Expert Analysis for Potential Colorado Paid Family and Medical Leave Program

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Introduction

Momentum is building across the United States toward implementation of state-mandated paid family leave programs that offer income support for workers who need time off from their employment to bond with a new child, care for a seriously ill family member, manage their own health condition, adjust to a military deployment in the family, or respond to intimate partner violence and its consequences. Just this year, Connecticut and Oregon adopted new statutes and New Jersey significantly expanded its program. As Colorado considers implementation of a similar program, this report outlines recommendations for essential components of a successful paid family and medical leave (PFML) program, with special consideration for the impacts of such a program on low-wage workers and those who are least likely to have access to an equivalent employer-sponsored benefit.

Why Consider Implementing State-Wide PFML?

Paid Leave is an Unmet Need Among American Workers

According to the Pew Research Center, almost two-thirds (62%) of U.S. workers say they have taken or are very likely to take time off from work for family or medical reasons.[1] More than one quarter (27%) say that they took time off over the last two years due to the birth or adoption of a child, to care for a family member with a serious health condition, or to deal with their own serious health condition.

Unfortunately, however, 16% of those who were employed in the past two years report that there was a time during this period when they needed or wanted to take time off from work but were unable to do so.[2] In fact, across the U.S. population, only about 17% of civilian workers, 16% of private industry workers and 25% of state and local government workers have access to paid time away from work for serious family and medical issues.[3] Even when narrowing the view to maternal leave, only about 50% of U.S. workers are able to take ANY paid time away from

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[1] Juliana M. Horowitz, Kim Parker, Nikki Graf and Gretchen Livingston. “Americans Widely Support Paid Family and Medical Leave but Differ over Specific Policies.” March 17, 2017. Pew Research Center. Retrieved from: http://www.pewsocialtrends.org/2017/03/23/americans-widely-support-paid-family-and-medical-leave-but-differ-over-specific-policies/

[2] United States Bureau of Labor Statistics. *National Compensation Survey.* Washington, D.C.,2018. Retrieved from: https://www.bls.gov/ncs/ebs/benefits/2018/employee-benefits-in-the-united-states-march-2018.pdf

[3] Lynda Laughlin. Maternity Leave and Employment Patterns of First-Time Mothers: 1961-2008. October 2011. U.S. Census Bureau. Retrieved from https://www.census.gov/prod/2011pubs/p70-128.pdf

work after giving birth, and about a quarter of leaves last for only two weeks or less.[4,5] Workers have even less access to other types of paid family leave to care for a seriously ill or injured loved one.

Importantly, access to paid leave is inequitable, with much less access among low income households. Specifically, only 8% of those at the bottom quartile of income have access to paid family leave, 19% have access to short-term disability insurance, and fewer than 50% have any paid sick days.[6] The situation is no different in Colorado: In the leisure and hospitality industry, which employs more than 332,000 people, only 6% have access to paid leave despite the fact that these jobs are often physically demanding and difficult to complete when one has just given birth or has been up all night with a sick child.[7] And access is not much better among those in education and health care, a labor segment that employs more than one-fifth of working Coloradans. Among these workers, less than 19% have access to paid family and medical leave.

Paid leave boosts worker health and economic security

As our team has described elsewhere,[8] a growing body of literature is documenting the numerous benefits to individuals, families, employers and the public when paid leave is available to workers. These benefits include: improved health and lower health care spending among infants and new mothers,[9,10,11,12] improved mental health among caregivers of family members with special health needs,[13] increased rates of high school graduation and long-term

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4 Ibid.

5 Jacob A. Klerman, Kelly Daley and Alyssa Pozniak. (2012). *Family and medical leave in 2012: Technical report.*Cambridge, MA: Abt Associates. Retrieved from https://www.dol.gov/asp/evaluation/fmla/FMLA-2012-Technical-Report.pdf

6 United States Bureau of Labor Statistics, 2018.

7 Bell Policy Center. *Testimony: Support FAMLI to Give Colorado Workers Paid Leave*. February 7, 2018. Retrieved form http://www.bellpolicy.org/2018/02/07/famli-colorado-paid-leave/

8 Greenfield, J. C., Reichman, N., Cole, P., & Galgiani, H. (2019). *Projected Economic Impacts of Paid Family Leave in Colorado*. Denver, CO: University of Denver. Retrieved from https://socialwork.du.edu/sites/g/files/lmucqz281/files/2019-02/Paid-Family-Leave-Report.pdf

9 Barbara E. Silver, Helen Mederer, and Emilija Djurdvevic. *Launching the Rhode Island Temporary Caregiver Insurance Program (TCI): Employee Experiences One Year Later.* April 2016. University of Rhode Island. Retrieved from https://web.uri.edu/ssirep/files/RI-Paid-Leave-Final-Report-April-2016.pdf.

10 Adam Burtle and Stephen Bezruchka. "Population Health and Paid Parental Leave: What the United States Can Learn from Two Decades of Research," Healthcare 4, vol. 2 (2016):30. DOI: 10.3390/healthcare4020030

11 Judy Jou, Katy B. Kozhimannil, Jean M. Abraham et. al. "Paid Maternity Leave in the United States: Associations with Maternal and Infant Health," Maternal and Child Health Journal22, no.2 (2018): 216-225. DOI: 10.1007/s10995-017-2393-x

12 Ariel Marek Pihl and Gaetano Basso. "Did California Paid Family Leave Impact Infant Health?" Journal of Policy Analysis and Management38, no.1 (2019): 155-180. DOI:10.1002/pam.22101

13 Alison Earle and Jody Heymann, "Protecting the Health of Employees Caring for Family Members with Special Health Care Needs," Social Science & Medicine 73, no. 1 (2011): p. 74.

wages among children born to parents with access to parental leave,[14] reduced rates of preterm birth and congenital anomalies,[15] reduced dependence on public benefits like SNAP and TANF,[16] higher incomes and lower debt among mothers and caregivers,[17] less turnover and absenteeism in the workplace,[18] stronger workforce attachment among workers and higher levels of loyalty to the employer.[19] It is evident that paid leave results in numerous benefits, while employers overwhelmingly report that implementation of the statewide benefit had mostly positive or neutral effects on their organizations.[20]

Comparison of State Programs

In response to growing demand for statewide paid leave programs, a number of states have now moved to implement plans. States with PFML programs fully implemented include California, New Jersey, Rhode Island, and New York. Washington State, Massachusetts, and the District of Columbia are in the process of implementing their programs, while Connecticut and Oregon just passed new statutes in 2019 and will begin implementation in the next few years. We summarize these programs in Appendix A. Throughout this discussion, we refer to medical leave programs as temporary disability insurance (TDI), and family leave programs as family leave insurance (FLI). States such as California, New Jersey, Rhode Island, and New York had existing TDI programs in place before implementing the FLI component, which accounts for some of the differences in funding structures, benefit amounts, and leave durations allowed in those programs.

Evidence from National Measures of Leave-Taking Behavior

A challenge of determining utilization rates and modeling the the usage of paid leave policies is that little data exists on the leave-taking behavior of workers within the United States. One

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[14] Pedro Carneiro, Katrine V. Loken, Kjell G. Salvanes, *A flying start? Maternity leave benefits and long run outcomes of children.* IZA Discussion Papers, No. 5793, Institute for the Study of Labor (IZA), Bonn, http://nbn-resolving.de/urn:nbn:de:101:1-201106224748

[15] Burtle and Bezruchka, 2016.

[16] Marci Ybarra, Alexandra Stanczyk and Yoonsook Ha, "Paid Leave, Welfare, and Material Hardship After a Birth," Family Relations 68, (2019): 85-103. DOI:10.1111/fare.12350

[17] Juliana M. Horowitz, Kim Parker, Nikki Graf and Gretchen Livingston. "Americans Widely Support Paid Family and Medical Leave but Differ over Specific Policies." March 17, 2017. Pew Research Center. Retrieved from:
http://www.pewsocialtrends.org/2017/03/23/americans-widely-support-paid-family-and-medical-leave-but-differ-over-specific-policies/

[18] Kelly Bedard and Maya Rossin-Slater. The Economic and Social Impacts of Paid Family Leave in California: Report for the California Employment Development Department. Technical Report, 2016.

[19] Joelle Saad-Lessler and Kate Bahn, The Importance of Paid Leave for Caregivers: Labor Force Participation Effects of California's Paid Family and Medical Leave. Center for American Progress. 2017. Retrieved from: https://www.americanprogress.org/?p=439684

[20] Appelbaum and Milkman. 2011.

prominent source is the 2011-2012 Leave Module data from the American Time Use Survey (ATUS). This data source is used in more technical paid leave models, such as that developed by Albeda and Clayton-Matthews, to estimate the utilization rates of workers.[21] At the end of August 2019, the Bureau of Labor Statistics released data from the 2017-2018 Leave and Job Flexibilities Module, an update of this important resource in understanding workers access to and use of leave.

Although this dataset is the most informative available on how workers use leave, it is limited in providing insight into how Colorado workers will use paid family and medical leave. First, it is a national data set and it does not include information the self-employed. Secondly, this survey focused on a broader category of paid leave including leave taken for vacation, errands or personal reasons, holidays, and weather. Even with this wide definition, only 66% percent of workers have access in 2018. While this is a 6% increase in access from 2012, at this rate of growth the remaining workers would need to wait at least 34 years before having access to this broad definition of leave. Additionally, 23.3% of part-time workers have access to paid leave while 77% of full-time workers can access this broad definition of leave. Slightly more than half of low income workers have access to paid leave while 80% or more of higher income workers do. Although these statistics sound promising, 8.7% of those surveyed needed leave but did not take it, with 62.7 percent of them needing leave for reasons that would fit within paid family and medical leave needs. Finally, the survey only asked about leave taking behavior within the past week, allowing insight on leave taking at a point in time but less clarity on longer leaves.

In providing insight on utilization rates, the survey gathered information on workers who had taken leave in the previous week along with the reason for taking leave. 21.9% of all workers had taken leave in the previous week for an average of 13.67 hours, but only 6.9% of workers took leave that fits within paid family and medical leave. Table 1, below, shows the utilization rate by type of leave.

[21] Randy Albelda and Alan Clayton-Matthews. *Paid Family and Medical Leave Simulation Model.* Institute for Women's Policy Research and Labor Resource Center, 2010.

Table 1: 2018 American Time Use Survey Leave Utilization and Length Data

Reason for Leave	Leave Takers	Combined Utilization	Paid Leave Utilization	Unpaid Leave Utilization	Average Hours Per Week
Family and Medical Leave	34.4%	6.9%	4.0%	2.9%	10.4
TDI	21.9%	4.6%	2.8%	1.8%	11.6
FLI	12.5%	2.3%	1.2%	1.1%	9.8
Additional Leave Taking	65.6%	13.4%	9.2%	4.2%	13.0
Total	100.0%	21.9%	13.5%	7.4%	13.7

Evidence from States With PFML Programs in Place

In combination with data from ATUS, data from the states with programs already implemented are instructive in helping us to estimate what utilization will look like in Colorado. However, these data must be understood in the context of the unique characteristics of each state's program. California, New Jersey, and Rhode Island are the states with the longest experience of paying claims. More recently, New York completed its first year of full implementation, and claims data are now available from that state. However, New York's program differed substantially from the others in its first year of implementation because the wage replacement rate is being phased in over several years. In 2018, only 50% of a worker's average weekly wages could be paid for eligible claims, up to a cap of 50% of the statewide average weekly wage.[22] With benefits this low, many households were unable to afford leave in the program's first year and as a result, only about 1.5% of eligible workers filed claims. In an effort to keep New York's large workforce from exerting downward pressure on our estimates of utilization rates, we have omitted New York from our summary of states' experience.

Evidence about utilization rates and leave duration in states that have already enacted paid leave are an important source of information to inform an estimate of how many Coloradans are likely to access paid leave if a statewide program is available. One challenge with this type of analysis is that wage replacement rates and the length of leave available are different across the states with universal leave. A second challenge is that family leave programs in the three states for which utilization data are available were built on and now complement existing temporary disability programs, while Colorado does not have a short term disability program.

[22] New York State*, Paid Family Leave: 2018 Year in Review.* 2019. Retrieved from https://paidfamilyleave.ny.gov/

Temporary disability programs offer longer lengths of leave for workers who are ill, pregnant, or who have suffered non-work-related injuries, but typically do not cover leave to care for family members. The following table summarizes Temporary Disability and Family Leave Insurance claims in 2017 for the three states that have implemented paid leave. In each case TDI claims activity dwarfs family leave. Roughly 80% of the family leave claims across the three programs are for bonding with a new child; one-third to three-quarters of the claimants were female.

As Colorado builds a comprehensive program of paid family and medical leave (TFI and TDI) for workers where none existed before, our estimate of utilization was developed by looking at utilization across three states where claims data were available: CA, NJ, and RI. We estimate a utilization rate of 5% and an average leave duration of 9 weeks . Our estimate assumes that Colorado's utilization will be lower than RI's rate, but higher than those reported by CA and NJ.

Table 2 Comparison of Leave Claims Experience in CA, NJ, & RI[23]

2017	Number of Claims	Average Weekly Benefit	Average Duration of Leave (% of Max Allowed)	Utilization Rate
California				
TDI	632,755	$540	16.2 weeks (31%)	3.40%
FLI	244,853	$590	5.4 weeks (33-90%)	1.30%
TOTAL	877,608		Weighted Avg: 13.2 wks	4.70%
New Jersey				
TDI	89,242	$468	10 weeks (38%)	2.10%
FLI	18,874	$538	5.1 weeks (85%)	0.04%
TOTAL	108,116		Weighted Avg: 9.1 wks	2.50%
Rhode Island				
TDI	27,042	$492	13.1 weeks (44%)	6.40%
FLI	3,796	$542	3.6 weeks (90%)	0.09%
TOTAL	30,838		Weighted Avg: 11.9 wks	7.10%
Average Across States			**11.4 weeks**	**4.8%**

[23] Total claims are adjusted for New Jersey and Rhode Island to remove double counting of those using both forms of leave. For more discussion, see Vorgetts, Michael. *Correcting the Public Record on Paid Family Leave Utilization in Rhode Island.* 2019. (personal communication, April 11, 2019)

Because of the limitations of both sets of information about paid leave utilization, we have combined the data sources and present the comparisons here, in Table 3. Combined, the 3-state average utilization rate and the ATUS utilization rate suggest that Colorado can expect a utilization rate of 5-7% for an established program, contingent upon inclusivity, benefits, and length of leaves.

Table 3: Duration of Leave and Utilization Rate Comparisons

Reason for Leave	3-State Average Duration of Leave	3-State Weighted Average Duration of Leave	3-State Average Utilization	ATUS Utilization
TDI	13.1 weeks		3.97%	4.60%
FLI	4.7 weeks		0.48%	2.30%
TOTAL	8.9 weeks	11.4 weeks	4.77%	6.90%

Essential Components of an Effective Leave Policy

The following discussion specifically addresses the program elements specified in the CDLE Documented Quote (KAAA 2019000754). Each element is discussed separately, but grouped by the broad program parameters that were outlined in the documented quote. These parameters are: 1) program affordability; 2) equitability across worker incomes and categories; 3) accessibility, especially to workers who are less likely to have access to leave currently; 4) adequacy; 5) evidence-based minimum duration; and 6) sufficient wage replacement. Following the discussion of these various program characteristics and considerations, we present a set of summary tables that describe our estimates of likely utilization, program costs, and premiums needed to ensure program sustainability.

1. Program Affordability

Program funding structure (Element I)

There is little consistency across states in how their PFML programs are funded. In California, Rhode Island, and Connecticut, the entire program is funded through employee contributions, while in Washington, D.C., the program is funded exclusively through employer contributions; meanwhile, in New Jersey and Oregon the program is jointly funded through employer and employee contributions, while New York, Washington State, and Massachusetts use a hybrid funding structure that requires employers to contribute to medical leave but allows employers to pass along the full cost of family leave premiums to the employee.

From an equity perspective, sharing the costs of the program between employers and workers is a commonsense approach that helps to minimize costs for all parties while ensuring that all stakeholder groups are invested. When employers invest in a statewide paid leave benefit, they share in the responsibility of meeting the care needs of their workers—care that includes raising future workers, addressing the health of current workers, and providing for those who are no longer able to work. This is an investment in human capital.

In recent debates about funding structure in Colorado, concern has been expressed that requiring local governments to contribute an employer share would be unsustainable, especially under current tax law. Therefore, in our cost estimates we assume that while public sector workers will contribute their employee share, public sector employers will be exempt from contributions. We also assume that self-employed and contract workers will contribute employee shares with no corresponding employer contribution. Finally, because the premiums may place undue burden on very small employers, organizations with four or fewer employees were allowed a discount rate of 75% and organizations with 5-9 employees have a discount rate of 50%. The resulting program funding is presented in Table 4 and we breakdown the components throughout the report.

Table 4: FAMLI Costs and Revenues

Total Program Costs	**Wage Replacement Model 1 (90/50/1000)**	**Wage Replacement Model 2 (100/60/1200)**
Claim Payments	$792 million	$836 million
Administrative Costs	$24 million	$25 million
Total	**$816 million**	**$861 million**
Total Revenues		
From Workers	$608 million	$608 million
From Employers	$384 million	$384 million
Total	**$992 million**	**$992 million**
Program Reserve	+$176 million	+$131 million

Worker Eligibility

Using 2017 American Community Survey data,[24] 2,622,978 workers in Colorado met the 680 "hours worked" criteria for eligibility to begin accessing a FAMLI-style paid leave benefit. The average weekly wage of eligible workers was $1,173 in 2017. Assuming wage replacement criteria at 90% of weekly earnings up to 50% of the average weekly wage, then 50% of weekly wages beyond that average weekly wage and a maximum wage replacement of $1000, the average wage replacement will be $671 a week. Thirty-two percent of eligible workers qualify to earn 90% of their wages (we categorize these as "low" income), while 44% will earn the maximum replacement wage of $1000 (we categorize these as "high" income). The remaining 24% are categorized as "medium" income workers in the following tables.

Table 5: Colorado Worker Characteristics

2017 Labor Force		
	Number	**Percent**
Labor Force	3,029,796	100%
Employed	2,937,962	97.0%
Eligible for FAMLI	2,622,978	89.3%
Not Eligible	314,984	10.7%
Weekly Earnings for Eligible Workers		
Average Wage		$1,173
50% of Average Wage		$587
Average Replacement Wage		$671
Workers by Weekly Earnings and FAMLI Wage Replacement Criteria		
	Number	**Percent**
High	1,295,641	44.1%
Medium	693,359	23.6%
Low	948,962	32.3%

[24] Please see Appendix B for a full discussion of our data sources and methods.

At a utilization rate of 5%, we estimate 130,000 total claims from 2017 data. The average weekly benefit per worker is $671. This is a benefit of $4,026 over 6 weeks of leave and $6,039 over 9 weeks. Assuming an average claim duration of 9 weeks, the total claims paid to all workers is $792 million.

Table 6: Benefits to Workers, Assuming 5% Utilization Rate

Claims Per Year			
Projected Eligible Workers	2,622,978		
Utilization Rate	5%		
Total Claims	131,149		
Claim Duration	**1 week leave**	**6 week leave**	**9 week leave**
Claims Paid Per Worker	$671	$4,026	$6,039
Claims Paid to All Workers	$88,000,979	$528,005,874	$792,008086

Solvency of a paid family and medical leave fund under various models (Element M)

To address questions about potential program solvency, we present several models of revenues under different premium structures. First, we estimate premiums and revenues at different premium rates, expressed as percentages of weekly wages and assuming that only workers would contribute. Second, we illustrate how program revenues might change depending on inclusion or exclusion of businesses at various firm-size thresholds.

The worker share of premiums in other states that have implemented a similar social insurance program have generally been set at less than 1% percent of wages.[25] In Washington State, for instance, workers contribute 0.4% of wages up to the cap on taxable wages for Social Security

[25] Maryland Department of Legislative Services. *Report of the Task Force to Study Family and Medical Leave Insurance.* Annapolis, MD, December 1, 2017. Retrieved from http://dls.maryland.gov/pubs/prod/HHS/2017-Report-of-the-Task-Force-to-Study-Family-and-Medical-Leave-Insurance.pdf

($132,900 in 2019). In New Jersey, workers contribute 0.34% of the first $33,500 in wages. In California, the premium is equal to 1% on the first $118,371 of wages. Only in Rhode Island does the premium amount to more than 1% of wages: there it is set at 1.1% of the first $71,000 of wages and only the employees pay into the fund. There is wide variation in rules that guide funding of these programs: for instance, in a majority of states, employers and workers both contribute, but in states that already had TDI programs, shared responsibility between employers and workers may be different across programs. Additionally, many states have implemented caps on the wage base used to set premium rates, with NJ's cap set at the first $33,500 in wages, for instance, while Washington state has indexed the wage base to the Social Security taxable wage cap. Recent estimates of the Colorado FAMLI Act have projected a premium rate of .34% of total payroll to fully fund the program;[26] similarly, the state's fiscal note for the 2018 version of the bill estimated a minimum premium rate of 0.33%.[27]

We estimate a slightly higher premium rate, based on a different estimate of utilization, in order to understand the upper threshold of funding that could be needed to offer paid leave in Colorado. We expect that this premium estimate, 0.678% of wages, is higher than will actually be needed to fully fund the program, in part because it is likely that Colorado workers will be slow to access available leave benefits. Experience from other states indicates that it can take several years for constituents to learn of new benefits, even when they have already begun paying into the fund.

Table 4 presents the projected costs to employers and workers when they split the premium costs. We base our projections on the level of funding necessary to pay out all anticipated benefits at a 5% program utilization rate. Under this scenario, a worker premium of 0.339% is the minimum rate needed to cover half the program costs; a combined employer and worker rate of 0.678% is sufficient to fully fund the program at a 5% utilization rate and with 90-100% wage replacement for families with the greatest need. With an average weekly contribution of roughly $4, for a yearly total of $207, workers generate roughly $607.5 million in program funds; with matching funds from employer contributions, this is sufficient to fully fund both program benefits and administrative costs.

Table 7 calculates the total revenue generated from workers at a range of premium rates along with average weekly and average yearly premium. At 0.495% and less, workers can access paid family and medical leave for an average of less than $6 a week.

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[26] Chris Stiffler. *Estimating the Costs and Financing of Family and Medical Leave Insurance in Colorado.* Colorado Fiscal Institute. September 16, 2013.

[27] Colorado Legislative Council Staff. *Final Fiscal Note, HB18-1001*. Denver, CO, July 23, 2018. Retrieved from: https:// leg.colorado.gov/sites/default/files/documents/2018A/bills/fn/2018a_hb1001_f1.pdf

Table 7: Alternative Worker Premiums

Rate	Total Revenue	Average Weekly Premium	Average Yearly Premium
0.250%	$537 million	$3.52	$183
0.339%	$607 million	$3.98	$207
0.495%	$887 million	$5.81	$302
1.0%	$1,792 million	$11.73	$610

Evaluating employer premiums is supported by examining the range of firm size, the share of employees, and their impact on state payroll. The majority of firms in Colorado (63.6%) employ four or less workers. Expanding this to firms with less than ten employees represents 78.1% of all employers, but only determine 9.5% of state payroll. In comparison, firms with 500 or more workers represent 2.5% of all firms and determine 58.6% of state payroll.

Table 8: Firm Size, Employee Share, and Payroll Share

Number of Employees	% of Firms	% of All Employees	% of All Payroll
0-4	63.6%	5.5%	5.2%
5-9	14.5%	5.6%	4.3%
10-20	9.2%	7.2%	5.4%
20-99	8.2%	17.4%	13.9%
100-499	2.0%	12.5%	12.5%
500+	2.5%	51.8%	58.6%
Total Enterprises	100.0%	100.0%	100.0%

Similar to the premiums paid by workers, we estimate contributions from private-sector employers using the same assumptions. Recognizing that premiums may be more of a burden for smaller firms, we included a discount rate for small firms. Employers with 0-4 workers receive a 75% discount and employers with 5-9 workers receive a 50% discount on the premium rate. Using these assumptions, a premium rate of 0.339% brings in $383.5 million in contributions.

Table 9: Estimate Employer Premiums

Firm Size	Percent of Firms	Yearly Costs	Effective Premium Rate
0-4	64%	$5,264,040	0.085%
5-9	15%	$8,831,501	0.170%
10+	22%	$369,432,545	0.339%
Total		**$383,528,086**	

Table 10, below, examines how revenue received from employer premiums would change if particular employers are exempted from paying the employer premium. This table assumes that the employer premium is 0.339%, firms with less than 4 employees receive a 75% discount, and firms with 4-9 employees receive a 50% discount. Exempting all employers with less than 10 employees would decrease revenue by 5% or $20 million. If the discounts are eliminated for smaller firms, revenue would fall by 10% or $40 million.

Data limitations on the access to and the quality of paid family and medical leave provided by Colorado employers creates difficulties in determining which employers may be eligible to participate in an 'opt out' component of the program. Research shows that larger employers are more likely to provide paid family and medical leave because of the benefits of risk pooling.[28] At the extreme end of an 'opt out' component would be all large employers not participating in the state program. This would remove roughly half of all workers from the state insurance pool and reduce employer premiums by 58.6%. The inclusion of program elements, such as 12 weeks of leave and safe leave, decreases the likelihood that employers would be eligible to 'opt out' by meeting the minimum standards determined by the state insurance program. Additionally, adding an 'opt out' option will create administrative costs associated with screening the eligibility of employers. We discuss this issue further in the section on "Accessibility" on p. 20.

[28] Drew DeSilver, *Access to Paid Family Leave Varies Widely Across Employers, Industries.* 2017. Retrieved from https://www.pewresearch.org/fact-tank/2017/03/23/access-to-paid-family-leave-varies-widely-across-employers-industries/

Table 10: Impact of Exempting Employers on Total Employer Premiums

Employer Premium at 0.339%		
Number of Employers	**Total Employer Premiums**	**Rate of Change**
All	$408 million	
Only 5+	$387 million	-2.65%
Only 10+	$369 million	-2.33%
Only 20+	$347 million	-3.10%
Only Less than 500	$169 million	-58.60%

Sustainability of a paid family and medical leave program (Element O)

All other states with programs in place find that they are sustainable over time and, in fact, thrive. For example, this year New Jersey passed a significant expansion of its 10-year old paid family and medical leave program. The expansion included increasing the maximum length of leave, increasing the maximum benefit amount, adding safe leave, and expanding the definition of family to include individuals who are related by blood or otherwise have what could be considered a family-type relationship.[29] California also recently expanded its PFML program by increasing the maximum length of family leave, adding military deployment of a family member as a qualified reason for taking leave, and expanding the definition of family.[30] These expansions at the state level are one indicator that PFML programs are sustainable over time. Another indicator is that New York State has recently reported that all 27 private insurance carriers offering paid leave plans in 2018 will continue to participate in 2019, even as benefits increase according to the state's phased-in benefit structure.[31]

Role of third-party vendors on program sustainability (Element L)

At this time, no state programs utilize a private vendor to administer their paid leave programs. The majority of states administer the program within a state agency, with one caveat: New York chose to leverage its existing and quite robust private TDI market to create a competitive marketplace for paid family leave insurance. There are currently 27 different insurers that offer

[29] State of New Jersey, Governor Murphy Signs Sweeping Legislation Expanding Paid Family Leave. 2019. Retrieved from https://www.nj.gov/governor/news/news/562019/approved/20190219a.shtml

[30] Michelle Barrett Falconer and Sebastian Chilco, *California Extends Paid Family Leave Benefits to 8 Weeks*. SHRM.org. 2019. Retrieved from https://www.shrm.org/resourcesandtools/legal-and-compliance/state-and-local-updates/pages/california-extends-paid-family-leave-benefits-to-8-weeks.aspx

[31] New York State, 2019.

PFL plans, and employers are able to contract with any of them to manage their paid leave benefit. In general, these plans are offered as riders to existing TDI plans. Employers may also elect to self-insure, but must maintain benefit levels equal to or greater than those established as statutory minimums for the private plan providers.

Because there is no direct experience available from other states on the use of a third-party administrator, it's difficult to provide an in-depth review of possible outcomes. In an analysis completed by the Institute for Women's Policy Research,[32] issues related to third-party administration included the need for: 1) strict oversight, to ensure that claims are processed with necessary speed and efficiency, and that workers' employment and medical information is kept confidential; 2) protections against discriminiation and inequitable rate-setting, which has been a concern in New York's private insurance market; 3) coordination across state data systems to ensure that checks for worker eligibility and potential fraud are accurate and completed quickly, 4) cost transparency, including reasonable caps on administrative costs and assurance that rates will remain stable over time; and 5) fund management that ensures that profits from interest on surpluses are retained by the state. Because of the multiple challenges that these factors introduce, we recommend housing the FAMLI program within an existing state agency such as CDLE.

2. Equity across workers of all incomes and classifications

Self-employed workers' access and participation (Element B)

Unfortunately, very little data is available on access to leave and demand for leave among self-employed and contractual workers. As discussed above, these workers are excluded from measures of leave access and use in the ATUS as well as other national data sets, such as the National Compensation Survey.[33,34] Nonetheless, this sector of the workforce is large—nearly 12% of the Colorado workforce—and growing significantly with the rise of businesses like Über, Lyft, Care.com, and Rover.com, all of which function as platforms to connect contract or self-employed workers to customers in need of a specific service. Currently, a majority of the states with PFML programs allow these workers to opt-in to the PFML program, while Massachusetts takes it a step further and mandates that businesses with more than half of workers falling into this category must contribute premiums for all traditional and contract workers.

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[32] Sarah Jane Glynn, Gayle Goldin, Jeffery Hayes, Sarah Fleisch Fink, Sherry Leiwant, and Vicki Shabo, Implementing Paid Family and Medical Leave Insurance Connecticut. Institute for Women's Policy Research. 2016.

[33] Drew DeSilver, 2017.

[34] Bureau of Labor Statistics, *Employee Benefits Survey*. n.d. Retrieved from https://www.bls.gov/ncs/ebs/benefits/2016/overview.htm

Although data is not available on the access to family leave by classification of worker, information does exist on those with employer insurance. In the provision of benefits, employer insurance is typically provided before access to paid leave allowing for the provision of employer insurance as a necessary, but not sufficient criteria for paid leave. This suggests that using employer insurance as a proxy for access to the benefit of paid leave would overestimate the number of workers receiving this benefit. Across the classification of workers, 72-88% of working Coloradans have employer provided insurance. Only 38% of self-employed workers have employer insurance, while government employees are most likely to have access to employer insurance. At a minimum, 60% of self-employed workers would benefit from paid family and medical leave and 12-27% of other workers.

Table 11: 2017 Class of Worker and Benefit Access

Class of Worker	Percent of All Workers	Percent with Employer Insurance
For-Profit	64.80%	72.40%
Non-Profit	8.20%	78.40%
Local Govt.	7.60%	87.50%
State Govt.	4.30%	88.60%
Fed Govt.	3.30%	80.80%
Self-Employed	**11.80%**	**38.10%**
Without pay family/farm	0.20%	28.80%

In general, social insurance programs are strongest when the risk pool is broad and stable over time. For this reason, including a Massachusetts-style mechanism by which self-employed or contract employees have mandatory coverage when they work for businesses that rely heavily on this type of worker will help to expand the risk pool and ensure that the program is closer to universal access. It will also be critically important to launch a robust education effort so that self-employed workers are aware of the benefits provided by the new PFML program as they decide whether or not to opt-in.

Eligibility to take leave (Element C)

States with PFML programs have used a variety of measures to determine eligibility for PFML benefits. A key difference is that some states (CA, NJ, RI, MA, CT, & OR) use a wage-based threshold, while others (NY, DC, WA) use hours worked as the unit measured for eligibility. Using a wage-based threshold is a regressive approach, in that lower-income workers must work more hours to be eligible than higher-income workers. However, this difference is mitigated to some extent when the threshold is very low, as in the case of California, where a worker needs only to earn $300 over the 12 month period preceding an application for leave. Using hours worked as the basis for determining eligibility ensures equity in access across income levels and therefore, we recommend this strategy. Among the states using this approach, some use a simple number of hours over a calendar year approach (Washington, in particular, requires workers to have worked 820 hours over the previous 12 months), while others use a combination of number of weeks worked in a 12 month period (for instance, 20 out of 52 weeks in New York) with a number days worked that applies only to part-time workers.

In our own analysis of Colorado workers, when we apply the standard of 680 hours worked in the previous 12 months--a limit proposed as part of the 2019 FAMLI Act—we find that roughly 89.2% of workers would have been eligible for the PFML benefit in 2017. Using the 820 hours cut-off imposed in Washington State, 86.7% of workers would have been eligible in Colorado in 2017. Meanwhile, a lower but wage-based threshold such as that used in California would ensure that nearly all Colorado workers are included in the benefit.

Given the relatively small number of workers who would be excluded by the 680-hour threshold that has been previously proposed in Colorado, we recommend using this threshold. This translates to just under $8200 in wages earned at $12/hour, which would ensure that even those who have just reached the threshold will have a financial stake in the insurance program.

The definition of family or family member (Element D)

The makeup of the American family is changing. In Colorado, roughly 28% of children live in a single-parent household.[35] Another 4% of children live in households with no parent present, and are instead raised by other relatives.[36] Colorado also has a larger than average population of LGBTQ individuals, with Denver ranking 8th among metropolitan areas for LGBTQ population.[37] These are just a few reasons that a narrow definition of family, for the purposes of identifying eligible reasons for taking family care leave, is not reflective of the family responsibilities that are increasingly common among Colorado workers. Furthermore, Colorado has a growing population of people who move to the state to pursue work opportunities, and who may not have blood relatives living nearby; in these cases, neighbors, co-workers, and friends may come to stand in as “family” when emergencies arise. It is important for Colorado to adopt a definition of family that is inclusive of the many family constellations that form in the state.

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[35] County Health Rankings & Roadmaps, *Children in Single-Parent Households*. 2019. Washington, D.C.: Robert Johnson Foundation. Retrieved from https://www.countyhealthrankings.org/app/colorado/2019/measure/factors/82/map

[36] Grandfamilies.org, Grandfacts: State Fact Sheets for Grandfamilies. 2019. Retrieved from https://www.grandfamilies.org/Portals/0/State%20Fact%20Sheets/Grandfamilies-Fact-Sheet-Colorado.pdf

[37] Connie Elsbury and Jim Carr, A look at the LGBT community in the Denver metro area and around the country. Denver Business Journal. 2016, June 3. Retrieved from https://www.bizjournals.com/denver/print-edition/2016/06/03/colorado-lgbt-by-the-numbers.html

Increasing recognition of the need to recognize a broad definition of family is evident in the differences of the family definition used in older PFML programs versus those adopted more recently. Although New Jersey was the second state to adopt a family leave program, the state has just implemented an expansion of the program in 2019 that includes broadening the definition of family. Similarly, the statutes adopted in 2019 by Connecticut and Oregon include comprehensive definitions of family. In these three states, as shown in Table XXX below, leave may be taken to care for someone who is not a blood relative but has a relationship that can be considered "family."

Table 12: State Comparison of Family Definition[38]

State	Definition of Family
California (2004)	Child, parent, spouse, domestic partner, grandparent, grandchild, sibling and parent-in-law
New Jersey (2009)	Child, parent, parent-in-law, spouse, domestic partner, civil union partner, sibling, grandparent, grandchild, any person related by blood, any person with whom employee has close association that is equivalent of a family relationship
Rhode Island (2014)	Child, parent, spouse, domestic partner, grandparent
New York (2018)	Child, parent, spouse, domestic partner, grandparent, grandchild
District of Columbia (2020)	Child, parent, spouse, domestic partner, grandparent, sibling
Washington (2019)	Child, parent, spouse, domestic partner, grandchild, grandparent, sibling
Massachusetts (2019)	Child, parent or parent of a spouse or domestic partner, spouse, domestic partner, grandchild, grandparent, sibling
Connecticut (2021)	Child, parent, parent-in-law, spouse, grandparent, grandchild, sibling, individual related by blood or affinity whose close association the employee shows to be the equivalent of those family relationships

[38] National Partnership for Women and Families, *State Paid Family and Medical Leave Insurance Laws.* 2019. Retrieved from http://www.nationalpartnership.org/our-work/resources/workplace/paid-leave/state-paid-family-leave-laws.pdf

Oregon (2022)	Child, parent or parent of a spouse or domestic partner, spouse, domestic partner, grandparent or grandparent's spouse or domestic partner, grandchild or grandchild's spouse or domestic partner, sibling or sibling's spouse or domestic partner, individual related by blood or affinity whose close association with the employee is the equivalent of a family relationship

Portability of benefits (Element N)

One reason that a state-wide PFML program is more effective in supporting workers' financial security than employer-sponsored programs is that when benefits are portable, workers have greater protection against the financial consequences of their own or a family members' unforeseen illness and injury. Benefit portability is associated with increases in entrepreneurship as well; for instance, the implementation of the Affordable Care Act in 2014 enabled workers to access health insurance through regulated marketplaces and was associated with a significant increase in entrepreneurship and self-employment in the years following implementation, such that as many as one-third of small business owners credit the Affordable Care Act with making their leap to business ownership possible.[39] Furthermore, given the rise of the "gig" economy, it is increasingly important to develop strategies by which self-employed or contract workers can maintain financial independence even when illness or a family care need interrupts their ability to work. Paid leave is of critical importance to those types of workers. Therefore, we strongly recommend that this benefit should be fully portable, and that once a worker is fully vested in the program by meeting an hours-based threshold, the benefit should be available to them regardless of their tenure at any specific employer.

A related issue is the eligibility of seasonal workers. Because of the challenges that may arise from guaranteeing equivalent employment when the job is typically only available for a few months, we believe a reasonable accommodation would be to guarantee job protection once the worker has been employed in the workplace for 90 days. This is the approach taken in the recently passed Oregon paid leave law.[40]

[39] Jeremy Quittner, *Why Entrepreneurship Could Suffer if Obamacare is Repealed.* Fortune.com. 2017, Feb. 3. Retrieved from https://fortune.com/2017/02/13/job-lock-aca-repeal/.
[40] Oregon House Bill 2005 (enrolled). Retrieved from https://olis.leg.state.or.us/liz/2019R1/Downloads/MeasureDocument/HB2005/Enrolled

3. Accessibility

Impact of implementing option for employers to provide their own leave benefits that meet the minimum statutory requirements of the state plan (Element J)

Unfortunately, data are not available to assess the extent to which private employers in Colorado offer the various types of leave that would be included in a statewide paid leave plan. Using national estimates as rough guides—with the caveat that national averages are higher because they include coverage of workers in states with TDI and PFML programs in place—we estimate that very few workers in Colorado are already covered by a program that includes parental leave, caregiving leave, medical leave, military/deployment leave, AND domestic violence leave. For instance, only 25% of workers employed at firms with 500 or more employees have access to paid family leave; in Colorado, this translates to roughly 13% of the civilian workforce. Workers at these establishments are most likely to have access to the full list of leave types included in a comprehensive PFML plan, but it is likely that not all of these workers have access to 12 weeks or more of paid leave. There may be a small percentage of employers that offer all but one or two components of this comprehensive leave program and who may, therefore, choose to extend their own leave programs rather than buying into the state plan. However, the total number of employers and workers that would opt out because their workplace plan meets the statutory minimum would be quite small. Even if all of these large firms that offer paid leave were to opt out—an unlikely scenario if the statutory minimums stay true to the statewide plan's specifications—the reduction in revenue from employer premiums would be roughly 15%. Thus, the overall impact on the sustainability of the program would be quite small.

Because of the importance of access to each type of leave, we strongly recommend establishing minimum statutory requirements that mirror the elements of the statewide plan, rather than allowing private paid leave plans to offer fewer weeks of leave, a narrower definition of family, and/or more limited definitions of reasons for taking leave.

In 2018, only 17% of all civilian workers in the U.S. had access to paid family leave. Those least likely to have access to paid leave are part time workers (7%), employed in goods-producing industries (10%), working in companies with less than 100 workers (13%), and only 8% of workers whose wages are in the lowest 25% percent of earnings.[41]

[41] Bureau of Labor Statistics, 2019.

Program implementation (Element K)

Education and outreach are critically important components of a successful PFML. Recent research on the California paid leave program found that a lack of knowledge about the benefit led to a high percentage of workers going without leave despite having paid into the program.[42] In fact, even several years after full implementation of the program, fewer than one-third of eligible workers were aware of the benefit. Similar findings from New Jersey highlight the need to invest significantly in outreach, especially to communities that have been less likely to have access to paid leave benefits prior to program implementation.[43]

Lack of program awareness is harmful for a number of reasons: 1) it may erode trust in the state if workers perceive that they are paying premiums for programs they do not have access to; 2) workers may elect to apply for more expensive public benefit programs because they are unaware of their eligibility for paid leave; and 3) workers may forego taking leave even when it is needed, which puts them at higher risk of long-term health problems, absenteeism, and lower productivity. Therefore, as Colorado implements its PFML program, attention should be paid to ensuring that outreach is robust, especially among low-income workers and those employed in industries that have historically offered less access to this type of benefit. After some initial challenges in education and outreach efforts, California established a separate division dedicated to this purpose, and found that program awareness grew once dedicated staff could conduct trainings and outreach events.[44] Colorado should include an adequate budget with dedicated staff to ensure that program outreach successfully reaches communities that are least likely to learn of the new benefit on their own.

A second critical component of implementation is creation of a robust accountability system that ensures fidelity to eligibility criteria, detects employer- and provider-based fraud, and offers strong accountability to protect workers from employment discrimination and retaliation for taking leave. According to recent annual reports in California, fraudulent certification of claim applications by providers was the largest source of fraud detected by the state's accountability office, but the number of fraudulent claims was very low.[45] In 2017, for instance, out of 948,897 paid leave claims (TDI and PFL) filed, only 16 cases were prosecuted as fraudulent claims; all of

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[42] Milkman, Ruth, Appelbaum, Eileen., 2013. Unfinished Business : Paid Family Leave in California and the Future of U.S. Work-Family Policy.

[43] Linda Houser and Karen White, A*wareness of New Jersey's Family Leave Insurance Program Is Low, Even As Public Support Remains High and Need Persists*. Center for Women and Work at Rutgers, The State University of New Jersey. 2012.

[44] Netsy Firestein, Ann O'Leary, and Zoe Savitsky, *A Guide to Implementing Paid Family Leave: Lessons from California.* Labor Project for Working Families and Berkeley Center on Health, Economic, and Family Security. 2011. Retrieved from http://paidfamilyleave.org/pdf/pfl_guide.pdf

[45] Colorado Employment Development Department. (2018). *Annual Report: Fraud Deterrence and Detection Activities.* [Report].Retrieved from: https://www.edd.ca.gov/About_EDD/pdf/Fraud_Deterrence_and_Detection_Activities_2018.pdf

these were related to the state's temporary disability program, with no cases of fraud detected in the PFL program. There were also 563 cases of fraudulent overpayments in the TDI system, with no cases of overpayments brought in the PFL program. California maintains a vigilant accountability system, which helps to limit the number of fraud cases that must be investigated.

Program timeline (Element R)

The program timeline in Table 13 presumes a paid family and medical leave program that is established by July 1, 2020; begins education and outreach on January 1, 2022; establishes the funding stream on January 1, 2023; and starts paying benefits on January 1, 2024. It outlines the value of reserves from one year of funding minus the cost of establishing the program and the cost of education and outreach. After being established, the first two years of the program will be focused on implementing and designing the functionality of the program, such as developing a claim filing system and associated software, establishing rules and methods for collecting premiums from employers and employees, hiring staff for the program, establishment of fund management protocols, and processes for data collection and sharing. The roll out of education and outreach will require website design, advertising cost for radio, printing, mailers, and social media, design of workplace posters, mailers, and other marketing materials, the creation of a benefit calculator, workshops for employers, and outreach sessions to worker groups. The collection of funding beginning in 2023 will allow for the creation of reserve revenue to support the sustainability of the program. The full program will roll out in 2024.

Table 13: Program Timeline

Action and Date	Costs, Revenue, Reserves
Established by July 1, 2020	Administrative Costs for 3.5 Years: $83 million
Begin education & outreach on Jan. 1, 2022	Marketing, Promotion, Education: $2 million[46]
Establishes Funding Stream on Jan. 1, 2023	Projected Revenue: $850 million
Starts Paying Benefits on Jan. 1, 2024	Reserves at the Start of Full Program: $765 million

[46] Estimate based on California's 2014-15 appropriations for marketing and outreach. California Employment Development Department, *Paid Family Leave Outreach Funding.* 2015, April 1. Retrieved from https://www.edd.ca.gov/About_EDD/pdf/pflOutreachFundingApril_1_2015.pdf

4. Adequacy

Purposes of the leave (Element A)

In states with PFML programs, the vast majority of leave claims are filed for a worker's own medical issue. The second most common type of leave taken is bonding leave to care for and bond with a newborn; when allowed by the state, a worker who gives birth may claim both temporary disability and bonding leave, especially when pregnancy complications require time away from work prior to the birth or when the birth is particularly difficult and requires extra medical care and recuperation time. Far fewer claims are made for caregiving leave; however, numerous studies of workers who care for a family member with a serious illness report negative impacts from needing time off of work and not having access to it.[47,48,49]

There is less information available about utilization rates of paid military leave—leave taken to address needs that arise when a family member is deployed—and safe leave, which is leave taken to address the effects of domestic violence, stalking, and sexual assault. Currently, about 34% of civilian workers in the US have access to paid military leave, which is twice the number of workers with access to paid family leave.[50] The most recent study of the federal Family and Medical Leave Act (FMLA) utilization suggests that this type of leave is used by fewer people than caregiving leave; in fact, military leave through FMLA accounts for less than 2% of all leave claims nationally.[51] Of course, utilization of FMLA is constrained by the fact that two-thirds of workers do not have access to pay for this type of leave, and therefore it not accessible to those who cannot afford to forego income for the leave period. Thus, including military leave as part of the Colorado PFML program might cause an increase in the number of workers filing claims for this type of leave. However, the overall utilization as a percentage of all workers would still be quite low.

No mandate for providing safe leave exists in the U.S., and to date, the states that have incorporated safe leave into paid leave statutes have not yet implemented this type of leave and therefore do not have utilization data. Nonetheless, it is reasonable to expect that utilization of this type of data would be relatively low. In 2018, Colorado's domestic violence service agencies served a total of 18,742 adults—0.6% of Colorado's population—and only 2,819 of these adults

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[47] Sarah Jane Glynn and Danielle Corley, *The Cost of Work-Family Policy Inaction.* Washington, DC: Center for American Progress. September 2016

[48] Transamerica Institute, *The Many Faces of Caregivers: A Close-Up Look at Caregiving and Its Impacts.* Los Angeles, CA: Author, September 2017.

[49] Barbara Butrica and Nadia Karamcheva. *The Impact of Informal Caregiving on Older Adults' Labor Supply and Economic Resources.* Washington, DC: The Urban Institute, October 2014.

[50] Bureau of Labor Statistics, 2019.

[51] Jacob A. Klerman, Kelly Daley and Alyssa Pozniak. (2012). Family and medical leave in 2012: Technical report. Cambridge, MA: Abt Associates. Retrieved from https://www.dol.gov/asp/evaluation/fmla/FMLA-2012-Technical-Report.pdf

stayed in domestic violence shelters that year.[52] While some workers who do not require shelter services may still need time off from work to address the medical, mental health, and legal consequences of domestic violence and sexual assault, the overall number needing paid leave for this reason is still likely to comprise a very small percentage of the state's workforce. For those who access the benefit, however, the importance of having access to leave cannot be overstated. At a time when stress and instability are high, having the financial security offered by receiving income during a job-protected leave from work can be an essential support to foster resilience and recovery from the trauma.

5. Minimum duration (Element F)

There are several variables to consider when developing a recommendation about the minimum necessary length of leave. These include: 1) the amount of time needed to meet the policy objectives of supporting the health and economic security of workers and their families; and 2) the duration of leave needed to support workers sufficiently so that they do not move from leave to public programs. Policymakers must balance these needs with attention to how much leave can be tolerated by employers and co-workers, who often help to fill-in during a worker's absence, and the amount of leave that might cause concern about productivity challenges because of the need for a worker to be re-trained or otherwise re-assimilated into the organization upon return to work.

Research only provides minimal insight into these issues. There is growing evidence about the minimum duration of leave needed to support the wellbeing of new parents and their newborns. For instance, in a study of US mothers, Jou and colleagues found that among mothers who used paid maternity leave, both mothers and their infants had a roughly 50% lower likelihood of experiencing an overnight re-hospitalization after birth.[53] And while the duration of leave was not strongly associated with several outcomes, mothers who had more than 12 weeks of leave saw a nearly 25% decrease in likelihood of having their infant re-hospitalized when compared to those with shorter lengths of paid leave. Another recent study found that every added week of paid maternity leave decreased the odds of a mother experiencing postpartum depression, with the maximum benefit witnessed at 12 weeks of leave.[54] Finally, a study by Feldman and colleagues found that maternity leaves of less than 12 weeks were associated with higher maternal depression, less knowledge of infant development, and more negative impacts of the

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[52] Colorado Office of Children, Youth, and Families. Domestic Violence Program Annual Report, 2018. Denver, CO: Author. 2019. Retrieved from https://drive.google.com/file/d/1WToPMWz2EvT5wEXsas_JWOC2ZrkPNkNR/view

[53] Judy Jou, Katy B. Kozhimannil, Jean M. Abraham, Lynn A. Blewett, Patricia M. McGovern, "Paid Maternity Leave in the United States: Associations with Maternal and Infant Health." *Maternal and Child Health Journal,* 2018, 22:216–225. DOI 10.1007/s10995-017-2393-x

[54] K. R. Kornfeind and H. L.Sipsma, Exploring the Link between Maternity Leave and Postpartum Depression. *Women's Health Issues*, 2018, 28(4), 321-326.

birth on mother's self-esteem and marriage.[55] These studies suggest that 12 weeks should be the minimum leave duration considered in developing a new plan, particularly for new parents without medical complications. However, some of this research suggests that parental leave that is longer than 12 weeks provides additional benefits for the long-term health and economic wellbeing of both parents and their children.

To understand an upper ceiling for leave duration, research outside the U.S. is instructive. There is significant evidence that leaves up to 12 months in length are optimal for new parents and their infants, while leave longer than one-year may have negative effects on mothers' employment and productivity. For instance, Gaston and colleagues studied outcomes among five and six year olds in Canada and found that children who had parents taking six to 12 months of parental leave fared better on a variety of developmental measures than children whose parents took less than six months of leave--and that there were also some negative associations with leaves lasting longer than 12 months.[56] There is one recent data point available on this topic from the U.S.: In January 2019, the Gates Foundation announced that after testing a 12-month parental leave policy for Foundation employees for three years, the Foundation had decided to scale back to offering six months of parental leave combined with a stipend to help pay for childcare after the worker returned to work.[57] They concluded that six months of leave maximizes health and employment benefits for new parents while also avoiding negative effects on co-workers and the organization as a whole.

Unfortunately, the most robust research on leave duration has focused primarily on parental leave. Little is known about what duration of leave is most beneficial for workers needing time off to care for a family member with a serious illness, or to attend to issues related to military deployment or domestic violence. Studies of FMLA use indicate that caregiving leave is typically of a much shorter duration than either bonding leave or medical leave. Similarly, as described in Table 2 above, the average length of leave taken for medical issues is longer than that taken for family needs, which include parental leave and caregiving leave. In the three states with data available, medical leave is allowed to be longer than family leave, but leave-takers do not typically take the maximum leave time allowed; in California, for instance, where up to 52 weeks of leave may be taken for medical reasons, the average length of medical leave is only 16 weeks. In New Jersey and Rhode Island, the average medical leave duration is even shorter.

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[55] Ruth Feldman, Amy L. Sussman, and Edward Zigler, "Parental Leave and Work Adaptation at the Transition to Parenthood: Individual, Marital, and Social Correlates." *Journal of Applied Developmental Psychology*, Jul-Aug 2004, v25 n4 p459-479.

[56] Anca Gaston, Sarah A. Edwards, and Jo Ann Tober, Parental Leave and Childcare Arrangements During the First 12 Months of Life Are Associated with Children's Development Five Years Later. *International Journal of Child, Youth, and Family Studies*, 2015, 6(2). DOI: https://doi.org/10.18357/ijcyfs.62201513500

[57] Steven Rice, After offering 52-weeks of paid parental leave for three years, we're making a change. Here's why. Seattle, WA: Gates Foundation. 2019, Jan. 29. Retrieved from https://www.linkedin.com/pulse/after-offering-52-weeks-paid-parental-leave-three-years-steven-rice/

Nonetheless, evidence from these states suggests that 12 weeks of leave may be a minimum needed to allow adequate time for workers to recover from major illnesses and injury.

One additional important note is that many states with PFML programs allow workers to take extra leave if the reason for leave is pregnancy and a subsequent birth. In many cases, especially when there are pregnancy or birth complications, 12 weeks of leave are not enough to give the birth parent time to manage hospital bedrest, recover from birth, and subsequently care for the newborn through early medical issues such as preterm birth. Washington, Connecticut, and Oregon, for instance, will allow 14-18 weeks of leave when there are pregnancy complications, while California, New Jersey, Rhode Island, New York, and Massachusetts allow 26 weeks or more for disability leave, which can include pregnancy and birth complications. Our recommendation is that Colorado should allow for a higher combined disability + family leave in these situations with a maximum duration of 16 weeks.

6. Sufficient wage replacement

Job protection and other employment protections (Element E)

Job protection--the guarantee that a worker taking leave will have their job or an equivalent position available to them once the leave period is completed--has been shown to be a key determinant of leave-taking among workers. A 2016 study of California's paid leave program found that leave utilization was substantially higher among workers who were eligible for job protection because they worked for organizations with 50 or more employees; this effect was most pronounced among lower-wage workers, which indicates that not only is job protection important as a way to incentivize workers to take leave when needed, but is also a key tool to help ensure that the program is equitably accessible.[58] Some states do not guarantee job protection beyond the protections mandated by FMLA; however, FMLA only covers about 60% of the US workforce, and would therefore leave many of the most vulnerable workers without access to job protection. Therefore, we strongly recommend implementing a job protection mandate as part of the Colorado FAMLI proposal; this provision should mirror statutes in Massachusetts, Connecticut, and Oregon, which offers job protection to all eligible workers. A reasonable stipulation included in Connecticut's plan is that the worker must have been with the current employer for at least 90 days prior to taking leave in order to have their position protected upon their return from leave.

Amount of the wage replacement (Element G)

Determining the proper amount of wage replacement in a benefit program requires balancing costs and incentives. As wage replacement rates increase, workers are more likely to use the benefit and may be more likely to extend the length of leave--which may have certain advantages in terms of worker and family health, but also disadvantages that stem from higher

[58] Sarin, Natasha, The Impact of Job-Protected Leave on Female Leave-Taking and Employment Outcomes (November 29, 2016). Available at SSRN: https://ssrn.com/abstract=2877015

program costs and greater disruption for the employer. Conversely, inadequate wage replacement results in an inequitable pattern of benefit utilization, with workers in low-wage jobs being less likely to be able to afford leave, while those in higher wage jobs or in two-income families may be more likely to take leave. When some workers cannot afford leave, not only are disparities in health and economic security perpetuated, but there may also be adverse effects among businesses, which are more likely to experience higher turnover and absenteeism among their workers, and the state, which may see greater dependence on public safety net programs.

In an important study of these effects among workers and businesses in California after implementation of a statewide paid leave benefit, Bedard and Rossin-Slater found that as wage replacement rates increased, program utilization also increased.[59] However, their analysis of effects on employers as benefit use increased found that per employee wage costs actually decreased as the percentage of workers on leave increased--suggesting that a majority of businesses either hired temporary workers at a lower cost to cover the leave period, or distributed the worker's tasks to other employees while the worker was on leave. Furthermore, turnover decreased among these businesses, and this effect was relatively stable across firm sizes, suggesting that the positive effects of stronger workforce attachment and employee loyalty among workers who had access to leave outweigh any negative impacts that may occur when leave utilization increases.

These findings offer strong support for a program design that includes a relatively generous wage replacement, especially among lower-income workers who may be less likely to be able to afford leave unless all or nearly all of their typical wages are matched by their leave benefit. Thus, we have modeled costs for two wage replacement structures: scenario 1 estimates costs when the benefit matches 90% of weekly wages up to 50% of average weekly wages, then 50% of weekly wages with a maximum of $1000 for a 9 week leave; scenario 2 estimates costs when the benefit matches 100% of weekly wages up to 60% of average weekly wages, then 60% of weekly wages with a maximum of $1200 for a 9 week leave. In both scenarios, we find that the total costs are reasonable and sustainable over time. An increase in benefits may slightly increase utilization rates and the duration of leave; however, those with the greatest incentive to take leaves of longer duration are those who earn the least. As demonstrated in the scenarios described below, the benefits are adequate to keep vulnerable families financially secure during a caregiving episode. The resulting premium levels are described in Table 14, below:

Table 14: Comparison of Wage Replacement Benefit Levels

[59] Bedard and Rossin-Slater. 2016.

Wage Replacement Structure 1: 90% of weekly wages up to 50% of average weekly wages, then 50% of weekly wages with a maximum of $1000 for a 9 week leave					
Percent of Workers	**Income Level**	**AWW**	**Replacement Wage**	**% of weekly wages**	**Total**
44%	High	$2,035	$1,000	49.10%	$519,349,565
24%	Medium	$769	$618	80.40%	$175,068,017
32%	Low	$290	$261	90.00%	$98,581,990
	Tiered Income Total				$792,999,572

Wage Replacement Structure 2: 100% of weekly wages up to 60% of average weekly wages, then 60% of weekly wages with a maximum of $1200 for a 9 week leave					
Percent of Workers	**Income Level**	**AWW**	**Replacement Wage**	**% of weekly wages**	**Total**
35%	High	$2,310	$1,200	51.94%	$413,119,350
25%	Medium	$926	$840	90.68%	$247,919,705
41%	Low	$363	$363	100.00%	$175,461,685
	Tiered Income Total				$836,500,740

Maximum weekly wage replacement amount (Element H)

We have modeled a maximum weekly wage benefit of $1000 and $1200 and find that either scenario would be affordable and sustainable. Current average weekly wages in Colorado are nearly $1000, and so under the first scenario the statute could specify that the maximum weekly benefit amount would be 100% of the average weekly wage, indexed to shift with wages each year. In the second scenario, the maximum weekly benefit would be 120% of the average weekly wage, which matches Oregon’s limit.

7. Other Program Considerations

How would a paid family and medical leave program interact with other benefits? (Element P)

For the purposes of this discussion, we assume that this question refers to how access to paid leave would impact utilization of other public benefits. We address the related question—how the presence of a statewide paid leave might affect utilization of other employer-sponsored benefits—below, in response to Element Q.

Access to paid family and medical leave programs are documented to help families avoid public assistance, but the strength of the relationship is mediated by the level of wage replacement, especially among low-income workers. In a national survey of leave takers, for instance, Horowitz et al. found that leave takers with lower incomes (<than $30,000 household income) were less likely to receive wage replacement during time off from work following the birth or adoption of their child, and as a result, one in six report they took on debt and about half say they went on public assistance or put off paying their bills (46%) to make ends meet.[60] According to unpublished data from the Pew Research Center, use of public assistance to cover lost wages or salary is also a common strategy among middle-income workers who take leave; they find that 18% of workers earning $30,000 to $74,900 per year went onto public assistance to cover lost wages during their leave. Research consistently shows that both women and men who take paid leave are less likely to receive public cash assistance or food stamps the year following the birth of a child,[61,62] and mothers who take paid family leave are less likely to have income below the poverty line one year after the birth of a child.[63]

Impact of PFML on other existing leave benefits provided by employers (Element Q)

Research shows that when workers do not have access to paid family leave, they are more likely to use their available sick time, PTO, and vacation days to meet their caregiving and child-bonding needs. Thus, in the presence of formal paid leave for caregiving and bonding, workers may be more likely to save sick time and PTO for the purposes they were originally designed to address. Creating a statewide paid leave fund eases pressure that businesses

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[60] Juliana M. Horowitz, Kim Parker, Nikki Graf and Gretchen Livingston. "Americans Widely Support Paid Family and Medical Leave but Differ over Specific Policies." March 17, 2017. Pew Research Center.
[61] Houser and Vartanian. *Pay Matters: The Positive Impact of Paid Family Leave for Families Business and the Public.* January 2012.
[62] Marci Ybarra, Alexandra Stanczyk and Yoonsook Ha, "Paid Leave, Welfare, and Material Hardship After a Birth," *Family Relations* 68, (2019): 85-103. DOI:10.1111/fare.12350
[63] Ji Young Kang, Marcia K. Meyers, and Jennifer Romich. 2016. *The Effect of Maternity Leave on TANF and SNAP Use; Final Report.* University of Washington. https://www.dol.gov/wb/media/WA_Paid_Leave_UW_Final_Report_SNAP_TANF.pdf

might have felt to require workers to use sick time or other paid time off as part of their medical, family, or safe leave; since benefits will be paid from the PFML fund, employers can keep other types of paid time off as a separate benefit that is offered to help recruit workers.

It is also important to note that there may be secondary savings to employers as a result of implementation of the paid leave benefit. Employers in states with paid leave programs have found that their workplaces experience less absenteeism. For instance, Silver, Mederer, and Djurdjevic's 2016 study of Rhode Island's temporary caregiver insurance program found that workers who accessed TCI were significantly less absent from work than those who did not use TCI.[64] Also, workers who took paid family leave reported significantly better physical health than those who did not take leave or who used other types of leave while balancing caregiving responsibilities.[65] These findings are confirmed by other studies of health outcomes associated with access to paid leave. For instance, In one study, Jou and colleagues found that offering paid maternity leave led to a 47% decrease in the odds of re-hospitalization for infants and a 51% decrease in the odds of mothers being re-hospitalized themselves at 21 months postpartum when compared to women taking unpaid or no leave.[66] Similarly, Pihl and Basso found that infant hospitalizations in California declined by 3 to 6 percent after that state implemented its paid family leave program.[67] Together, these studies suggest that access to leave has quantifiable positive effects on workers' health and may, therefore, reduce utilization of unscheduled paid time off. Thus, employers are likely to see decreased absenteeism and lower health care costs among workers once PFML becomes available.

Our Estimates of Costs and Utilization of Colorado FAMLI

Because of the small amount of uncertainty around likely program utilization, we have included estimates of total program costs, benefits, and premium rates under several different utilization rate and leave duration estimates. These estimates draw from experience documented in the ATUS data set and in state annual reports from California, New Jersey, and Rhode Island.

Table 15 reviews the expected costs and revenues of a paid family and medical leave program assuming a 5% utilization rate and an average leave of 9 weeks. Both wage structure models can be funded at a combined premium rate of 0.678%, or employees and employers paying 0.339%. Discussion of these various data sources and their strengths and limitations are discussed above.

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64 Silver, Mederer, and Djurdvevic. 2016.
65 Burtle and Bezruchka, 2016.
66 Jou, Kozhimannil, Abraham, Blewett, and McGovern, 2018.
67 Ariel Marek Pihl and Gaetano Basso. "Did California Paid Family Leave Impact Infant Health?" *Journal of Policy Analysis and Management*38, no.1 (2019): 155-180. DOI:10.1002/pam.22101

Table 15: FAMLI Costs and Revenues

Total Program Costs	Wage Replacement Model 1 (90/50/1000)	Wage Replacement Model 2 (100/60/1200)
Claim Payments	$792 million	$836 million
Administrative Costs	$24 million	$25 million
Total	**$816 million**	**$861 million**
Total Revenues		
From Workers	$608 million	$608 million
From Employers	$384 million	$384 million
Total	**$992 million**	**$992 million**
Program Reserve	+$176 million	+$131 million

Table 16, on the following page, provides an overview of how changes in utilization rates and leave lengths change program costs and the required premium rates. A premium rate of less than 1% will effectively cover the majority of expected benefit claims under all likely utilization scenarios. This conclusion corresponds with how other states have structured premium rates.

Table 16: Program Impact of Range of Utilization and Leave Rates

Utilization	Duration of Leave	TDI	FLI	Total Benefits	Administration Costs (3% of Total)	Total Program Costs	Percent of Statewide Payroll	Premium Rates, Shared by Employers and Employees
5%	9 Weeks			$792 million	$23 million	$815 million	0.66%	0.33%
5%	12 Weeks			$1,056 million	$31 million	$1,087 million	0.88%	0.44%
7%	9 Weeks			$1,108 million	$33 million	$1,142 million	0.92%	0.46%
7%	12 Weeks			$1,478 million	$44 million	$1,522 million	1.23%	0.61%
TDI at 3.97% FLI at 0.48%	TDI at 13 Weeks FLI at 5 Weeks	$908 million	$42 million	$950 million	$28 million	$979 million	0.79%	0.39%
TDI at 4.6% FLI at 2.3%	TDI at 13 Weeks FLI at 5 Weeks	$1,052 million	$202 million	$1,254 million	$37 million	$1,292 million	1.04%	0.52%

Recommendations for Colorado Leave Program Policy

1. Colorado should adopt a comprehensive, statewide paid leave plan that offers wage replacement for a majority of the state's workers to cover time off from work: for a worker's own serious health crisis; to bond with a child during the first 12 months of life or placement in the home; to care for a loved one with a serious health concern; to address issues that arise from domestic violence, stalking, and sexual assault; and to address needs related to a loved one's military deployment or combat injury.

2. The definition of family included in the statute should be broad, and should allow workers to take leave to provide care for a loved one who is not a blood relative but has a relationship that would be considered "family."

3. To fund the program, premium contributions of 0.66% to 1% of total payroll should be split between employers and workers, with some exceptions:
    a. Exemption or discounted premiums rates for small employers (less than 10 employees): This has a minimal impact on total employer premiums (a 10% decrease if exempted and a 5% decrease if discounted), but it would exempt 78% of firms—those who would most struggle with paying employer premiums are least likely to already offer this benefit. Additionally, this employer exemption would support employer buy-in to this state benefit for workers.
    b. Given the fiscal policy constraints faced by the state and local government, we recommend exempting government from paying employer premiums.
    c. Self-employed and contract workers should be responsible for worker contributions but should be exempted from paying the employer portion.

4. Seasonal workers should be eligible for the program, and employers should pay premiums to cover these workers according to the premium structure outlined above, but job protection should only apply for workers that have been employed at their workplace for 90 days prior to taking leave.

5. A minimum of 12 weeks should be allowed for all leave categories. We strongly recommend allowing pregnant workers to combine TDI and FLI for a maximum combined leave duration of 16 weeks, especially in the case of pregnancy or birth complications or infant's serious medical concern after birth. Further, intermittent leave should be allowed for workers who need time off at regular intervals over several months rather than in one block of consecutive days or weeks.

6. Workers should give at least 30 days notice prior to taking leave except in the case of medical emergencies, emergency military deployments, and safe leave needs.

7. The statute should include mandatory outreach and education efforts and dedicated staff for this purpose in order to ensure successful implementation and equitable access to leave, especially among workers that have not historically had access to this type of benefit.

8. We strongly recommend implementation of a graduated benefit structure that provides the lowest wage earners to receive 90-100% of their regular wages, while those earning more than the state's average weekly wage receive a smaller percentage, up to a maximum weekly benefit of 120% of the state's average weekly wage. This benefit structure will ensure that those most at risk for being unable to afford leave are able to access the time off they need to tend to their own or their family member's health concerns.

9. Leave taken for any of the qualifying reasons should include employment protection, such that any worker who has been employed in the workplace for 90 days prior to the leave claim can return to their job after the leave period. In the event that the worker's prior job is unavailable, the employer must reinstate the worker to a similar position with equivalent income and benefits.

10. Workers should retain health insurance coverage, if it is provided through the employer, during the entire leave period, and should not lose other benefits or seniority as a result of taking leave.

11. Leave benefits provided through the FAMLI program can not be paid concurrently with unemployment benefits or worker's compensation.

12. If employers are given the option to opt out, they must demonstrate that their paid leave the statutory minimum standards set by the state program. Statutory minimums should match the state program's benefit levels, leave duration, definitions of family, and reasons for leave.

13. The program should be administered by the State of Colorado to ensure program inclusivity, confidentiality, and efficiency.

14. Worker eligibility should prioritize access for those least able to afford leave without participation in the state program and be inclusive of part-time workers and self-employed.

15. The creation of a state paid leave insurance program will directly reduce economic inequality throughout the state and is a proactive way for the state to improve the economic experience of all caregivers, but particularly those most likely to be caregivers, women, and those most likely to face economic challenges in accessing care, women of color.

Appendix 1: State Comparisons

*Table 17. Comparison of State Paid Leave Programs Covering Family Caregivers**

State (year premiums implemented)	Wage Replacement	Job Protection During Leave	Maximum Length of Leave	Eligibility Requirements	Premium Costs
California (2004)	70% for workers paid up to 1/3 Average Quarterly Wage; otherwise higher of 60%, or 23.3% of Average Weekly Wage (max=$1,252)	Yes, for parental leave for employees of employers with 20 or more employees, and for pregnancy disability for employees of employers with 5 or more employees; Otherwise no additional protections	6 weeks	Earnings of at least $300 in last year	1% on the rst $118,371 of wages (worker-only contributions)
New Jersey (2009)***	66% (max=$650)	No additional protections	6 weeks	20 calendar weeks of employment in last year or earnings over $8.600	For TDI, ~0.34% of the rst $34,400 in wages (split between employers and workers); For FLI, 0.08% of rst $34,400 in wages (worker-only contributions)
Rhode Island (2014)	~60% (max=$831)	Yes, for family leave; No, for disability leave	4 weeks	Earnings of at least $12,600 over last year	1.1% of the 1st $71,000 of wages (worker-only)

State (year premiums implemented)	Wage Replacement	Job Protection During Leave	Maximum Length of Leave	Eligibility Requirements	Premium Costs
New York (2018)	For family leave: 50% (max=50% Average Weekly Wage); increases to 67% by 2021 For medical leave: 50% (max=$170)	Yes, for family leave; No, for disability leave	10 weeks in 2019; up to 12 weeks in 2021	26 or more consecutive weeks of employment (or 175 days of employment for part-time workers)	For TDI, 0.05% of wages up to $0.60 per week paid by worker and balance paid by employer; For FLI, 0.153% of rst $70,569 in
Washington, D.C (2019)	90% up to 150% of minimum wage + 50% of wages above 150% of minimum wage (max = $1000)	Yes, for employees at businesses with 20 or more employees (DC FMLA)	8 weeks parental leave; 4 weeks family leave; 2 weeks medical leave	Over 50% of work time in DC in past 52 weeks	0.62% of wages (employer-only contributions)
Washington (2019)	90% up to 50% of Average Weekly Wage + 50% of wages above 50% of Average Weekly Wage (max=$1000)	Yes, for six weeks of pregnancy disability for employees of employers with 8 or more employees; Otherwise no additional protections	12 weeks (up to 16 weeks combined own serious health condition plus family leave, and 2 additional weeks for pregnancy-related incapacitating serious health condition)	820 hours in 4 of last 5 quarters	.4% of wages up to the cap on taxable wages for Social Security ($132,900 in 2019 paid by employers (who may deduct the full FLI premium and 45% of the medical leave premium from employees)
Massachusetts (2019)	80% up to 50% of Average Weekly Wage + 50% of wages above 50% of Average Weekly Wage (max=$850)	Yes	12 weeks (up to 26 weeks combined own serious health condition plus family leave)	Earnings of over $4700 in last year	0.63% of wages paid by employers (who may deduct the full FLI premium and 40% of the medical leave premium from

State (year premiums implemented)	Wage Replacement	Job Protection During Leave	Maximum Length of Leave	Eligibility Requirements	Premium Costs
					employees)
Connecticut (2021)	95% of AWW for workers paid less than or equal to the Connecticut minimum wage*40; 95% of the Connecticut minimum wage*40 + 60% of AWW that exceeds the Connecticut minimum wage*40 up to a max of 60*Connecticut minimum wage for workers paid more than 40*Connecticut minimum wage	Yes, if employee has been employed for at least three months immediately preceding request for leave	12 weeks (up to 14 employee experiences incapacitating serious health condition that occurs during pregnancy)	Earnings of over $2,325 during the highest-earning quarter and employed by an employer in the previous 12 weeks	Rate set by Paid Family and Medical Leave Insurance Authority paid by employee but not to exceed 0.5%

State (year premiums implemented)	Wage Replacement	Job Protection During Leave	Maximum Length of Leave	Eligibility Requirements	Premium Costs
Oregon (2022)	100% of AWW for workers paid 65% or less than state AWW; 65% of state AWW + 50% of employee's wage above that amount for workers paid more than 65% of state AWW; max weekly is 120% of state AWW and minimum is 5% of state AWW	Yes	12 weeks (14 if employee experiences limitations related to pregnancy, childbirth or a related medical condition, including but not limited to lactation)	Earnings of over $1,000 and have paid into fund	Rate is adjusted annually base on fund's expenditures and shared by employers (40% of rate) and employees (60% of rate); total contribution not to exceed 1% of worker's 1st $132,900

**These are the parameters in effect as of January 2019.*

***Maximum length of leave describes potential available leave for child bonding and family care; state TDI programs may offer longer leave for an individual's serious health conditions, including pregnancy and childbirth recovery.*

****Details of the New Jersey policy do not include the expansion of paid leave that was signed into law on February 19, 2019. The expanded program, once implemented, will include up to 12 weeks of paid leave and will expand wage replacement up to 85% of wages.*[71]

Appendix B: Methodology of FAMLI Estimates

Estimating the economic impact of a paid family leave program to workers, employers, and the state of Colorado is dependent upon the available data on wages, hours of work, and predicting the likelihood of workers taking leave. Here we outline the methodology implemented to determine the impact of paid leave.

Methodology

Eligible Workers and Benefits

The 2017 American Community Survey (ACS) data provides information on usual weekly hours worked, weeks worked, and annual earnings. These variables allow for the calculation of hours worked per year and average weekly wages—both essential for determining eligible workers and benefits. Hours worked per year equals the usual weekly hours times weeks worked and those workers with hours worker per year greater than 680 qualify for the paid leave program. Average weekly wages are then tabulated for eligible workers.

Administrative Costs

We estimate that administrative costs will be 3% of program costs. This is consistent with other estimates of administrative costs for implementing paid leave in Colorado.[71, 72]

Premiums

We use the total costs calculated (benefits plus administrative costs) and compared this value to 2017 payroll data from the Census Bureau's 2016 County Business Pattern to identify the percentage of payroll needed (0.678%) to cover total program costs. This rate is then split between employers and workers. Worker premiums are determined using wage data from the 2017 ACS and 2017 Colorado labor market information from the Bureau of Labor Statistics, while 2016 County Business Pattern provides information on firm size, number of workers, and payroll. The average worker premium is calculated using the average weekly wage times 0.339%. Total Premiums for the year equal the number of employed workers multiplied by the average worker premium and 52. Employer premiums are the average yearly payroll multiplied by 0.339% with firm sizes of 0-4 receiving a 75% discount and firm sizes 5-9 with a 50% discount.