own serious health condition
 - Deployment of a worker's spouse, child, or parent

The Case for Action

- **The risk is universal**
- **The landscape of work-family balance is changing**
 - Fewer families have a stay-at-home caregiver
 - Family financial security increasingly relies upon all adults in household working
 - Aging of the Baby Boomers
- **The nature of work is changing**
 - Risk shift from employer to employee
 - Nonstandard work arrangements
- **Paid leave facilitates attachment to the workforce**
 - Time off to care for self or family helps caregivers stay in their job
 - Improves health outcomes

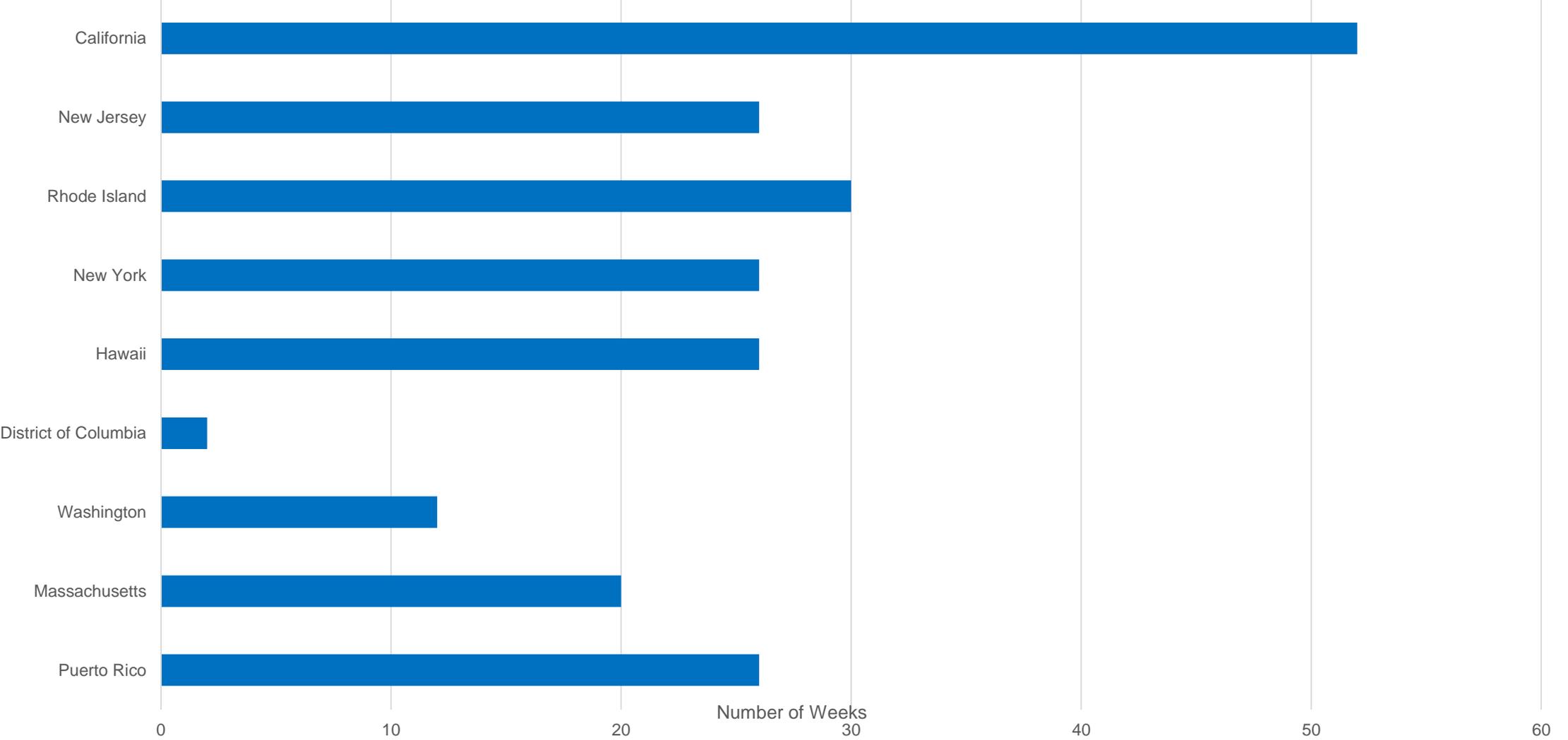
The Case for Action

- **Federal policy is limited and insufficient for many workers**
 - Family and Medical Leave Act of 1993
 - 12 weeks of leave for a broad range of qualifying events
 - 40% are ineligible for coverage
 - Unpaid = unfeasible
- **Employer-based coverage is limited and inequitable**
 - 14% of employees covered for paid family leave
 - 38% have short-term disability coverage
 - Highly concentrated among high-earners
 - Risk of employment discrimination + refusal of benefits

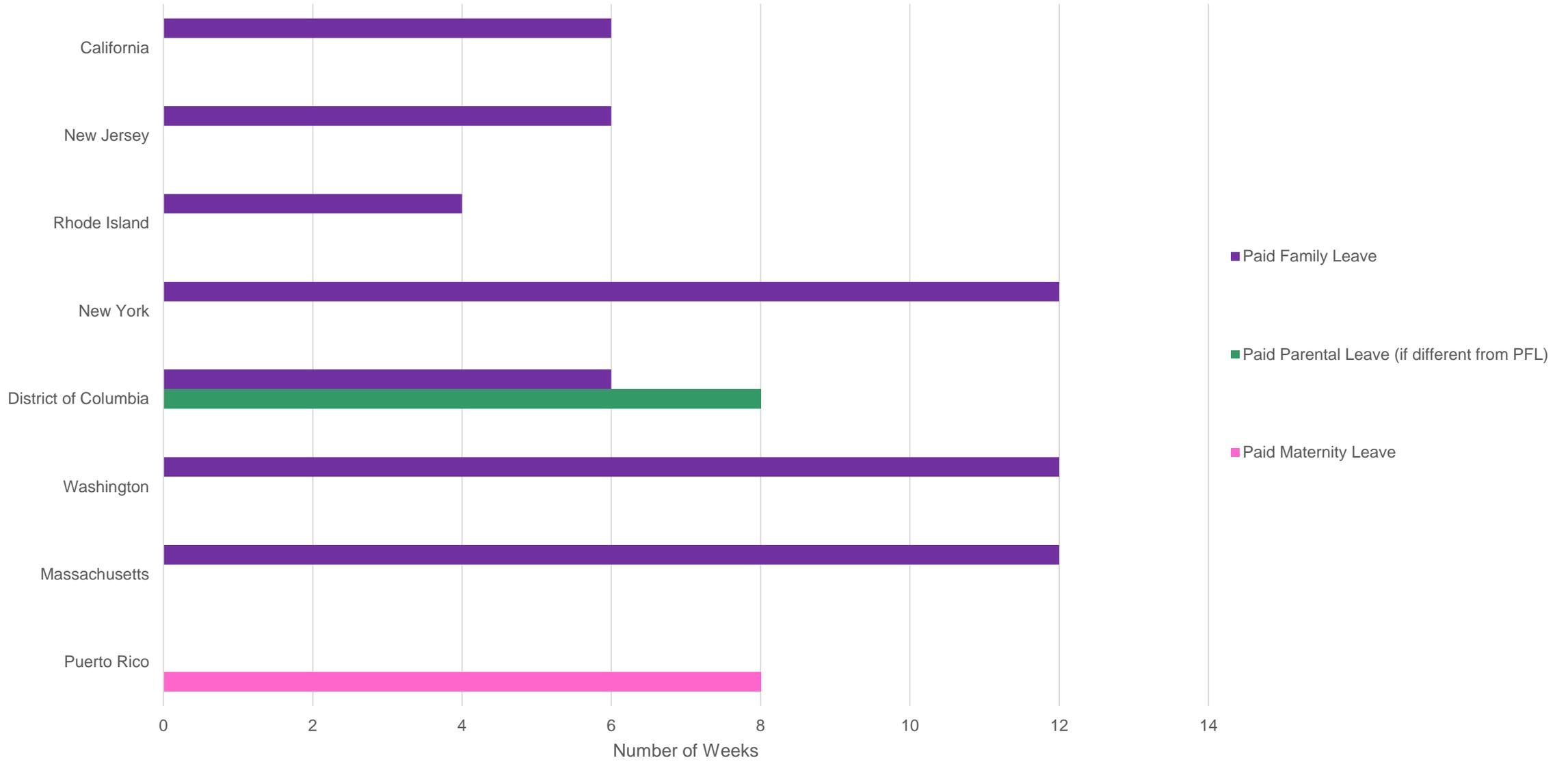
State PFML Programs

- **California**
- **New Jersey**
- **Rhode Island**
- **New York**
- **Hawaii** – Paid Medical Leave only
- **District of Columbia**
- **Washington**
- **Massachusetts**
- **Puerto Rico** – Paid Medical Leave and Maternity Leave only
- **City of San Francisco** – mandate, top up to California's PFML policy

Maximum Duration (in weeks) of Paid Medical Leave, by State



Maximum Duration (in weeks) of Paid Family Leave, by State.



Decision Points for States

Structural Design

- How is the program designed and who is responsible for managing different aspects of the program?

Funding Source

- Who pays for the benefits, and how are revenues collected?

Qualifying Events

- Under what circumstances is a worker eligible to take paid leave? Who is considered a qualifying family member for whom a worker can take leave to provide care?

Eligibility Requirements

- What work history and/or earnings requirements must be met in order for a worker to be eligible for the program?

Benefits

- How much time can a worker take off to provide or receive care, and how much compensation will they receive during their period of leave? Does the worker have a guaranteed right to return to their prior job upon returning from a period of paid leave?

Structural Design

- **Social insurance**
 - Exclusive state fund
 - Limited opt-out options
 - Blended social insurance – state fund w/ private options
- **Direct government provision**
 - No example in the U.S.
 - Very rare internationally
- **Employer mandate**
 - Expensive and risky for employers
 - Unintended consequences for employee: job lock, employment discrimination, confidentiality concerns, loss of coverage at termination

Funding Sources

- **Payroll Contributions**
 - Shared employee + employer
 - Employee-only
 - Employer-only
- **Private market coverage**
 - Premiums paid by employee and/or employer
- **General revenues**
- **Earmarked taxes**
- **Employer-sponsored coverage**

Other Considerations

- **Eligibility requirements**
 - Minimum earnings vs. minimum hours worked vs. minimum job tenure
- **Qualifying events**
 - Definition of “family”
- **Benefits**
 - Duration of leave
 - Wage replacement rate
- **Job protection**
 - Federal FMLA is not enough

Policy Options for States

- **Universal, contributory, state-level social insurance program**
 - California, New Jersey – limited opt-out options
 - Rhode Island, District of Columbia – exclusive state fund
- **Pay-or-play state-level program**
 - New York
 - Akin to Workers' Compensation in most states
- **Universal state-funded program**
 - No U.S. model, few international examples (Australia)
- **Employer mandate**
 - Hawaii, San Francisco

Early Child Care and Education

What is Early Child Care and Education?

- **Care and education for children prior to the age of entry into formal education**
 - Roughly ages 0-5
 - Ages range by state
 - Encompasses range of care arrangements from highly formal to informal
 - High cost burden on families
 - Costs vary significantly by location and age of child

The Case for Action

- **The landscape of work-family balance is changing**
 - Fewer families have a stay-at-home caregiver
 - Family financial security increasingly relies upon all adults in household working
- **High-quality early care and education benefits children**
 - Time of rapid development for children
 - Improvements to educational achievement
 - High return on investment socially
- **Inequity in access and outcomes**
 - Achievement gap and disparities in socio-emotional development often in place prior to entry into formal education
 - Cost is out of reach for most families
 - Regional limitations on access to care

The Case for State Action

- **Federal policy is limited and insufficient for many families**
 - Many families eligible for federal assistance do not receive it
 - More families need assistance than are eligible
- **Education is largely run by state and local government**
 - Federal law sets baseline standards, but state/local have significant control
 - States leading the way with pre-K programs

Benefit Design

- **Public program**
 - Essentially an expansion of the existing public school system
- **In-kind benefits**
 - Payments to existing ECCE providers on behalf of family
 - Often in form of subsidies or vouchers
- **Cash benefits**
 - More freedom to families to choose where money is spent
 - Greater challenges to ensuring provider quality standards
 - Documentation requirements could be included to ensure funds are spent on ECCE

Funding Sources

- **Earmarked revenue sources**
 - Income surtax, tax on unearned income
 - Payroll tax (employer, employee, shared)
 - Corporate income tax
 - Property, sales tax
- **General revenues**
- **Family contributions**
 - Copayments
 - Affordability: 7% of family earnings

Financing does not need to all come from one place.

Other Considerations

- **Integration with existing federal and state programs**
 - Head Start / Early Head Start
 - CCDBG
 - State Pre-K programs
- **Building up the care provider workforce**
 - Compensation
 - Training and workforce development
- **Improving quality of care**
- **Improving access to care**
 - Regional distribution
 - Diversity + cultural competence
 - Nonstandard hours

Policy Options for States

- **Comprehensive universal program**
 - All children eligible
 - Essentially an expansion of existing public education
- **Employment-based contributory program**
 - States interested in supporting labor force attachment
 - Work history versus current workforce participation
- **Universal voucher program**
 - All children eligible
 - May or may not cover full cost of care, or even a sufficient amount, depending on the generosity of the program
 - Greater flexibility for state and families