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Estimating the Impact of the Family Leave Benefits Insurance Act

Testimony before the Oregon Senate Commerce and Workforce Development Committee
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The Institute for Women's Policy Research analyzed Senate Bill 966, the Family Leave Benefits Insurance Act (FLBIA), to estimate its likely use and cost. We used an econometric model that employs data collected by the US Department of Labor and the Oregon Employment Department to predict which Oregon workers in firms with 25 or more employees will be eligible for FLBIA leave, need a family leave, be offered paid leave by an employer policy, and use the FLBIA. To address concerns about the sustainability of this program over the long term, we selected inputs for our model that tend to generate a high-end cost for the program at maturity. Specifically, we assumed that:

- workers' familiarity with the program would be very high; and
- birth mothers will take FLBIA care-giving leave, regardless of their participation in employers' paid pregnancy leave programs.

We estimate that, at program maturity, a maximum of 4.2 percent of eligible Oregonians will take an FLBIA leave annually. Use in early years of program implementation will be much lower.

IWPR estimates that total annual benefit payments for the FLBIA program at maturity will be $20.1 million: $11.8 million per year for leave to care for newborns and newly placed adopted and foster children and $8.3 million for care of seriously ill family members.

Use of California's paid family leave program indicates that take-up of a new universal leave program is likely to be very low for the first program years. Three years after implementation of the new paid leave program, only 28 percent of surveyed adults knew about the program. Only 69 percent were familiar with the state's short-term disability program, which has been in effect since 1946.[1]

Universal paid leave programs can be administered very efficiently. Administrative costs for the California short-term disability program are only 5.2 percent of benefit payments. Rhode Island's temporary disability insurance program administrative costs are 4.0 percent of benefits.[2]

[1] Ruth Milkman, *New Data on Paid Family Leave* (January 2008), downloaded from XX on April 1, 2009.
[2] Social Security Administration, *Annual Statistical Supplement, 2008* (March 2009), Table 9.C1.