State-Sponsored Paid Family Leave: Opportunities and Challenges

Introduction

"Paid Family Leave" (PFL) refers to compensated time away from work for family caregiving needs, such as a new child or the illness of a family member. Since enactment in 1993, Federal law provides eligible workers with an entitlement to *unpaid* leave for a limited set of family caregiving needs, but there is no federal requirement for employers to provide *paid* leave during those times.

State-sponsored PFL initiatives are picking up momentum in many states. In 2019, Connecticut and Oregon joined the growing list of states that have enacted laws enabling certain employees under specific circumstances to receive compensation while on leave from their jobs. Several other states have similar bills pending. Lawmakers around the country are responding to an increasing level of interest for paid benefits that support working families.

As these new policies are designed by state legislatures, state agencies face the challenges of administering new programs. It is essential that the programs be operated efficiently to achieve long-term sustainability and desired outcomes. State legislatures typically authorize funding for new programs through new taxes placed on employers and/or employees, which in turn creates "high visibility." Further, the workers that apply are eager to receive benefits without delay or confusion. As a result, state agencies that administer PFL programs are under a spotlight to ensure proper and efficient management. State initiatives that are successful can serve as models for other states and, possibly, the Federal government.

History

The Federal government and individual states have decades of experience with worker related programs such as unemployment benefits, disability benefits, and paid sick leave. Policies that enable caregivers to take short-term, paid time off are the latest iteration of this trend.

In 1993, the Federal government enacted the Family and Medical Leave Act (FMLA). This federal law enabled employees in particular circumstances to take unpaid leave from their jobs. The push for paid leave has been circulating in state legislatures for two decades. California was the first state to enact a law to authorize paid family leave under specified circumstances.

Within the past decade, Rhode Island, New Jersey, and New York have enacted similar laws. These states were recently joined by Massachusetts, the District of Columbia, and the state of Washington.

Each state has designed programs that provide similar benefits – cash benefits for qualified employees for certain periods of time – but with state-specific differences. States usually house the programs under the state agency with responsibility for Labor issues. The benefits are usually for employees of organizations of a certain size, varying by state, and may involve both public and private sector employees. The amounts and time periods for the benefits vary to some degree. Each state also has its own policies with respect to applications, appeals, and program integrity.

Key Issues

States will be faced with administrative burdens as they try to manage the increasing volume and complexity of this new cash benefit. The administrative complexity will also grow due to the steadily increasing volume of new applications each year as more employees become aware of this benefit.

As state agencies ramp up to administer these new programs, several key issues stand out:

- Clarity
- Compliance
- Scalability

Clarity

One of the greatest challenges for any new state program is to ensure that all the stakeholders understand the policies and requirements. This is similarly true with PFL programs in which employers and employees will need to understand their respective responsibilities. State agencies need to ensure effective outreach and education, both at the start of the program and over the ensuing years as the program evolves. Outcomes and efficiency will improve to the extent that all eligible employees are aware of and understand the state authorized benefits and processes.

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Compliance

Paid Family Leave programs commonly have a significant number of rules that address employer and employee roles and responsibilities. An overarching goal of the rules is to ensure that the appropriate employees receive the benefits to which they are entitled under law; no more and no less. Programs that fail to properly execute the state rules will inevitably face public scrutiny. In this vein, states will need to ensure that applications are processed correctly and that there are appropriate avenues for communication, follow-up and appeals. Likewise, states need to ensure that conflicts of interest and potential fraud, waste and abuse are comprehensively and proactively addressed.

Scalability

Each state that has enacted a PFL program has experienced an increase in applications and benefits over time. The increases are due to the growing number of employees who become aware of the benefit as well as the common trend to expand the number and type of employees covered by the benefit. States will need flexible systems that can be scaled to address the increasing volume and complexity of cases.

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Solix is focused on helping government agencies engage and qualify customers for eligibility in complex programs. We are experts at assisting public agencies in administering programs like Paid Family Leave to ensure that the proper benefits are received by the appropriate recipients. Our solutions are client-driven, efficient and scalable while allowing for program evolution.

Please contact us to further explore how we can assist your state or agency in implementation and administration of a Paid Family Leave program. For more information, please call Eric Seguin at 973.581.7676 or E-mail at Eric.Seguin@solixinc.com.