News from the Fiscal Policy Institute

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Contact: Carolyn Boldiston, Senior Fiscal Analyst
518-786-3156 (desk), boldiston@fiscalpolicy.org


**New Yorkers could gain statewide family leave insurance for about 50 cents a week**

*Family leave insurance essential to New Yorkers balancing work and family*

A new report from the Fiscal Policy Institute (FPI) estimates that establishing a family leave insurance program in New York State would cost about 50 cents a week per worker, a cost that would be borne by workers themselves. A proposal under consideration by the New York State legislature would provide up to 12 weeks of paid leave to care for a new child or a seriously ill family member. If enacted, New York would join California, New Jersey and Rhode Island as states already providing paid family and medical leave.

The federal Family and Medical Leave Act (FMLA), enacted in 1993, allows workers at companies with more than 50 employees to retain their jobs and seniority while on family and medical leave, but it does not provide any wage replacement during such leaves.

The FPI report, *Reform of New York’s Temporary Disability Insurance Program and Provision of Family Leave Insurance: Estimated Costs of Proposed Legislation*, carefully examined the California and New Jersey experiences with paid family leave and factored in detailed information about New York’s demographic and workforce characteristics in developing estimates of the potential costs in New York. Under the proposed legislation, the first year maximum cost per employee would be 45 cents a week. FPI’s estimates followed the proposed legislation in providing a family leave benefit at two-thirds of a worker’s weekly wage and phasing in over four years the benefit cap equal to half of the statewide average weekly wage.¹

“Given the extensive data we examined and the New York-specific modeling we developed, we estimate that when fully phased-in over four years, a family leave insurance program in New York would entail a very modest premium cost of about 53 cents per week per worker under the New York State Insurance Fund,” stated Carolyn Boldiston, FPI’s Senior Fiscal Policy Analyst

¹ The average weekly wage in New York State in 2012 was $1,205; half of that would be $603.

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and the lead author of the new study. Boldiston noted that the premium cost likely would be slightly higher under private insurance carriers.²

“Paid Family Leave is not a benefit, it is a necessity for today’s working New Yorkers, and this detailed cost study from the Fiscal Policy Institute confirms that it is an affordable necessity,” said Community Service Society policy expert Nancy Rankin, speaking on behalf of the New York Paid Family Leave Insurance Campaign. “We are seeing momentum for passage growing in the Senate and this report adds further evidence to the strong case for modernizing our workplace laws,” continued Rankin.

Mario Cilento, President of the New York State AFL-CIO, stated: “FPI’s study demonstrates that providing paid family leave insurance and at the same time finally increasing the state’s woefully inadequate TDI benefit comes at an affordable price. This will make a real difference in workers’ lives. New York has the opportunity to ensure that workers no longer have to make the impossible choice between their job and taking care of themselves or their loved ones.”

In establishing a family leave insurance (FLI) program in New York, the proposed legislation would build on New York’s long-standing Temporary Disability Insurance (TDI) program that provides partial wage replacement during leaves for one’s off-the-job illness or injury, including pregnancy. TDI leave is currently available for a maximum 26 weeks per year, but it does not cover family leave needs. The proposed legislation would also increase the maximum weekly benefit under the TDI program which has not been increased for 25 years, during this time its purchasing value has dropped by half.

The rate at which wages are replaced under TDI would go up from half to two-thirds of a worker’s weekly wage and the overall cap in such benefits would increase from the long-outdated level of $170 per week to 50 percent of New York’s average weekly wage over a four-year phase-in period. The resulting increase in premiums charged for TDI coverage due to growth in TDI benefit costs likely would be shared by employers and employees.

In California, where paid family leave has existed since 2004, businesses have experienced lower employee turnover, higher morale, and a positive or neutral impact on productivity.

James Parrott, FPI’s Deputy Director and Chief Economist, stated, “The proposed expansion of family leave and temporary disability benefits would bolster New York’s attractiveness to workers and businesses seeking a family-friendly working environment.” Parrott noted that most advanced industrial economies have long had such paid family leave policies.

The FPI report is available here.

The Fiscal Policy Institute (www.fiscalpolicy.org) is an independent, nonpartisan, nonprofit research and education organization committed to improving public policies and private practices to better the economic and social conditions of all New Yorkers.

² Premiums for existing Temporary Disability Insurance (TDI) offered by private carriers in New York are higher for women than the gender neutral rates offered by the New York State Insurance Fund (SIF). Some private carrier rates for men are very slightly higher than the SIF rate while some are lower than this rate. Estimated premium costs were based on the projected increase in benefit costs.