



Paid Family and Medical Leave in Massachusetts: Costs and Coverage

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A SIMULATION MODEL FINDS COSTS OF HYPOTHETICAL PAID FAMILY LEAVE OPTIONS FOR MASSACHUSETTS TO BE LOW. ESTIMATES CONSIDER THE ANNUAL NUMBER AND LENGTH OF LEAVES, COVERAGE ACROSS EMPLOYEES, AND OTHER FACTORS.

INTRODUCTION

A new baby. A cancer diagnosis. A parent or child with a serious illness. These are common events that require a worker to take an extended leave from work. Most everyone at some point will experience a period during which they need time to heal or to care for a loved one. Yet, for many workers, taking time from work means losing wages and, for some, it means losing their job.¹

The United States remains an outlier when it comes to paid leave. Nearly every other country provides paid maternity leave and most advanced industrial countries offer extended paid medical and parental leaves.² In the United States, some, but far from all, employers offer certain forms of wage replacement when workers take a leave for medical or family reasons. In 2015, only 12 percent of all workers had access to paid family leave from their employers, 38 percent had access to short-term disability leave, and 65 percent had paid sick days.³

Four states and Washington, DC currently or will soon provide wage replacement for family and medical leaves and many more states are considering legislation to establish statewide programs, including Massachusetts. Extending paid family and medical leave to all employees through a statewide program would share the costs and expand access, level the employment playing field, and reduce inequality among workers. One often-cited obstacle to providing paid family and medical leave is the anticipated cost. We address that concern using a simulation model that provides estimates of the annual number and lengths of leaves, coverage across employees, and the costs associated from leave taking without a paid leave program in place as well as with one. Here we present current costs and coverage in Massachusetts and under a bill to provide paid leave recently considered (but not enacted) by the Massachusetts Legislature.⁴

THE WHAT AND WHY OF PAID FAMILY AND MEDICAL LEAVE

Paid medical and family leave refers to receipt of partial or full-wage replacement when taking a temporary, but extended, leave from work to tend to one's own serious health condition or that of a family member. It may also entail caring for and bonding with a newly born or adopted child. Leaves for one's own health, including pregnancy, are considered medical leaves, while those taken to care for a family member or bond with a newly born or adopted child are often referred to as family and parental leaves. Giving birth can entail a medical as well as a family or parental leave.

Leaving work for medical and family reasons is commonplace. In 2012, the U.S. Department of Labor (DOL) commissioned Abt Associates to conduct a

nationwide survey of employees on the use of family and medical leaves over the last 12 months. Abt found that 13.1 percent of employees reported taking a leave for medical or family reasons.⁵

The Family and Medical Leave Act (FMLA), passed in 1993, allows those who work for an employer with 50 or more employees within a 75-mile radius and who have worked 1,250 hours for the same employer over the previous year to take up to 12 weeks of unpaid, job-protected leave to tend to a serious health condition or to care for a new child, or a seriously ill relative once every 12 months. FMLA is watershed legislation that formally recognizes the realities of work and family life by establishing a legal right to take leave. But there are two major gaps. First, 41 percent of workers are not covered by FMLA either because they are ineligible or their employer is not covered by the provisions of the Act.⁶ Second, even when workers are covered by FMLA, the law does not require any wage replacement.

Five states (CA, HI, NJ, NY and RI) have had paid medical leave programs (Temporary Disability Insurance) for over 50 years. Since 2004, all of these states but Hawaii have passed legislation to extend these programs to also provide paid family leaves. Washington, DC just enacted a paid family and medical leave program. Many private employers provide workers with paid time for family and medical leave reasons, either voluntarily or through collective bargaining agreements. The 2012 DOL survey found that 65 percent of workers received some wage replacement during their most recent leave (17 percent received partial pay and 48 percent received full pay). Most commonly, workers used accrued sick days and vacation days.⁷ Another way workers get wage replacement for their own-health leave is through purchasing short-term disability insurance. The March 2015 National Compensation Survey reports that 37 percent of all workers participate in a short-term disability plan to which they or their employer contributes.⁸ The National Compensation Survey reveals that low-wage workers are least likely to receive employer-paid time off for leaves. Indeed, only 17 percent of workers with wages in the lowest quartile of the wage distribution have access to short-term disability programs from their employers and 34 percent have paid sick days.⁹

Paid leave programs, like the one proposed in Massachusetts, act as social insurance, relying on employers and employees to share the economic risk associated with taking leave through payroll contributions. This means that rather than the current system where each employee and employer together bear the cost of taking leave individually when the need arises, the insurance program, through modest payments over time, covers a portion of

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wage replacement. Massachusetts already practices this kind of risk sharing through mandated health insurance, auto insurance, workers' compensation, and unemployment insurance. As such, the program levels the employment playing field. A comprehensive program allows eligible workers to take a paid leave regardless of their employer's size or willingness to provide paid time off. Currently, some workers have access while others do not. All employers—especially small business owners who cannot afford wage replacement for every employee who needs a leave—and employees will contribute to this program and potentially reduce the current costs of leave taking. Still, because not all wages are replaced, employees as well as any employers that fill that gap will still bear individual costs.

Because it covers almost all workers, paid family and medical leave becomes an important policy tool for reducing gender, income, and racial inequality. Most women work outside the home and many employed women (and increasingly men) are also caregivers. Paid leave will reduce the current wage penalty experienced by many caregivers and their families. No paid leave makes it harder for men to share caregiving responsibilities and contributes to women doing more unpaid care work, exacerbating gender-based pay inequality. Similarly, workers with lower wages, and Black and Latino/a employees are least likely to get wage replacement for family and medical leaves even though they can least afford to forgo wages. Providing paid leave for these workers reduces the current employer benefit gap. Furthermore, workers without paid leave are more likely to leave the labor force than workers who receive pay.¹⁰ This makes it harder for women, workers of color, and low-wage workers to climb job ladders, which reduces their earnings over time.

Finally, paid leave benefits businesses and all workers. It reduces turnover, which reduces costs.¹¹ It also reduces employee stress and increases morale, making for a healthier and more productive returning employee. Surveys of employers in California and New Jersey, where there are paid family and medical leave programs, find that employers generally do not find them onerous.¹² Surveys of workers in those states indicate that their paid family leave program filled in for wage losses when on leave and positively affected workers' ability to care for a newly born or adopted child.

THE PAID FAMILY AND MEDICAL LEAVE SIMULATION MODEL

This study presents estimates on the number of family and medical leaves taken currently and with the recently proposed program using the Albelda Clayton-Matthews/Institute for Women's Policy Research (ACM/IWPR) Paid Family and Medical Leave Simulation Model.¹³ The simulation model uses information about leave-taking behavior from the previously mentioned 2012 DOL survey to estimate the probability of who needs but does not take a leave, who takes leave, what type of leave is taken, and for how long. These probabilities allow us to simulate leave taking by employees in Massachusetts using the five-year (2010-2014) sample of the American Community Survey (ACS). This allows for estimates on employer and employee characteristics about leave takers as well as those needing a leave. The model simulates the decision to use a program and for how long based on information gleaned from the 2012 DOL survey, shown to influence this decision tailored to the parameters of a paid leave program. They include the generosity of the program compared with employer benefits, length of leave taken, and length of leave covered by the program, eligibility requirements, and employee demographics.

Using the specific sets of policy parameters in a program, such as the maximum length of leave allowed, wage replacement rate, wage replacement cap, job protection provisions, and employer or employee eligibility requirements (e.g., requisite hours or earnings, covered employees), the simulation model estimates the number of total leaves taken and the leaves that likely would be taken using the paid leave program for wage replacement. The simulation model takes into account the length of leave and use of an employer wage-replacement benefit if it provides more than the state program in determining if an employee would use the new program. Because the model uses the 2012 DOL survey, our estimates are already sensitized to national workplace practices of taking leaves. But there are several aspects of leave-taking behavior about which we are unaware and cannot model.

Employers can opt out of the program if they provide employees with coverage equal to or better than the state program.

For example, we do not know if workplace practices vary by state, region of the country, or industry. We do not know how hard or easy it would be to use a statewide program, how many workers will know about the program, or if employers will change their wage replacement policies around family and medical leaves because of the program. To adjust the model for many of these unknowns, we apply various take-up rates—the percentages of leaves using a program among those who the model predicts are eligible and would use a program—for the different type of leaves. To determine appropriate take-up rates, we turned to a careful examination of the number, cost, and distribution of paid leaves in New Jersey and California, the two states with the longest track records of both paid medical (TDI) and family (care/bonding) leaves. We compared actual leave taking in these states with results from the simulation model, using their program parameters to gauge how our model predicts leave taking and length of leave by type of leave.

We find that the best specification in predicting cost and number of leaves for a new program is a 40 percent take-up rate for personal health leaves, a 95 percent take-up rate for leaves associated with pregnancy disability and bonding with a newly born or adopted child, a 5 percent take-up rate for leaves to care for an ill spouse or child, and 5 percent to care for an ill relative. Using different take-up rates other than these will produce different estimates. We anticipate that usage—and with it,

costs—may increase when the program becomes more established. The cost estimates here reflect costs associated with wage replacement. Significantly, they do not include the administrative costs associated with implementing and running a program.

THE IMPACT OF A MASSACHUSETTS PROGRAM

We apply the simulation model to the key provisions of a bill that was under consideration by the Massachusetts Legislature in 2016. These provisions are summarized in Table 1. The bill allows for up to 26 weeks of medical leave for eligible personal health (including pregnancy-related) reasons and up to 12 weeks for family leave to bond with a new child or to care for an ill relative. The program is restricted to private sector and state government employees who have worked for any Massachusetts employer for three months over the previous year.

Wage replacement rates are on a sliding scale and vary with wages relative to the statewide average weekly wage, which was \$1,256.47 in 2015.¹⁵ In this case, for weekly wages up to 30 percent of the statewide average (\$377 in 2015), all workers get 90 percent of their wages replaced. For all amounts above that level, 33 percent of wages will be replaced up to the maximum amount of \$650. This results in sliding scale wage replacement rates ranging from 90 percent to 50 percent up to the wage in which the maximum level of benefits is achieved. There is a one-week (five workdays) waiting period. The legislation establishes the Family and Employment Trust Fund, managed by the Treasurer of the Commonwealth and paid for by contributions to the fund made by employers and employees. Employers can opt out of the program if they provide employees with coverage equal to or better than the state program. Because of federal and state laws, the program excludes municipal and federal government workers from participating and is voluntary for

Table 1. Key Provisions of Estimated Paid Family and Medical Leave Program

Waiting Period	Program Benefit	Maximum Leave	Job Protection	Funding	Employment Eligibility
One week	Replaces a portion of average weekly wages up to \$650 per week, based on employee income relative to statewide average wage.	26 weeks for medical (own health/pregnancy-related) leave; 12 weeks for family care	All leaves up to 12 weeks (health benefits also protected); prohibits discrimination and retaliation.	Employer and employee contributions	Has worked at least 3 months (13 weeks) for a Massachusetts employer in the previous 12 months.

Table 2. Annual Total Number of Leaves and Employees Taking Leaves by Leave Type, Currently and with Proposed State Program

	Number of Leaves Taken		Number of Employees Taking Leaves*	
	Currently	With New Program	Currently	With New Program
Own health	313,300	322,200	223,200	231,100
Pregnancy	36,400	37,400	27,200	28,000
New child	38,800	40,600	32,300	33,900
Ill relative	127,800	128,400	91,200	91,900
Total	516,300	528,600	373,900	384,900

Source: by authors, using ACM/IWPR Paid Family and Medical Leave Simulation Model

*Longest leave taken

Note: Numbers have been rounded to the closest 100.

self-employed workers, so we exclude them from our estimates. The 2010-2015 five-year sample of the ACS indicates that there are 3.14 million employees in the covered workforce of private sector and state government employees in Massachusetts.

Table 2 summarizes the estimated total leaves and total number of employees taking leave currently and with the proposed program by type of leave. There are four categories of leaves: non-pregnancy-related own health, pregnancy-related own health, new child (which includes leaves to bond with a newly born or adopted child), and ill relative (which includes leaves to take care of an ill child, spouse, or parent).

Just under 374,000 private and state government workers employed in Massachusetts, or 12.1 percent of the covered work force, currently take 516,300 leaves annually. With a new program, the number of total leaves taken increases by about 12,000 to 528,600 and the number of employees who will take a leave increases by 11,000 (0.3 percent of the work-force) to about 385,000. The distribution of the types of leaves taken at

present and with the proposed paid leave program is very similar. Two-thirds (68 percent) of leaves are for a serious personal health condition (including pregnancy-related leaves). The next largest category of leave is for an ill relative (24 percent) and just under 8 percent is for a newly born or adopted child.

We estimate that just under three-quarters (72.6 percent) of all leaves currently taken are covered by some wage replacement from an employer. With a program, the percentage of leaves with any wage replacement increases by 8 percentage points to 80.6 percent. The percentage of workers with any wage replacement with a paid leave program is greater for leaves longer than three weeks (the current median leave length for all leaves) at 85.6 percent.

Table 3 depicts the estimated number of leaves, distribution of leaves, and annual cost by leaves that occur using the proposed program over the course of a calendar (or fiscal) year. To use the program, a worker must have an eligible family or medical leave, meet program eligibility requirements, and successfully apply for benefits. We estimate that 133,700 of the more than half million

Table 3. Program Use by Type of Leave

	Number of Leaves Using Proposed Program	Distribution of Leaves Using Proposed Program	Total Cost of Proposed Program (in Millions)
Own health	81,000	60.6%	\$351.1
Pregnancy	24,500	18.3%	\$130.7
New child	25,200	18.9%	\$74.7
Ill relative	3,000	2.3%	\$3.9
Total	133,700	100%	\$560.4

Source: by authors, using ACM/IWPR Paid Family and Medical Leave Simulation Model

Note: Numbers have been rounded to the closest 100.

leaves taken would receive wage replacement through the new program.

Note that we estimate only 25 percent of all leaves taken will receive wage replacement through the new program. One important reason is that most leaves are short (currently, over half of all leaves taken are for three weeks—15 days or fewer) and the program calls for a one-week waiting period. Workers who take or foresee a short leave will most likely resort to using sick days complemented by accrued vacation days for near-full replacement wages rather than apply to the program. Some may have better available forms of wage replacement, such as disability insurance or employer pay.¹⁶ For some leaves, the program is less convenient because the length of leave may be difficult to gauge or the nature of the leave may require greater flexibility in taking days off than is provided by the program. Persons undergoing chemotherapy or their caretakers would be good examples. Some workers may be ineligible while others might not know about the program or find applying too cumbersome.

The total annual cost of the program, excluding administrative costs, is \$560.4 million. Averaged across the entire covered workforce of private sector and state employees, that amounts to an average annual per worker cost of \$179 or a weekly per worker cost of \$3.44. The cost would be split between the employer and the employee. Payroll contributions to pay for the program (excluding administrative costs) would be 0.355 percent of the total earnings payroll of covered workers. If earnings subject to contributions are capped at the 2015 FICA limit (used to fund Social Security) of \$118,600, the wage replacement costs of the program would be 0.41 percent of payroll earnings.¹⁷ The average weekly benefit received by those using the program would be \$468.

Table 4 depicts the annual cost that a full-time, year-round individual employee (or employer) would pay in earning the current Massachusetts minimum wage (\$11/hour). It also depicts an earner at the weekly median wage of \$778 and at the FICA limit, with annual earnings of \$118,500.¹⁸ For a 40-hour per week minimum wage worker, the cost of contributing for both the employee and his or her employer is less than \$1 a week. If that worker used the program, the weekly benefit received would be \$360 (82 percent of weekly wage). The median worker (and his or her employer) contributes \$1.60 a week if the FICA cap were imposed. Using the program, this worker would receive \$472 a week (61 percent of weekly wage). Fewer than 10 percent of all workers earn at or above the FICA limit. A worker with annual earnings of \$118,500 would be paying almost between \$210 and \$243 a year (\$4.04 or \$4.67 a week) and if participating in the program would get the maximum benefit of \$650 a week (29 percent of weekly earnings).

REDUCING INEQUALITY

The program increases the percentage of workers who take leaves with any wage replacement from 72.6 percent to 80.6 percent—an 8 percentage point increase. While the proposed program will not guarantee that all leaves will receive wage replacement, it is an important way for eligible workers with only the minimum amount of employer-based wage replacement (five paid sick days) to get wage replacement when on family or medical leave. Table 5 shows the percentages of all covered workers (all private sector and state government workers employed in Massachusetts) by some worker characteristics and employer size. It includes the percentage of leaves taken with wage replacement, currently and with the proposed

Table 4. Annual Cost to Individual Employee (or Employer) by Wage Level

	No Contribution Cap	Cap of \$118,500
Employee (or employer) annual contribution for full-time worker earning minimum wage \$11/hour	\$39.05	\$45.12
Employee (or employer) contribution for full-time median worker's earnings (\$778 week)	\$71.80	\$82.98
Employee (or employer) contribution for full-time worker at \$118,400	\$210.32	\$243.05

Source: by authors, using ACM/IWPR Paid Family and Medical Leave Simulation Model

Note: This is the split cost so total cost is doubled.

program (and the difference). Here we can see the ways in which the proposed program begins to fulfill the intended policy goal of leveling the employment playing field and reducing inequality by boosting the percentage of workers with wage replacement who are currently least likely to have any.

For example, black workers comprise 6.8 percent of the covered workforce, and at present 65.4 percent of all leaves taken by black workers receive some wage replacement. However, with the proposed program, we estimate 76 percent of those leaves would receive some wage replacement. Similarly, workers who work in small firms of fewer than 10 employees are 18 percent of all covered workers. An additional 10.8 percent of these workers would receive some wage replacement while on a family and medical leave with this program. Clearly, the proposed program has the potential to provide black, Latina/o, near-poor workers, and those who work in smaller firms with large increases in wage coverage when on leave.

CONCLUSION

The proposed paid leave program fills one important gap in the federal Family and Medical Leave Act while taking into account the reality of work and family life: workers need the time to leave work for their own health reasons and to care for others and receive partial wage replacement while on leave. We find that the changes in the number of total leaves are minor and the costs low because they are spread over the entire workforce. The program boosts wage replacement coverage for all workers, but especially for women, workers of color, low-wage workers, and workers employed in smaller-sized firms.


Our current system of wage replacement is uneven and unequal and contributes to the economic insecurity with which many workers struggle. A statewide paid family and medical leave program will reduce the current wage replacement gap, level the employment playing field for workers and employers, and enhance economic security for many working families across the Commonwealth. 

Table 5. Percentage of Leaves Taken with Any Wage Replacement, Currently and with Proposed Program

Percentage point difference in leaves with wage replacement, and distribution of all private sector and state government employees in Massachusetts, by characteristics of leave takers

Characteristic of Leave Takers	Percentage with Wage Replacement, Currently	Percentage with Any Wage Replacement with Program	Percentage Point Increase in Wage Replacement Coverage	Percentage of Private Sector and State Government Workers
Total	72.6%	80.6%	8.0	100%
Gender				
Male	74.3%	81.0%	6.6	50.5%
Female	71.2%	80.3%	9.1	49.5%
Race/Ethnicity				
White (any ethnicity)	74.0%	81.4%	7.4	80.6%
Black (any ethnicity)	65.4%	76.0%	10.6	6.8%
Asian (any ethnicity)	75.3%	82.6%	7.3	6.2%
Latina/o (any race)	60.4%	73.9%	13.5	9.1%
Low-Wage Level				
\$15 an hour or less	55.8%	68.9%	13.2	34.1%
More than \$15 an hour	79.5%	85.5%	6.0	65.9%
Employer size				
1-9 employees	62.0%	72.8%	10.8	18.0%
10-49 employees	62.0%	73.8%	11.9	14.5%
50-99 employees	75.2%	82.3%	7.2	7.1%
100-499 employees	75.7%	82.7%	7.0	12.8%
500 or more employees	76.9%	83.6%	6.7	47.5%

Source: by authors, using ACM/IWPR Paid Family and Medical Leave Simulation Model

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Endnotes

- 1.) Material presented here is based on the report *It's About Time: Cost and Coverage of Paid Family and Medical Leave in Massachusetts*, May 2016, published by the Center for Women and Politics and Public Policy and the Center for Social Policy at University of Massachusetts Boston. Cost and coverage estimates vary here because we have updated the ACM/IWPR Simulator Model to better reflect length of time on a program in states with paid family and medical leave and because we are using a more recent version of the American Community Survey.
- 2.) See the OECD Database (PF2.1 and PF2.3) and Jody Heymann, Hye Jin Rho, John Schmitt, and Alison Earle (2010), "Ensuring a healthy and productive workforce: Comparing the generosity of paid sick day and sick leave policies in 22 countries." *International Journal of Health Services* 40: 1-22.
- 3.) U.S. Department of Labor, Bureau of Labor Statistics, National Compensation Survey, 2015, Tables 16 and 32. Retrieved January 29, 2016 at http://www.bls.gov/ncs/ebs/benefits/2015/ownership_civilian.htm
- 4.) The analysis presented here is based on bill H.4371, reported favorably out of the Joint Committee on Health Care Financing on May 31, 2016. A different version of that bill passed the Senate, but was not heard by the House.
- 5.) Jacob Alex Klerman, Kelly Daley, and Alyssa Pozniak, *Family and Medical Leave in 2012: Technical Report*, Abt Associates, prepared for Department of Labor (2013), exhibit 4.1.5, p. 64. Retrieved November 4, 2014 at <http://www.dol.gov/asp/evaluation/fmla/FMLA-2012-Technical-Report.pdf>
- 6.) Klerman et al. *Family and Medical Leave in 2012: Technical Report*, exhibit 4.1.5, p. 64.
- 7.) Klerman et al., *Family and Medical Leave in 2012*, exhibit 5.3.4, p. 97.
- 8.) U.S. Department of Labor, Bureau of Labor Statistics, *Employment Benefit Survey*, March 2015, Insurance Benefits: Access, participation, and take-up rates, table 16 at <http://www.bls.gov/ncs/ebs/benefits/2015/ownership/civilian/table16a.htm> (retrieved December 1, 2015).
- 9.) U.S. Department of Labor, Bureau of Labor Statistics, *Employment Benefit Survey*, March 2015, table 32 at http://www.bls.gov/ncs/ebs/benefits/2015/ownership/leave_all.pdf (retrieved January 13, 2016).
- 10.) See for example, Maya Rossin-Slater, Christopher J. Ruhm and Jane Waldfogel. 2013. "The Effects of California's Paid Family Leave Program on Mothers' Leave Taking and Subsequent Labor Market Outcomes." *Journal of Policy Analysis and Management* 32(2): 224-245.
- 11.) Eileen Appelbaum and Ruth Milkman, *Leaves That Pay: Employer and Worker Experiences with Paid Family Leave in California*, Washington, DC: Center for Economic and Policy Research, 2011.
- 12.) See Sharon Lerner and Eileen Appelbaum, *Business as Usual: New Jersey Employer Experiences with Family Leave Insurance*, Washington DC: Center for Economic Policy and Research, June 2014; Eileen Appelbaum and Ruth Milkman, *Leaves That Pay*; and Eileen Appelbaum and Ruth Milkman, *Unfinished Business: Paid Leave in California and the Future of U.S. Work-Family Policy*, Ithaca, NY: Cornell University Press, 2014.
- 13.) For a full description of the model and the methodology used, see Albelda and Clayton-Matthews/Institute for Women's Policy Research Paid Family and Medical Leave Simulator Model Documentation.
- 14.) The DOL survey asked respondents if they had taken a pregnancy medical leave or a new child/bonding leave with the birth of a new child. Since we know that women can and do take both types of leaves, the simulation (which is based on the survey responses) underestimates the number of leaves for these reasons. To adjust for that underestimation, we use a 95 percent take-up rate. This may overestimate the number of men who take a bonding leave.
- 15.) This level is set annually by the Commissioner of the Division of Unemployment Assistance.
- 16.) The simulator model is programmed to push 50 percent of those with full employer wage replacement who take leaves of 20 days (4 weeks) or longer onto the state program for the total length of the eligible leave. The model then assigns the difference between full employer pay and the program wage replacement as "top off" pay in determining employer costs.
- 17.) RI deducts 1.2 percent from the first \$66,300 of wages (in 2016). Workers in New Jersey contribute .25 percent on the first \$32,000 for TDI and the employer assessment varies, but ranges from .1 to .75 percent of the first \$32,600 in earnings (in 2015). For the paid family program, employees are assessed .08 percent on the first \$32,600 (in 2016). In California, the TDI and family leave programs are covered by a .9 percent assessment on employees' wages up to \$106,742 (in 2016). These programs vary considerably in length and benefit level from each other and from the proposed Massachusetts program, so comparisons should be made carefully.
- 18.) For reference, the weighted annual median earnings for all workers in Massachusetts (using the 2010-2014 American Community Survey) was \$35,000. Less than 10 percent of all Massachusetts workers earn more than \$118,500 annually.